Bank of Queensland Limited (ABN 32 009 656 740)

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

AUD6,000,000,000 BOQ Covered Bond Programme

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

Perpetual Corporate Trust Limited (ABN 99 000 341 533)

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

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

Under the AUD6,000,000,000 BOQ Covered Bond Programme (the **Programme**) established by Bank of Queensland Limited (**BOQ** and the **Issuer**) on the Programme Date, the Issuer may from time to time issue bonds (the **Covered Bonds**) denominated in any currency agreed between the Issuer and the relevant Dealer(s) (as defined below). The price and amount of the Covered Bonds to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions. Any Covered Bonds issued under the Programme on or after the date of this **Prospectus** are issued subject to the provisions described herein and in any supplement thereto.

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

Covered Bonds may be issued in bearer or registered form. The maximum aggregate nominal amount of all Covered Bonds from time to time outstanding under the Programme will not exceed AUD6,000,000,000 (or its equivalent in other currencies calculated by reference to the spot rate for the sale of Australian dollars against the purchase of such currency in the London foreign exchange market quoted by any leading bank selected by the Issuer on the relevant date of the agreement (or the preceding day on which commercial banks and foreign exchange markets are open for business in London) to issue between the Issuer and the relevant Dealer(s) (as defined below)), subject to increase as described in the Programme Agreement.

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

See the section entitled "*Risk Factors*" in this Prospectus for a discussion of material risk factors to be considered in connection with an investment in the Covered Bonds. This Prospectus does not describe all of the risks of an investment in the Covered Bonds.

Prospective investors in Covered Bonds should ensure that they understand the nature of the relevant Covered Bonds and the extent of their exposure to risks and that they consider the suitability of the relevant Covered Bonds as an investment in the light of their own circumstances and financial condition. CERTAIN ASPECTS OF COVERED BONDS INVOLVE A DEGREE OF RISK AND INVESTORS SHOULD BE PREPARED TO SUSTAIN A LOSS OF ALL OR PART OF THEIR INVESTMENT. It is the responsibility of prospective investors to ensure that they have sufficient knowledge, experience and professional advice to make their own legal, financial, tax, accounting and other business evaluation of the merits and risks of investing in the Covered Bonds and are not relying on the advice of the Issuer, the Covered Bond Guarantor, the Trust Manager (as defined in this Prospectus), the Security Trustee (as defined in this Prospectus), the Bond Trustee (as defined in this Prospectus), the Agents (as defined in this Prospectus), the Arranger (as defined in this Prospectus), the Relevant Dealer or any other party to a Programme Document (as defined in this Prospectus).

This Prospectus has been approved as a base prospectus by the Financial Conduct Authority (the **FCA**), as competent authority under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**) (the **UK Prospectus Regulation**). The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer

and the Covered Bond Guarantor and the quality of the Covered Bonds that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Covered Bonds.

Application has been made for the purpose of giving information with regard to the issue of Covered Bonds issued under the Programme to be admitted to the official list of the FCA (the **Official List**) and an application has been made to the London Stock Exchange plc (the **London Stock Exchange**) for such Covered Bonds to be admitted to trading on the main market of the London Stock Exchange which is a UK regulated market for the purposes of Regulation (EU) No 600/2014 on markets in financial instruments as it forms part of domestic law by virtue of the EUWA (**UK MiFIR**) (the **main market of the London Stock Exchange**) during the period of 12 months from the date of this Prospectus. References in this Prospectus to Covered Bonds being "listed" (and all related references) will, unless the context otherwise requires, mean that such Covered Bonds have been admitted to trading on the main market of the London Stock Exchange and have been admitted to the Official List. Perpetual Corporate Trust Limited and P.T. Limited have not made or authorised the application to admit Covered Bonds issued under the Programme to the Official List or to admit the Covered Bonds to trading on the main market of the London Stock Exchange.

This Prospectus is valid for 12 months from its date in relation to Covered Bonds which are to be admitted to trading on a regulated market in the European Economic Area (the **EEA**) and United Kingdom (**UK**). The obligation to supplement this Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Prospectus is no longer valid.

The requirement to publish a prospectus under the Regulation (EU) 2017/1129 (the **Prospectus Regulation**) only applies to Covered Bonds which are to be admitted to trading on a regulated market in the EEA and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 1.4 of the Prospectus Regulation (as implemented in the relevant Member State(s)). The requirement to publish a prospectus under the Financial Services and Markets Act 2000 (**FSMA**) only applies to Covered Bonds which are admitted to trading on a UK regulated market as defined in UK MiFIR and/or offered to the public in the UK other than in circumstances where an exemption is available under section 86 of the FSMA. References in this Prospectus to **Exempt Covered Bonds** are to Covered Bonds for which no prospectus is required to be published under the Prospectus Regulation and FSMA. The FCA has neither approved nor reviewed information contained within this Prospectus in connection with Exempt Covered Bonds and such information does not form part of this Prospectus for the purposes of the Prospectus Regulation and FSMA.

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 in this Prospectus which are applicable to each Tranche (as defined under the Terms and Conditions of the Covered Bonds) of Covered Bonds will (other than in the case of Exempt Covered Bonds) be set out in the Final Terms for that Tranche (each, the **Final Terms**) which, with respect to Covered Bonds to be listed on the London Stock Exchange, will be delivered to the FCA and the London Stock Exchange on or before the date of issue of such Tranche of Covered Bonds. In the case of Exempt Covered Bonds, notice of the aggregate nominal amount of Covered Bonds, interest (if any) payable in respect of Covered Bonds, the issue price of Covered Bonds and certain other information which is applicable to each Tranche will be set out in a pricing supplement document (the **Pricing Supplement**).

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 markets as may be agreed between the Issuer and the Relevant Dealer(s). The Issuer may also issue unlisted Covered Bonds and/or Covered Bonds not admitted to trading on any market.

Under present law, the Covered Bonds will not be subject to Australian interest withholding tax if they are issued in accordance with prescribed conditions set out in section 128F of the Tax Act and they are not acquired directly or indirectly by Offshore Associates of the Issuer, subject to certain exceptions. **Accordingly, the Covered Bonds must not be acquired by any Offshore Associate of the Issuer.**

The Covered Bonds and the Covered Bond Guarantee (as defined below) have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), or under any securities laws of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons as defined in Regulation S under the Securities Act (**Regulation S**) unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. See "*Form of the Covered Bonds*" for a description of the manner in which Covered Bonds will be issued. Covered Bonds are subject to certain restrictions on transfer, see "*Subscription and Sale and Transfer and Selling Restrictions*".

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

The Issuer has debt ratings for its long-term unsubordinated unsecured obligations of BBB+ by S&P Global Ratings Australia Pty Ltd (**S&P**), A3 by Moody's Investors Service Pty Ltd (**Moody's**) and A- by Fitch Australia Pty Ltd (**Fitch**, and together with Moody's only, the **Rating Agencies**). The rating of certain Series or Tranches of Covered Bonds to be issued under the Programme will be specified in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement). Unless otherwise specified in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement), Moody's and Fitch will assign such ratings. Please also refer to "Credit ratings assigned to the Covered Bonds may change and may not reflect all risks associated with an investment in the Covered Bonds" in the Risk Factors section of this Prospectus. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

Neither of the Rating Agencies nor S&P is established in the European Union or in the UK, and neither of the Rating Agencies nor S&P is registered in accordance with Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) or under Regulation (EC)

No. 1060/2009 as it forms part of domestic law by virtue of the EUWA (the **UK CRA Regulation**). In general, and subject to certain exceptions (including the exception outlined below), EU regulated investors are restricted under the CRA Regulation from using a credit rating for regulatory purposes in the EEA if such a credit rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation or endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. The rating by S&P has been endorsed by S&P Global Ratings Europe Limited, the rating by Moody's has been endorsed by Moody's Deutschland GmbH and the rating by Fitch has been endorsed by Fitch Ratings Ireland Limited, each in accordance with the CRA Regulation, and have not been withdrawn. S&P Global Ratings Europe Limited, Moody's Deutschland GmbH, and Fitch Ratings Ireland Limited are established in the EU and registered under the CRA Regulation. S&P Global Ratings Europe Limited, Moody's Deutschland GmbH, and Fitch Ratings Ireland Limited are included in the list of credit rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website (at www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation. The rating by S&P has been endorsed by S&P Global Ratings UK Limited, the rating by Moody's has been endorsed by Moody's Investors Service Ltd, and the rating by Fitch has been endorsed by Fitch Ratings Limited, in each case in accordance with the UK CRA Regulation and have not been withdrawn. There can be no assurance that such endorsement of the credit ratings of S&P, Moody's and Fitch will continue.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED THAT THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

Arranger for the Programme

National Australia Bank Limited

Dealer for the Programme

National Australia Bank Limited

The date of this Prospectus is 20 April 2021

This Prospectus comprises a base prospectus for the purposes of Article 8 of the Prospectus Regulation and the UK Prospectus Regulation, replaces and supersedes the Prospectus dated 15 April 2020 describing the Programme 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.

This Prospectus has not been, nor will be, lodged with the Australian Securities and Investments Commission and is not a 'prospectus' or other 'disclosure document' for the purposes of the Corporations Act 2001 (Cth) (Corporations Act). See the section "*Subscription and Sale and Transfer and Selling Restrictions*" in this Prospectus.

The Issuer accepts responsibility for the information contained in this Prospectus, the Applicable Final Terms for each Tranche of Covered Bonds (or, in the case of a Tranche of Exempt Covered Bonds, the Applicable Pricing Supplement) issued under the Programme and any document incorporated by reference into this Prospectus. The Covered Bond Guarantor only accepts responsibility for the information contained in the sections entitled "*Risk Factors - Risk factors related to the Covered Bond Guarantor*", "*Structure Overview – Programme – Covered Bond Guarantee*", "*General Description of the Programme – Covered Bond Guarantor*", "*General Description of the Programme – Covered Bond Guarantee*", Conditions 3(b) and 9(b) in the section entitled "*Terms and Conditions of the Covered Bonds*", "*The BOQ Covered Bond Trust – Perpetual Corporate Trust Limited*", "*Overview of the Principal Documents – The Covered Bond Guarantee*", "*Credit Structure – Covered Bond Guarantee*", the Covered Bond Guarantee as referenced in (iii) of "*General Information – Documents Available*", the second paragraph in "*General Information – Significant or Material Change*" and the second paragraph in "*General Information – Litigation*" of this Prospectus and paragraphs 2 and 16 in the Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement) for each Tranche of Covered Bonds issued under the Programme. To the best of the knowledge of the Issuer and the Covered Bond Guarantor, only in relation to the information for which it is responsible, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

Copies of each set of Final Terms issued subject to the provisions described in this Prospectus and any supplement thereto (in the case of Covered Bonds to be admitted to the Official List) will be available from the registered office of the Issuer and (in the case of Covered Bonds to be admitted to the Official List, to listing on any other regulated or unregulated market or stock exchange and also all unlisted Covered Bonds) from the specified office set out below of each of the Paying Agents (as defined below). Final Terms relating to the Covered Bonds which are admitted to trading on the main market of the London Stock Exchange will 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*

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*" below). This Prospectus must, save as specified herein, be read and construed on the basis that such documents are so incorporated and form part of this Prospectus. Other than in relation to the documents which are deemed to be incorporated by reference (see "*Documents Incorporated by Reference*" below), the information on the websites to which this Prospectus refers does not form part of this Prospectus and has not been scrutinised or approved by the FCA.

The information contained in this Prospectus was obtained from the Issuer and other sources (identified in this Prospectus), but no assurance can be given by any other party to the Programme Documents (in respect of information obtained from the Issuer) as to the accuracy or completeness of this information. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger, the Dealers or any other party to the Programme

Documents (other than in respect of the information for which it accepts responsibility as indicated above) as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by a party to the Programme Documents in connection with the Programme. None of the parties to the Programme Documents (other than in respect of the information for which it accepts responsibility as indicated above) accept any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the Programme.

No person is or has been authorised by any party to the Programme Documents to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Programme or the Covered Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by such party.

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

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

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

MiFID II PRODUCT GOVERNANCE / TARGET MARKET – The Applicable Final Terms in respect of any Covered Bonds (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement) may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Covered Bonds and which channels for distribution of the Covered Bonds are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue of Covered Bonds about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the **MiFID Product Governance Rules**), any Dealer subscribing for any Covered Bonds is a manufacturer in respect of such Covered Bonds,

but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

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

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Covered Bonds is a manufacturer in respect of such Covered Bonds, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

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

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

BENCHMARKS REGULATIONS – Amounts payable on certain Floating Rate Covered Bonds issued under the Programme may be calculated by reference to LIBOR, EURIBOR, Compounded Daily SONIA, HIBOR, BA-CDOR, BBSW, SIBOR, BKBM or NIBOR, which constitute "benchmarks" under Regulation (EU) 2016/1011 (the **EU Benchmarks Regulation**) and/or Regulation (EU) No 2016/1011 as it forms part of domestic law by virtue of the EUWA (the **UK Benchmarks Regulation**), as specified in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement). As at the date of this Prospectus, (i) ICE Benchmark Administration Limited (as the administrator of LIBOR) and Refinitiv Benchmark Services (UK) Limited (as the administrator of BA-CDOR) are included in the register of administrators and benchmarks established and maintained by the FCA pursuant to Article 36 of the UK

Benchmark Regulation (the **UK Benchmarks Register**) but not in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmarks Regulation (the **EU Benchmarks Register**), (ii) European Money Markets Institute (as administrator of EURIBOR), ABS Benchmarks Administration Co Pte Ltd. (as administrator of SIBOR), Norske Finansielle Referanser AS (as administrator of NIBOR) and ASX Benchmarks Pty Limited (as administrator of BBSW) are included in the EU Benchmarks Register but not the UK Benchmarks Register. As at the date of this Prospectus, the administrators of SONIA, HIBOR and BKBM are not included in such registers and, as far as the Issuer is aware, (i) under Article 2 of the EU Benchmarks Regulation and the UK Benchmarks Regulation, respectively, the administrator of SONIA, the Bank of England, is not required to obtain authorisation or registration, and (ii) the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that each of the Treasury Markets Association (as administrator of HIBOR) and New Zealand Financial Markets Association (as administrator of BKBM) is not currently required to obtain authorisation or registration (or, if located outside the European Union and the UK, recognition, endorsement or equivalence).

SECTION 309B NOTIFICATION – In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the **SFA**) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the **CMP Regulations 2018**), the Issuer has determined, and hereby notifies all relevant persons as defined in Section 309A(1) of the SFA, unless otherwise stated in the Applicable Final Terms in respect of any Covered Bonds (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement), that all Covered Bonds issued or to be issued under the Programme are classified as capital markets products other than prescribed capital markets products (as defined in the CMP Regulations 2018) and Specified Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Covered Bonds in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Covered Bonds may be restricted by law in certain jurisdictions. No party to the Programme Documents represents that this Prospectus may be lawfully distributed, or that any Covered Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by any party to the Programme Documents which would permit a public offering of any Covered Bonds or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Covered Bonds may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Covered Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Covered Bonds. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Covered Bonds in the United States, Australia, the EEA, the UK, the Netherlands, Norway, Denmark, Sweden and Switzerland, Japan, Singapore, and Hong Kong, see "*Subscription and Sale and Transfer and Selling Restrictions*".

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

All references in this document to "Australian Dollar", "AUD" and "A$" refer to the lawful currency for the time being of Australia, references to "US$", "U.S. dollars" are to the lawful currency of the United States of America, references to "Sterling" and "£" are to the lawful currency of the United

Kingdom and references to "euro" and "€" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the functioning of the European Union.

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

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

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

Each of the Arranger and the Dealers discloses that, in addition to the arrangements and interests it will or may have with respect to the Covered Bond Guarantor and the Issuer as described in this Prospectus (the Programme Document Interests), it, its Related Entities and employees (each a Relevant Entity):

(a) may from time to time be a Covered Bondholder or have other interests with respect to the Covered Bonds and it may also have interests relating to other arrangements with respect to a Covered Bondholder or a Covered Bond; and

(b) may receive fees, brokerage and commissions or other benefits, and act as principal with respect to any dealing with respect to any Covered Bonds, (the Bond Interests).

Each purchaser of Covered Bonds acknowledges these disclosures and agrees that:

(i) each Relevant Entity will or may have the Programme Document Interests and may from time to time have the Bond Interests and is, and from time to time may be, involved in a broad range of transactions including, without limitation, banking, dealing in financial products, credit, derivative and liquidity transactions, investment management, corporate and investment banking and research in various capacities in respect of the Issuer or the Covered Bond Guarantor or any other person, both on the Relevant Entity's own account and for the account of other persons (the Other Transaction Interests);

(ii) each Relevant Entity in the course of its business (whether with respect to the Programme Document Interests, the Bond Interests, the Other Transaction Interests or otherwise) may act independently of any other Relevant Entity;

(iii) **to the maximum extent permitted by applicable law, the duties of each Relevant Entity in respect of any member of the Issuer and the Covered Bond Guarantor and the Covered Bonds are limited to the contractual obligations of the parties as set out in the Programme Documents and, in particular, no advisory or fiduciary duty is owed to any person;**

(iv) **a Relevant Entity may have or come into possession of information not contained in this Prospectus that may be relevant to any decision by a potential investor to acquire the Covered Bonds and which may or may not be publicly available to potential investors (Relevant Information);**

(v) **to the maximum extent permitted by applicable law, no Relevant Entity is under any obligation to disclose any Relevant Information to the Issuer, the Covered Bond Guarantor or to any potential investor and this Prospectus and any subsequent conduct by a Relevant Entity should not be construed as implying that the Relevant Entity is not in possession of such Relevant Information; and**

(vi) **each Relevant Entity may have various potential and actual conflicts of interest arising in the course of its business, including in respect of the Programme Document Interests, the Covered Bond Interests or the Other Transaction Interests. The existence of a Programme Document Interest or Other Transaction Interest may affect how a Relevant Entity in another capacity (e.g. as a Covered Bondholder) may seek to exercise any rights it may have in that capacity. These interests may conflict with the interests of the Issuer or the Covered Bond Guarantor or a Covered Bondholder and such entity may suffer loss as a result. To the maximum extent permitted by applicable law, a Relevant Entity is not restricted from entering into, performing or enforcing its rights in respect of the Programme Document Interests, the Bond Interests or the Other Transaction Interests and may otherwise continue or take steps to further or protect any of those interests and its business even where to do so may be in conflict with the interests of Covered Bondholders, the Issuer or the Covered Bond Guarantor, and the Relevant Entities may in so doing act without notice to, and without regard to, the interests of any such person.**

FORWARD-LOOKING STATEMENTS

This Prospectus contains various forward-looking statements regarding events and trends that are subject to risks and uncertainties that could cause the actual results and financial position of BOQ and its consolidated subsidiary undertakings (collectively, the **BOQ Group**) to differ materially from the information presented herein. When used in this Prospectus, the words "estimate", "project", "intend", "anticipate", "believe", "expect", "should", "likely", "could", "may", "target", "plan" and similar expressions, as they relate to the BOQ Group and its management, are intended to identify such forward-looking statements.

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

None of the Arranger, the Dealers, the Issuer, the Covered Bond Guarantor, the Security Trustee, the Trust Manager, the Bond Trustee, the Swap Providers nor any other party to a Programme Document has any obligation to update or otherwise revise any projections, including any revisions to reflect changes in economic

conditions or other circumstances arising after the date of this Prospectus or to reflect the occurrence of unanticipated events, even if the underlying assumptions do not come to fruition.

PRESENTATION OF FINANCIAL AND OPERATING INFORMATION

Unless otherwise indicated, the financial information incorporated by reference into this Prospectus has been prepared in accordance with International Financial Reporting Standards (**IFRS**).

CAPITALISED TERMS

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

COVERED BONDS MAY NOT BE A SUITABLE INVESTMENT FOR ALL INVESTORS

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

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

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

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

Bonds under any applicable risk-based capital or similar rules. No predictions can be made as to the precise effects of such matters on any investor and none of the Issuer, the Covered Bond Guarantor, the Security Trustee, the Bond Trustee, the Arranger or the Dealers makes any representation to any prospective investor or purchaser of the Covered Bonds regarding the treatment of their investment as at the date of this Prospectus or at any time in the future.

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

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RISK FACTORS

This section describes the principal or material risk factors associated with an investment in the Covered Bonds that have been identified by the Issuer.

In each category of factors set out below, the Issuer believes that each factor included in each category of factors is material, with the most material in each category (based on the Issuer's assessment of the probability of its occurrence and the expected magnitude of its negative impact) being described first in each category.

Noting the points set out above by the Issuer with respect to its assessment of the level, order of materiality and potential of occurrence of the risks set out below, prospective purchasers of Covered Bonds should consider carefully all the information contained in this Prospectus, including the considerations set out below, before making any investment decision. Any of the risks described below, or additional risks not currently known to the Issuer or that the Issuer currently deems immaterial, could have a significant or material adverse effect on the business, financial condition, operations or prospects of the Issuer and could result in a corresponding decline in the value of the Covered Bonds. As a result, investors could lose all or a substantial part of their investment.

In addition, factors which are material for the purpose of assessing the market risks associated with Covered Bonds issued under the Programme are also described below.

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

Risks relating to the BOQ Group

The Covered Bonds will constitute direct, unsecured and unconditional obligations of the Issuer. A purchaser of Covered Bonds relies on the creditworthiness of the Issuer and no other person (other than the Covered Bond Guarantor in respect of payments under the Covered Bond Guarantee). Investment in the Covered Bonds involves the risk that subsequent changes in actual or perceived creditworthiness of the Issuer may adversely affect the market value of the Covered Bonds.

Set out below are the principal risks associated with the Issuer. However, the risk in each sub-category that the Issuer considers most material is listed first, based on the information available at the date of this Prospectus and the Issuer's best assessment of the likelihood of each risk occurring and potential magnitude of its negative impact to the BOQ Group should such risk materialise. In the event that one or more of these risks materialise, the Issuer's business, operations, financial condition and future performance may be adversely impacted.

There may be other risks faced by the Issuer and its controlled entities that are currently unknown or are deemed immaterial, but which may subsequently become known or material. These may individually or in aggregate adversely impact the Issuer's future financial performance and position. Accordingly, no assurances or guarantees of future performance, profitability, distributions or returns of capital are given by the Issuer.

Credit risk

As a financial institution, the Issuer is exposed to the risks associated with extending credit to other parties. Credit risk is the risk of financial loss arising from a debtor or counterparty failing to meet their contractual debts and obligations or the failure to recover the recorded value of secured assets. Credit risk arises from both the Issuer's lending activities as well as markets and trading activities.

The Issuer's lending activities cover a broad range of sectors, customers and products, including residential mortgages, consumer loans, commercial loans (including commercial property), equipment finance, vendor finance and other finance products. Less favourable economic or business conditions or a deterioration in commercial and residential property markets, whether generally or in a specific industry sector or geographic

region, or external events such as natural disasters and natural hazards (including climatic, biological (such as the COVID-19 pandemic, as further described in "*Risk Factors - Credit Risk - Coronavirus (COVID-19) pandemic"* below), meteorological or geological) could cause customers to experience an adverse financial situation, thereby exposing the Issuer to the increased risk that those customers will fail to meet their obligations in accordance with agreed terms. An increase in the failure of customers to meet their obligations could adversely impact the Issuer's financial performance, financial position, capital resources and prospects.

The Issuer's markets and trading activities exposes the Issuer to counterparty risk on other market counterparties that the Issuer may face when entering into transactions such as interest rate swaps or cross currency swaps, should those counterparties be unable to honour their contractual obligations due to bankruptcy, lack of liquidity, operational failure or other reasons. Such counterparty risk is more acute in difficult market conditions where the risk of failure of counterparties is higher which could adversely impact the Issuer's financial performance, financial position, capital resources and prospects.

Dependence on the Australian and Queensland economies

The Issuer's revenues and earnings are dependent on economic activity and the level of financial services its customers require. In particular, lending is dependent on customer and investor confidence, the state of the economy, the residential lending market and prevailing market interest rates in Australia and in Queensland in particular. These factors are, in turn, impacted by both domestic and international economic and political events, natural disasters and the general state of the global and Australian economy.

A downturn in the Australian or Queensland economy may give rise to an increase in customer defaults, ultimately affecting the Issuer's financial performance, profitability and return to investors.

Dependence on Real Estate Markets

Residential and commercial property lending, together with property finance, including real estate development and investment property finance, constitute important businesses to the Issuer.

A significant decrease in residential and/or commercial property valuations or a significant slowdown in Australian residential and/or commercial real estate markets could result in a decrease in the amount of new lending the Issuer is able to write and/or increase the losses that the Issuer may experience from existing loans, which in either case, could adversely impact the Issuer's financial performance, financial position, capital resources and prospects. The social and economic impacts of the COVID-19 pandemic have the potential to drive a material decline in residential and commercial property prices because, amongst other things, increased unemployment. As a result of the COVID-19 pandemic, increases to rental property arrears and tenant vacancy periods are possible as well as requests for rental relief.

Further, should the Issuer's regulators impose new supervisory measures impacting the Issuer's residential lending or if Australian housing price growth subsides or property valuations decline, the demand for the Issuer's home lending products may decrease, which may adversely affect the Issuer's financial performance, financial position, capital resources and prospects.

The Coronavirus (COVID-19) pandemic

On 11 March 2020, the World Health Organisation declared a pandemic following the emergence in China, and subsequent spread to the rest of the world, of a severe acute respiratory illness caused by a novel coronavirus (**COVID-19**).

The COVID-19 pandemic had a sudden and significant adverse effect on global markets, operations and activity generally. As government measures in Australia and globally continue to be aimed at controlling the spread of COVID-19 such as travel and border restrictions, closure of schools and businesses, restrictions on public gatherings and social distancing, it is expected that these measures will continue to have a prolonged

negative impact on global economic activity. This has resulted in and is likely to further result in increased volatility and negative investor sentiment in financial, capital and retail markets both in Australia and globally.

The expected duration and magnitude of COVID-19 and its potential impacts on the economy and financial markets remains unclear however, should the impact of the COVID-19 pandemic be severe or prolonged (including the risk of ongoing geographical lockdowns following community transmission of COVID-19), it may lead to reduced client activity and demand for the Issuer's products and services, higher credit and valuation losses in its loan and investment portfolios, impairments of financial assets, trading losses and other negative impacts on its operations, financial position and prospects. This may be more severe in States and Territories which face ongoing periods of lockdowns.

In particular, the volatility and dislocation seen recently in global markets has had a negative impact on certain mark-to-market valuations in the markets and treasury portfolios and may continue to do so. The broader economic impact of the COVID-19 pandemic is expected to impact on asset quality, leading to increased provisioning and risk weights over time. Further, some capital markets continue to be significantly disrupted, despite action taken by central banks, which the BOQ group would otherwise access to diversify its funding base and maintain adequate capital levels.

Despite government measures and assistance introduced to limit the severity of the impact of COVID-19 on businesses and individuals (see "*Bank of Queensland Limited – COVID-19 Financial Support Measures*" for further details), including those support measures provided by the Issuer to its customers, there is the increased risk that the COVID-19 pandemic will cause customers to experience an adverse financial situation thereby exposing the Issuer to an increased risk that those customers will fail to meet their obligations. The extent to which these packages mitigate and/or defer the economic impact, including any credit losses the Issuer may incur, is uncertain. The short term measures introduced may also create longer-term risks to the economy and an increase in credit risks facing the Issuer.

In addition, the COVID-19 pandemic has disrupted the provision of services, activities and products delivered to the Issuer by third party vendors and the timelines of strategic projects and may continue to do so.

With respect to the potential future impacts of the COVID-19 pandemic on the Issuer's financial performance, any adjustment or provisioning made by the Issuer to reflect the impact of COVID-19 is based on circumstances that continue to evolve, making any definitive assessment difficult. There is a risk that the assessments or stress testing used by the Issuer to determine any forward looking adjustments prove to be subsequently incorrect with the impact on the BOQ Group's financial performance or position materially different to that forecasted.

All of the above together with any other epidemics or pandemics that may arise in the future have the ability to impact the Issuer's financial performance, financial position, capital resources and prospects.

Climate Change Risk

The Issuer, its customers and external suppliers, may be adversely affected by the physical risks (including possibility of destruction or disruption to human life, physical and natural capital) and socioeconomic impacts (including impacts to liveability, food systems and infrastructure assets) of climate change. As average temperatures rise, there is the possibility of acute hazards, such as floods, storms, heat waves and the occurrence of fires increasing in frequency and severity, and chronic hazards such as droughts and increases in sea levels intensifying. These effects, whether acute or chronic in nature, may directly impact the Issuer and its customers through reputational damage, damage to property, reduced asset values, insurance risk and business disruption and may have an adverse impact on financial performance (including through an increase in defaults on customers' loans).

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

affected by these changes. Failure of the Issuer to effectively assess and respond to the risks of climate change (including transition to a low carbon footprint) or to be perceived as failing to do so, could adversely affect the Issuer's reputation which in turn could adversely affect Issuer's financial performance, financial position, capital resources and prospects.

In addition, natural disasters as a result of climate change such as (but not restricted to) cyclones, floods and earthquakes, and the economic and financial market implications of such disasters on domestic and global market conditions could adversely impact the Issuer's financial performance, financial position, capital resources and prospects.

Environmental Risk

The Issuer and its customers operate businesses and hold assets in a diverse range of sectors, asset types and geographical locations which are exposed to environmental risks as well as risks related to climate change, which is a growing risk to both the Issuer and the Australian and global economies.

Environmental risks may arise from lending to customers in certain industries or taking possession of collateral with environmental damage. A failure to manage these risks and respond appropriately could adversely impact the Issuer's reputation and financial performance.

Disruptions to Financial Markets

In recent years, global credit and equity markets have experienced periods of uncertainty, followed by periods of stability and low and volatility. More recently, financial markets globally have been impacted by the COVID-19 pandemic (see further "*Risk Factors - Credit Risk - The Coronavirus (COVID-19) pandemic*" for further details), which has seen governments and central banks around the world implement both monetary and fiscal policy to reduce volatility and increase liquidity in financial markets, whilst also promoting growth to severely impacted economies.

The monetary policy tools utilised have included quantitative easing, including the lowering of interest rates, which can result in challenging market conditions when major central banks begin the process of normalising monetary policy settings in future years.

The uneven pace of global economic growth, global unemployment and labour market slack, and the risk of asset bubbles as a result of easing monetary and fiscal policy, all pose risks to global financial markets. There are also significant and ongoing global political and geopolitical developments, or the consequences of such developments, that have the potential to cause, or are causing, conflict and/or impact major global economies, including Brexit and the introduction of tariffs and other protectionist measures by various countries such as the US and China. A shock to one of the major global economies could result in currency and interest rate fluctuations, operational disruptions and dislocation in financial markets that negatively impact the BOQ Group.

Financial markets globally may also be disrupted by future biological hazards, pandemics and contagious diseases (see "*Risk Factors - Credit Risk - The Coronavirus (COVID-19) pandemic"* for further details").

Any such market and economic disruptions could have an adverse effect on financial institutions such as the Issuer because consumer and business confidence may decrease, unemployment may rise and demand for the products and services the Issuer provides may decline, thereby reducing the Issuer's earnings. These conditions may also affect the ability of its borrowers to repay their loans, or the Issuer'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 the Issuer's access to funding and impairing its customers and counterparties and their businesses.

The nature and consequences of any such event are difficult to predict and there can be no guarantee that the Issuer could respond effectively to any such event. Any such event and/or the effectiveness of the Issuer's response could adversely affect the Issuer's financial performance, financial position, capital resources and prospects.

Funding & Liquidity Risk

Financial institutions (including the BOQ Group) are currently subject to global credit and capital market conditions, which experienced extreme volatility, disruption and decreased liquidity following the global financial crisis and the more recent COVID-19 market disruptions.

If market conditions deteriorate due to economic, financial, political, health or other reasons, the BOQ Group's funding costs may be adversely affected and its liquidity and its funding of lending activities may be constrained. There is no assurance that the BOQ Group will be able to obtain adequate funding at acceptable prices or at all.

Funding and liquidity risk is the risk that the BOQ Group, although balance sheet solvent, cannot meet or generate sufficient cash resources to meet its payment obligations in full as they fall due, or can only do so at materially disadvantageous terms. Funding risk can occur due to an increase in competition for funding, or a change in risk premiums required by investors, which cause an increase in funding costs or increased difficulty accessing funding markets. The Issuer mitigates this risk by sourcing a diversified investor base through a number of different funding programmes in a number of different markets. Additionally, the Issuer's '*Contingent Funding Plan*' is used to manage this risk.

The Issuer maintains a portfolio of high quality, diversified liquid assets to facilitate balance sheet liquidity needs and meet internal and regulatory requirements. The Issuer raises funding from a variety of sources, including customer deposits and wholesale funding in Australia and offshore markets to meet its funding obligations and to maintain or grow its business generally. If confidence in the Issuer is damaged and the Issuer's sources of funding prove to be insufficient or so expensive as to be uncompetitive, it may be forced to seek alternative funding arrangements or curtail its business operations and limit loan growth. The BOQ Group may also experience challenges in managing its capital base, which could give rise to greater volatility in capital ratios. The ability for the Issuer to secure alternative funding will depend on a variety of factors, including prevailing market conditions, the availability of credit and the Issuer's credit ratings.

The financial performance of the BOQ Group may also be significantly impacted by changes in monetary policy both in Australia and globally through the impact of broader economic conditions, as well as the change in stimulus provided by central banks. The actions of central banks, such as interest rate settings (including very low and negative interest rates) and quantitative easing, can potentially impact the Issuer's access to funding markets, liquidity levels, cost of funding, margin on products and, as a result, could adversely impact the Issuer's financial performance, financial position, capital resources and prospects.

Challenges in managing the Issuer's Capital Base

The Issuer's capital base is critical to the management of its businesses and access to funding. The Issuer is required by APRA to maintain adequate regulatory capital. Capital risk is the risk that the Issuer does not hold sufficient capital and reserves to cover exposures and to protect against unexpected losses.

Under current regulatory requirements, risk-weighted assets and expected loan losses increase as a counterparty's risk grade worsens. These additional regulatory capital requirements compound any reduction in capital resulting from increased provisions for loan losses and lower profits in times of stress. As a result, greater volatility in capital ratios may arise and may require the Issuer to raise additional capital. There can be no certainty that any additional capital required would be available or could be raised on reasonable terms.

Credit rating risk

Credit ratings are opinions on the BOQ Group's creditworthiness. The BOQ Group'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 the BOQ Group and its subsidiaries by rating agencies are based on an evaluation of a number of factors, including financial strength, support from members of the BOQ Group 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 events identified as risks in this section or by other events, including changes to the methodologies used by the rating agencies to determine ratings.

If the Issuer fails to maintain its current credit ratings, this could adversely affect the BOQ Group's cost of funds and related margins, competitive position and its access to capital and funding markets. This could adversely affect the BOQ Group's businesses, financial performance, liquidity, capital resources, financial condition and prospects. The extent and nature of these impacts would depend on various factors, including the extent of any ratings change, whether the ratings of the Issuer differ among agencies (split ratings) and whether any ratings changes also impact the BOQ Group's peers or the banking and insurance sectors.

Market Risk

The BOQ Group is exposed to market risk as a consequence of both its investments and trading activities in financial markets and through the asset and liability management of its balance sheet. The BOQ Group is exposed to losses arising from adverse movements in levels and volatility of market factors, including interest rates, foreign exchange rates, equity prices and credit spreads.

The BOQ Group, through its investment portfolios, is exposed to risk and volatility in the markets, securities and other assets in which it invests. Those risks include, but are not limited to:

- *Interest rate risk* arising from a variety of sources, including mismatches between the repricing periods of assets and liabilities and the investment of the low cost deposit and capital portfolio. As a result of these mismatches, movements in interest rates may affect earnings or the value of the Issuer;

- *Currency risk*, i.e. the risk of loss of earnings or reduction in asset values due to adverse movements in foreign exchange rates;

- *Basis risk* arising where the cash rate and bank bill rates do not move in tandem which arises primarily from variable retail assets repricing off the cash rate whilst the wholesale funding liabilities price off the bank bill rates. As a result of these mismatches between the base rate that assets price off and the base rate that liabilities price off, movements in basis markets may affect earnings or the value of the BOQ Group;

- *Asset/liability risk*, i.e. the risk that the value of an investment portfolio will decrease relative to the value of the liabilities as a result of fluctuation in investment factors including share prices, interest rates, credit spreads, counterparty default, exchange rates or commodity prices; and

- *Liquidity risk*, including that assets cannot be sold without a significant impairment in value.

Such risks can be heightened during periods of high volatility, market disruption and periods of sustained low interest rates and if the BOQ Group was to suffer substantial losses due to any market volatility, it could adversely affect the BOQ Group's financial performance, financial position, capital resources and prospects.

Regulatory, Legal and Compliance Risk

Regulation in Australia

As a financial services provider, the Issuer is subject to substantial regulatory and legal oversight in Australia. The agencies with regulatory oversight of the Issuer and its subsidiaries include, among others, APRA, the Australian Competition and Consumer Commission, Australian Securities Exchange (**ASX**), Australian Securities and Investments Commission (**ASIC**), the Australian Transaction Reports and Analysis Centre (**AUSTRAC**) and the Australian Taxation Office (**ATO**).

Global economic conditions have led to increased supervision and regulation, as well as changes in the regulation in markets in which the Issuer and the BOQ Group operate, particularly for financial institutions, and will lead to further significant changes of this kind. In addition, regulation is becoming increasingly extensive and complex and some areas of regulatory change involve multiple jurisdictions seeking to adopt a coordinated approach or certain jurisdictions seeking to expand the territorial reach of their regulation. For example, the current political and regulatory environment that the BOQ Group is operating in has also seen (and may in the future see) the Issuer's regulators receive new powers. As an example, legislation was passed by the Australian Parliament that provided ASIC with a product intervention power, which enables ASIC to make orders that prevent issuers of financial products from engaging in certain conduct. Additionally, the Issuer may be impacted by changes enacted by these regulators in response to the ongoing COVID-19 pandemic. The nature and extent of these future changes and impacts cannot be predicted with any certainty but the impact for the Issuer is not likely to be greater than it is for any other financial institution.

In addition, legislation has been passed that broadens the range of misconduct that can attract a civil penalty. In particular, ASIC can commence civil penalty proceedings and seek significant civil penalties against an Australian Financial Services licensee (such as the Issuer) for failing to do all things necessary to ensure that financial services provided under the licence are provided efficiently, honestly and fairly. This trend towards increasing the scope of penalties for failing to meet compliance obligations could continue in the future and be expanded into other areas of regulation that the BOQ Group is subject to. This is evident in the Financial Sector Reform (Hayne Royal Commission Response) Bill 2020 which was passed on 17 December 2020.

Changes may also occur in the oversight approach of regulators, which could result in a regulator preferring its enforcement powers over a more consultative approach. In recent years, there have been significant increases in the nature and scale of regulatory investigations, enforcement actions and the quantum of fines issued by global regulators.

This dynamic is apparent, with ASIC committing to conducting more enforcement actions against large financial institutions and adopting a 'why not litigate?' enforcement stance. ASIC has also continued to implement its 'Close and Continuous Monitoring' program, which has seen ASIC proposing to have staff embedded within the institutions they supervise which could include the Issuer. While on-site visits are currently paused due to COVID-19, ASIC expects on-site visits to recommence in due course.

APRA has stated that it will use enforcement where appropriate to prevent and address serious prudential risks and hold entities and individuals to account. The current environment may see a shift in the nature of enforcement proceedings commenced by regulators. As well as conducting more civil penalty proceedings, The Issuer's regulators may be more likely to bring criminal proceedings against institutions and/or their representatives in the future. Alternatively, regulators may elect to make criminal referrals to the Commonwealth Department of Public Prosecutions or other prosecutorial bodies.

The provision of new powers to regulators, coupled with the increasingly active supervisory and enforcement approaches adopted by them, increases the risk of adverse regulatory action being brought against the BOQ Group. Further, the severity and consequences of that action may now be greater, given the expansion of penalties for corporate and financial sector misconduct. Regulatory action brought against the BOQ Group may expose the BOQ Group to an increased risk of litigation brought by third parties (including through class

action proceedings), which may require the BOQ Group to pay compensation to third parties and/or undertake further remediation activities.

The nature and impact of future changes are not predictable and are beyond the Issuer's control and there is operational and compliance risk and cost associated with the implementation of any new laws and regulations that apply to the Issuer as a financial institution. In particular, changes in applicable laws, regulations, government policies or accounting standards, including changes in interpretation or implementation of laws, regulations, government policies or accounting standards could adversely affect one or more of the BOQ Group's businesses and could require the Issuer and/or the BOQ Group to incur substantial costs. Further impacts include required levels, or the measurement, of bank liquidity and capital adequacy, limiting the types of financial services and products that can be offered, and/or reducing the fees which banks can charge on their financial services. APRA may introduce new prudential regulations or modify existing regulations, including those that apply to the Issuer as an authorised deposit-taking institution (**ADI**). Any such event could adversely affect the business or financial performance of the BOQ Group. Any new or amended rules may result in changes to the Issuer's capital adequacy ratio.

The Issuer is responsible for ensuring that it complies with all applicable legal and regulatory requirements (including accounting standards, where applicable, as well as rules and regulations relating to corrupt and illegal payments and money laundering) and industry codes of practice (such as the Banking Code of Practice), as well as meeting its ethical standards. The failure to comply with applicable regulations could result in suspensions, restrictions of operating licences, fines and penalties or limitations on its ability to do business. They could also have adverse reputational consequences. These costs, expenses and limitations could have an adverse effect on the Issuer's and the BOQ Group's financial performance, financial position, capital resources and prospects. The legal and regulatory requirements described above could also adversely affect the profitability and prospects of the Issuer and the BOQ Group or their businesses to the extent that they limit the Issuer's and BOQ Group's operations and flexibility of the Issuer's and BOQ Group's businesses. The nature and impact of future changes in such requirements are not predictable and are beyond the Issuer's and the BOQ Group's control.

Significant domestic and global legislative and regulatory developments and industry reforms which will, or may, impact on the BOQ Group's operations in Australia are further set out below. Depending on the nature, implementation or enforcement of any regulatory requirements, they may have an adverse impact on the Issuer's financial performance, financial position, capital resources and prospects.

The Portfolio Budget Statements 2020-21 issued by AUSTRAC noted the purpose of the federal budget allocation will focus on:

- enhancing capabilities to respond to increased transaction data volumes;
- increasing disclosures of non-compliance by reporting entities;
- transforming AUSTRAC's data ingestion and digital engagement capabilities;
- implementing reforms recommended by the statutory review of the AML/CTF Act (as defined below);
- enhancing collaboration with other intelligence agencies to provide more client focused intelligence; and
- maturing the existing networks overseas.

The nature, timing and impact of future regulatory reforms or changes are not predictable and are beyond the BOQ Group's control. Regulatory compliance and the management of regulatory change is an increasingly important part of the BOQ Group's strategic planning. Regulatory change may also impact the BOQ Group's operations by requiring it to have higher levels, and better quality of capital as well as place restrictions on the businesses the BOQ Group operates or require the BOQ Group to alter its product or service offerings. If regulatory change has any such effect, it could adversely affect one or more of the BOQ Group's businesses, restrict its flexibility, require it to incur substantial costs and impact the profitability of one or more of the BOQ Group's businesses.

Banking Executive Accountability Regime

The *Treasury Laws Amendment (Banking Executive Accountability and Related Measures) Act 2018* (Cth) (**BEAR** or **BEAR Legislation**) established accountability obligations for ADIs and their senior executives and directors. The BEAR Legislation applied to the Issuer from 1 July 2019.

The Royal Commission (as defined below) recommended implementing the Financial Accountability Regime (**FAR**) to replace the BEAR. The FAR will have BEAR-like accountability requirements and will apply to other APRA-regulated entities and directors/senior executives. It is also proposed that civil penalties for breach be increased and that individual penalties be introduced.

The Australian Government has announced a delay to the implementation of the Royal Commission recommendations including the FAR. The Australian Government now intends to introduce a public consultation on the draft legislation, and to implement the FAR, in 2021.

Primary risks to the BOQ Group potentially emerging from the introduction of the FAR relate to the substantial penalties for breaching the FAR legislation (which are representative of the already substantial penalties in place for the BEAR), and the ability to attract and retain high quality executives.

Royal Commission into misconduct in the banking, superannuation and financial services industry

The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (**Royal Commission**) was established on 14 December 2017 and conducted through 2018 and 2019. The Commissioner, the Honourable Kenneth Hayne AC QC, submitted an Interim Report to the Governor-General on 28 September 2018 which was tabled in Parliament on 28 September 2018. The final report was submitted to the Governor-General on 1 February 2019 and was tabled in Parliament on 4 February 2019.

The Australian Government and regulators have accepted the majority of the recommendations from the Royal Commission and are in the process of implementing them.

On 12 November 2020, the Financial Sector Reform (Hayne Royal Commission Response) Bill 2020 (the **Bill**) was introduced into the House of Representatives implementing 21 of the 76 recommendations from the Royal Commission. The Bill was passed on 17 December 2020.

The package of reforms implements a significant number of the Royal Commission recommendations and the additional commitments made by the Australian Government to improve consumer protections and strengthen regulators. This includes addressing conflicts between the interests of financial institutions and their customers, ensuring customers are treated fairly in dealings with the financial sector, tightening the reporting requirements for identified breaches, and ensuring regulators have the powers and resources needed to be effective in their enforcement and supervision role. Further legislation implementing the Royal Commission recommendations is expected to be passed in 2021.

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

The nature, timing and impact of future regulatory reforms or changes are not predictable and are beyond the BOQ Group's control. Regulatory compliance and the management of regulatory change is an increasingly important part of the BOQ Group's strategic planning. Regulatory change may also impact the BOQ Group's operations by requiring it to have higher levels, and better quality of capital as well as place restrictions on the businesses the BOQ Group operates or require the BOQ Group to alter its product or service offerings. If regulatory change has any such effect, it could adversely affect one or more of the BOQ Group's businesses, restrict its flexibility, require it to incur substantial costs and impact the profitability of one or more of the

BOQ Group's businesses. Any such costs or restrictions could adversely affect the Issuer's businesses, financial performance, liquidity, capital resources, financial condition and prospects.

Financial Crime Obligations

The BOQ Group is subject to anti-money laundering and counter-terrorism financing (**AML/CTF**) laws, anti-bribery and corruption laws, economic and trade sanctions laws and tax transparency laws in the jurisdictions in which it operates. These laws can be complex and, in some circumstances, impose a diverse range of obligations. Specifically, under the Australian Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) (**AML/CTF Act**) and the Anti-Money Laundering and Counter Terrorism Financing Rules Instrument 2007 (No.1) the BOQ Group must have in place an AML/CTF program (**Program**) specifying how the BOQ Group complies with the AML/CTF legislation. The purpose of the Program is to identify, mitigate and manage the risk the BOQ Group may reasonably face through the provision of any designated service offered by any member of the BOQ Group. The Program must consist of two parts, 'Part A' which defines how the processes and procedures help identify, mitigate and manage AML/CTF risks and 'Part B' which focuses on the procedures to identify customers and verify a customer's identify before the Issuer can offer any designated services. The BOQ Group, under its Program, is also required to conduct ongoing due diligence on customers and undertake ongoing risk assessments. AML/CTF laws also require the Issuer to report certain matters and transactions to regulators (including in relation to International Funds Transfer Instructions, Threshold Transaction Reports and Suspicious Matter Reports) and ensure that certain information is not disclosed to third parties in a way that would contravene the 'tipping off' provisions in AML/CTF legislation. The Program is to be approved by the Board, be reviewed annually and must be regularly independently reviewed. An independent review of the Issuer's program was conducted in 2020.

In recent years there has been increased focus on compliance with financial crime obligations, with regulators around the globe commencing large-scale investigations and taking enforcement action where they have identified noncompliance (often seeking significant monetary penalties). As reported in BOQ Group's 2020 Annual Report and 2019 Annual Report (which are incorporated by reference in this Prospectus), in 2018 the Issuer received a compliance assessment report from the AUSTRAC which identified potential compliance contraventions of the AML/CTF legislation. The Issuer continues to engage, consult with and update AUSTRAC about the progress that has been made in relation to the Issuer's AML/CTF systems, program and controls in response to the issues identified in the report.

Due to the volume of transactions that the BOQ Group processes, the undetected failure or the ineffective implementation, monitoring or remediation of a system, policy, process or control (including in relation to a regulatory reporting obligation) could result in breaches of AML/CTF obligations. This in turn could lead to significant monetary penalties. If the Issuer fails, or where the Issuer has failed, to comply with these obligations, it could face regulatory enforcement action such as litigation, significant fines, penalties and the revocation, suspension or variation of licence conditions.

Non-compliance with financial crime obligations could also lead to litigation commenced by third parties (including class action proceedings) and cause reputational damage. These actions could, either individually or in aggregate, adversely affect the Issuer's business, prospects, reputation, financial performance or financial condition.

Crisis Management Risk

The 2014 Financial System Inquiry Final Report recommended that APRA's crisis management powers be expanded. On 5 March 2018, the Financial Sector Legislation Amendment (Crisis Resolution Powers and Other Measures) Act 2018 (Cth) (**Crisis Management Act**) came into effect. The Crisis Management Act amends the Banking Act 1959 of Australia (the **Australian Banking Act**) (among other statutes applicable to financial institutions in Australia) and is intended to enhance certain APRA powers. Specifically, the Crisis Management Act enhances APRA's powers to facilitate the orderly resolution of the entities it regulates (and

their subsidiaries) in times of distress. Additional powers given to APRA under the Crisis Management Act which could impact the Issuer, include greater oversight, management and directions powers in relation to the Issuer, increased statutory management powers over regulated entities within the BOQ Group and changes which are designed to give statutory recognition to the conversion or write-off of regulatory capital instruments.

Consumer Data Right/ Open Banking

The Australian Government passed legislation in August 2019 to establish a **Consumer Data Right** which seeks to improve consumers' ability to compare and switch between products and services. The Consumer Data Right is being introduced in the banking sector in phases. These reforms (referred to as **Open Banking**) are expected to reduce the barriers to new entrants into, and increase competition in, the banking industry in Australia.

Ongoing competition for customers can lead to compression in profit margins and loss of market share, which may ultimately impact the Issuer's financial performance and position. Open Banking's regulatory timelines require changes to the Issuer's operations and technology. There is a risk that the Issuer does not achieve compliance with the set milestones for the complete implementation of Open Banking. Open Banking may also lead to cyber and fraud risks in the Consumer Data Right ecosystem. Governance mechanisms including accountabilities, controls and frameworks are still evolving and, under the Open Banking regime, customer data will be shared with a broader range of stakeholders. The significant resources and management time required to implement Open Banking may also have a flow-on effect, impacting the Issuer's timely implementation of other regulatory reforms and its transformation agenda.

International regulation

There continues to be proposals and changes by global regulatory advisory and standard-setting bodies, such as the International Association of Insurance Supervisors, the Basel Committee on Banking Supervision (**BCBS**) and the Financial Stability Board, which, if adopted or followed by domestic regulators, may increase operational and capital costs or requirements (see "*Basel III*" below for further information).

The BOQ Group's businesses may also be affected by changes to the regulatory framework in other jurisdictions, including the cost of complying with regulation that has extra-territorial application such as the Bribery Act 2010 (UK), US Department of Treasury - Economic and Trade Sanctions (as defined under the Sanctions List of the Office of Foreign Assets Control of the US Department of the Treasury), FATCA (as defined in Condition 7), General Data Protection Regulation (EU), Dodd–Frank Wall Street Reform (US) and Consumer Protection Act 2010 (US) and other reforms.

There has also been increased regulator expectation and focus in relation to a number of other areas such as data quality and controls, governance and culture and conduct. Changes in international regulation could increase costs and or restrict the Issuer from operating in certain businesses, which could adversely impact the Issuer's financial performance, financial position, capital resources and prospects.

Regulatory review and investigations

From time to time, the Issuer may be exposed to regulatory reviews or investigations. The nature of those reviews and investigations are wide ranging and, for example, include a range of matters including responsible lending practices, risk governance, product suitability, and conduct in financial markets and capital markets transactions.

For the first half of the 2021 calendar year, APRA has a scheduled prudential review of the Issuer's technology risks in addition to a tripartite review of the Issuer's compliance to Information Security Prudential Standard CPS234 which is being conducted across other selected APRA regulated entities. APRA has also indicated that it is likely to schedule a prudential review across the Issuer's retail credit lending risks, in addition to

industry thematic reviews focused on aspects of Risk Governance. AUSTRAC has also indicated that they are likely to schedule an on-sight assessment in 2021.

Although the Issuer intends to comply with all regulatory reviews and investigations, the outcomes of these reviews and investigations are uncertain. If any of these reviews lead to legislative or other regulatory change, this could have an impact on the Issuer's business. In addition, enforcement action may result in fines, remediation or other regulatory action or reputation impacts, which could have an adverse impact on the overall financial position and performance of the Issuer.

Basel III

Basel III is a comprehensive set of reform measures, developed by the BCBS, to strengthen the regulation, supervision and risk management of the banking sector globally.

The International Standards for Basel III have been finalised, however, certainty around the Issuer's capital requirements won't be known until APRA outlines its jurisdictional approach to their implementation in Australia. A significant recalibration of risk-weighted assets (**RWAs**) was initially expected under the requirements of the APRA discussion paper "Revisions to the capital framework for authorised deposit-taking institutions" issued 14 February 2018. APRA released its "Response to Submissions – Revisions to the Capital Framework of Authorised Deposit Taking Institutions" on 12 June 2019. There have been subsequent discussion papers and a quantitative impact study across the industry.

On 19 July 2017, APRA released its discussion paper on its approach to meeting the Financial Systems Enquiry "Unquestionably Strong" (**UQS**) recommendation. The paper outlines APRA's key considerations for calibrating prudential limits across the industry, including the requirements for:

- Standardised banks to hold an extra 50 basis points on their Prudential Capital Requirement (**PCR**) in addition to the Capital Conservation Buffer (**CCB**) limits; and

- Advanced banks to hold an additional 100 basis points of capital more than standardised banks and those that are also domestic systemically import banks (**DSIBs**), a further 100 basis points (total of 200 basis points higher). The market expectation is that the major banks will target a 10.5 per cent. common equity tier one (**CET1**) ratio.

This announced change for UQS effectively increases the Issuer's CET1 minimum ratio by 50 basis points. APRA expected that ADIs would meet UQS requirements by 1 January 2020. The Issuer is adopting a management target range for CET1 ratio between 9.0 per cent. and 9.5 per cent. until the final impacts of APRA's RWA and capital calibration are understood.

Discussions held with APRA subsequent to the release of the UQS paper have indicated that for standardised ADIs, it is likely that the 50 basis point increase in requirements will be as a result of changes to risk weights under the revisions to prudential standards, rather than just being added on as an increase to PCR or the CCB. The 50 basis points presented in their paper was intended to provide a benchmark to assist in capital planning ahead of the implementation of APRA framework changes in 2022, with the actual change based on each individual ADI's exposures. Changes to regulatory capital requirements could adversely impact the Issuer's financial performance, financial position, capital resources and prospects.

On 19 March 2020 APRA advised all Australian banks that, given the prevailing circumstances, it envisages they may need to utilise some of their current large buffers to facilitate ongoing lending to the Australian economy. This is especially the case for banks wishing to take advantage of new facilities announced on 19 March 2020 by the Reserve Bank of Australia to promote the continued flow of credit. Provided banks are able to demonstrate they can continue to meet their various minimum capital requirements, APRA will not be concerned if they were not meeting the additional benchmarks announced in 2017 during the period of disruption caused by COVID-19.

On 30 March 2020, APRA announced that the implementation of capital reforms would be delayed by 1 year to 1 January 2023.

On 8 December 2020, APRA released for consultation changes to the ADI capital framework aimed at embedding 'unquestionably strong' levels of capital, improving the flexibility of the framework, and improving the transparency of ADI capital strength. The consultation is a continuation of a process that responds to the 2014 Financial System Inquiry recommendations and ensures Australian banks meet the internationally agreed Basel III requirements. Given the Australian banking sector is well-capitalised, the proposed changes are not expected to require ADIs to raise additional capital. Final consultation closes on 1 April 2021 with APRA indicating the final standards are expected to be finalised by late 2021 and implemented from 1 January 2023.

Regulatory fines and sanctions

The upward trend in compliance breaches by domestic and global banks and the related fines and settlement sums means that these risks continue to be an area of focus for the Issuer.

In particular, the risk of non-compliance with anti-money laundering, counter-terrorist financing and sanction laws remains high given the current environment in which the Issuer operates as evidenced by the enforceable action undertaken by AUSTRAC against two of Australia's biggest domestic financial institution. Such action was taken due to the failure by such financial institutions to develop and implement a robust Financial Crime Compliance Framework to combat AML/CTF, bribery and corruption or to ensure compliance with economic and trade sanction laws as well as market conduct laws and regulations. Failure to comply with such laws and regulations could have serious legal, financial, and reputational consequences for the BOQ Group and its employees. Consequences could include fines, criminal and civil penalties (including custodial sentence), civil claims, reputational harm and possible limitations or amendments to the BOQ Group banking licence along with limitations on doing business in certain jurisdictions.

In addition, there are increased numbers of civil penalty provisions under the Corporations Act included with the passage of the Financial Sector Reform (Hayne Royal Commission Response) Bill 2020 on 17 December 2020 which increases the focus required on regulatory compliance.

Design and Distribution Obligations

The Design and Distribution Obligations (**DDO**) and Product Intervention Powers (**PIP**) legislation was passed in April 2019. The regime introduces targeted and principles-based design and distribution obligations in relation to financial products. The obligations require issuers and distributors to have an adequate product governance framework to ensure products are targeted at the right people. On 11 December 2020, ASIC released Regulatory Guide 274 Product Design and Distribution Obligations to provide guidance on the design and distribution obligations in Pt 7.8A of the Corporations Act.

The two key elements of the obligations are for the product issuers to have a Target Market Determination (**TMD**) for each product, which defines the type of customer the product is appropriate for, and that distributors cannot engage in retail distribution without a TMD. There are requirements surrounding this to ensure reasonable steps are taken to ensure distribution is in line with the TMD and records are maintained to this effect. There is a risk that the program of work to meet these obligations does not meet the legislation start date of 5 October 2021, and distribution will not be permitted. Additionally, the technology and process changes impact multiple areas of the Issuer, which may impact the delivery of other change initiatives and programs of work.

The DDO regime requires notification of 'significant dealings' that are inconsistent with the TMD. ASIC also has a number of powers to support its regulatory role, including ability to request necessary information and issue stop orders. PIP can be used when there is a risk of significant consumer detriment. There are also civil and criminal penalties applicable to contraventions of the obligations.

Customer Remediation Risk

Operational risk, technology risk, conduct risk or compliance risk events have required, and could in the future require, the Issuer to undertake customer remediation activity. The Issuer relies on a large number of policies, processes, procedures, systems and people to conduct its business. Breakdowns or deficiencies in one of these areas (arising from one or more operational risk, technology risk, conduct risk or compliance risk events) have resulted, and could in the future result in, adverse outcomes for customers which the Issuer is required to remediate.

These events could require the Issuer to incur significant remediation costs (which may include compensation payments to customers and costs associated with correcting the underlying issue and costs associated with obtaining assurance that the remediation has been conducted appropriately) and result in reputational damage.

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

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

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

If the Issuer cannot effectively scope, quantify or implement a remediation activity in a timely way, there could be an adverse impact the Issuer's financial performance, financial position, capital resources and prospects.

Operational Risk

Operational risk is the risk of loss, other than those captured in the credit and market risk categories, resulting from inadequate or failed internal processes, people or systems (including information security systems), or from external events. The BOQ Group is exposed to a variety of risks including those arising from process error, fraud, technology failure, security and physical protection, franchise agreements entered into with owners of the Owner Managed Branches (**OMBs**), customer services, staff skills, workplace safety, compliance, business continuity, crisis management, processing errors, mis-selling of products and services and performance and product development and maintenance. Financial crime, in particular, is an inherent risk within the financial services industry. In response to COVID-19, a proportion of the Issuer's workforce is now working from home. This exposes the Issuer to additional operating risk, including increased risk of fraud, technology and related risks and employee health and safety risks.

The Issuer manages these operational risks through appropriate reporting lines, defined responsibilities, policies and procedures and an operational risk framework incorporating regular risk monitoring and reporting by each business unit. Operational risks are documented in a centralised risk database which provide the basis for business unit and bank-wide risk profiles, the latter being reported to the Issuer's Risk Committee on a

regular basis. Although these steps are in place, there is no guarantee that the BOQ Group will not suffer loss as a result of these risks (and an inherent risk also exists due to systems and internal controls failing to identify or prevent losses relating to these operational risks). Such losses can include fines, penalties, loss or theft of funds or assets, customer compensation, loss of shareholder value, reputational losses, loss of life or injury to people and loss of property and information. Loss from such risks could affect the BOQ Group's financial performance, financial position, capital resources and prospects.

The BOQ Group includes a number of subsidiaries that are trading entities. Dealings and exposures between the members of the BOQ Group (which principally arise through the provision of administrative, corporate and distribution services, as well as through the provision of funding and equity contributions) also give rise to a risk of loss to the Issuer.

Reputation Risk

Reputation risk may arise through the actions of the Issuer or other financial services market participants and adversely affect perceptions of the Issuer held by the public, holders of its securities, regulators or rating agencies. These issues include inappropriately dealing with potential conflicts of interests, pricing policies, legal and regulatory requirements, ethical issues, litigation, money laundering laws, employment laws, trade sanctions legislation, privacy laws, information security policies, sales and trading practices, technology failures, security breaches and risk management failures. Damage to the Issuer's reputation may have an adverse impact on the Issuer's financial performance, financial position, capital resources and prospects.

Changes in technology

In order to continue to deliver new products and better services to customers, comply with regulatory obligations (such as obligations to report certain data and information to regulators) and meeting the demands of customers in a highly competitive banking environment, the Issuer needs to regularly renew and enhance its technology.

Currently there are a number of large key strategic technology programs underway, that form a key component of the Issuer's overarching strategy to simplify and modernise its technology infrastructure, application and operations environment. These programs of work comprise both remedial activity to ensure the technology environment remains secure and stable, and transformational activity to drive customer growth such as the build-out of a new digital bank.

Failure to successfully deliver these projects could result in substantial cost overruns, unrealised productivity, operational and system instability, failure to meet compliance obligations, reputational damage and/or result in the loss of market share to competitors.

The delivery of these technology programs can have a direct impact to the BOQ Group's financial performance.

Cyber Security Risk

The Issuer is highly dependent on information systems and technology. Therefore, there is a risk that these, or services the Issuer uses or is dependent upon, might fail, including because of unauthorised access or use. Most of the Issuer's daily operations are computer-based and information systems applications and technology are essential to maintaining effective communications with customers. The Issuer is also conscious that threats to information systems applications and technology are continuously evolving and cyber threats and risk of attacks are increasing.

Cyber security means protecting the cyber environment and information from threats including unauthorised access, use, disclosure, disruption, modification, perusal, inspection, recording or destruction. By its nature, the Issuer handles a considerable amount of personal and confidential information about its customers. The

exposure to systems risks include the complete or partial failure of information technology systems due to, among other things, failure to keep pace with industry developments and the capacity of the existing systems to effectively accommodate growth, prevent unauthorised access and integrate existing and future acquisitions and alliances. There is a risk that information may be inadvertently or inappropriately accessed or distributed or illegally accessed or stolen.

To manage these risks, the Issuer employs a cyber security team which is responsible for the development and implementation of the Issuer's information security policies, operational procedures and cyber security specialist partners. The Issuer is conscious that threats to cyber security are continuously evolving and as such the Issuer conducts regular internal and external reviews to ensure new threats are identified, evolving risks are mitigated, policies and procedures are updated and good practice is maintained. However, the Issuer may not be able to anticipate all attacks as they may be dynamic in nature or implement effective measures to prevent or minimise disruptions that may be caused by all cyber threats because the techniques used can be highly sophisticated and those perpetuating the attacks may be well resourced. As there can be no guarantee that the steps taken by the Issuer to manage the risks will be fully effective, any failure of these systems could result in business interruption, customer dissatisfaction, legal or regulatory breaches and liability, loss of customers, financial compensation, damage to reputation and/or a weakening of the Issuer's competitive position, which could adversely impact the Issuer's financial performance, financial position, capital resources and prospects.

Failure to recruit and retain key executives, employees and Directors

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

Failure of risk management strategies

The BOQ Group has implemented risk management strategies and internal controls involving processes and procedures intended to identify, assess, measure, monitor, report and mitigate the risks to which it is subject as noted above. However, there are inherent limitations with any risk management framework as there may exist, or develop in the future, risks that the BOQ Group has not anticipated or identified or controls that may not operate effectively. If any of the BOQ Group's risk management processes and procedures prove ineffective or inadequate or are otherwise not appropriately implemented, the BOQ Group could suffer unexpected losses and reputational damage which could adversely impact the Issuer's financial performance, financial position, capital resources and prospects.

Changes to accounting policies and/or methods in which they are applied may adversely affect the Issuer's business, operations and financial condition

The accounting policies and methods that the Issuer applies are fundamental to how it records and reports its financial position and results of operations. Management of the Issuer must exercise judgment in selecting and applying many of these accounting policies and methods as well as estimates and assumptions applied so that they not only comply with generally accepted accounting principles but they also reflect the most appropriate manner in which to record and report on the financial position and results of operations. However, these accounting policies may be applied inaccurately, and/or incorrect assumptions or judgements made, resulting in a misstatement of financial position and results of operations leading to an adverse impact on the Issuer's financial performance, financial position, capital resources and prospects.

Changes to the Issuer's banking licence

The Issuer is licensed to operate in the various states and territories in which it conducts business. Unexpected changes in the conditions of the licences may prohibit or restrict the Issuer from operating in a manner that was previously permitted and may adversely impact the Issuer's financial results.

The failure of the Issuer to adhere to the BOQ Group's business strategy, as a result of a change in licence conditions, could adversely impact the Issuer's financial performance, financial position, capital resources and prospects.

Insurance risk

The BOQ Group maintains insurance that it considers to be prudent for the scope and scale of its activities. If the BOQ Group's third-party providers fail to perform their obligations and/or its third-party insurance cover is insufficient for a particular matter or group or related matters, the net loss to the BOQ Group could adversely impact the Issuer's financial performance, financial position, capital resources and prospects.

Strategic risk

Risks to the Issuer's growth strategy

Strategic risk is the risk associated with the pursuit of the Issuer's strategic objectives including the risk that it fails to execute its chosen strategy effectively or within a timely manner.

There are a number of interrelated risks that relate to the Issuer's growth strategy and include risk of local market saturation, risks associated with geographical diversification, changes in wholesale or retail funding markets, changes in general economic conditions, regulatory reform and risk of its ability to diversify its distribution channels satisfactorily.

A failure to execute the Issuer's strategic objectives may result in a failure to achieve anticipated benefits and ultimately adversely impact the Issuer's operations, financial performance, financial position, capital resources and prospects.

Implementation of transformation strategy

The Issuer has previously announced its transformation strategy. There is a risk that the transformation strategy may not achieve or realise the Issuer's key priorities, as well as the risk that the proposed timetable for implementation may be delayed. If the business does not perform as anticipated or if there are changes in the business, economic, legislative or regulatory environment, wholesale or retail funding markets or customer behaviour changes, this may also affect the effectiveness of the strategy. These could lead to the Issuer underperforming market expectations regarding growth and profit, which may have an impact on the Issuer's financial performance, financial position, capital resources and prospects. In addition, if internal or external stakeholders do not support the strategy, then this may have an impact on the BOQ Group's businesses, financial performance, financial position, capital resources and prospects. Further, if the costs and expenses associated with implementing the strategy, including increased costs associated with technology projects, are not managed as planned, then this may impact on the ability to successfully implement the strategy. The increased costs could also have an adverse effect on the Issuer's and the BOQ Group's financial performance, financial position, capital resources and prospects. It is also possible that implementation of the transformation strategy may involve a disruptive impact on the operations of the Issuer, including possible changes in key executives and employees.

Increased industry competition

There is substantial competition for the provision of financial services in the markets in which the Issuer operates. Existing participants or potential new entrants to the market, especially in the Issuer's main markets and products, could heighten competition and reduce margins or increase costs of participation, which would adversely affect the BOQ Group's financial performance and position. As the financial services industry is a licensed and regulated industry, the prudential framework across industry participants creates its own challenges such as the ASIC's Regulatory Guide 209 (**Guide**) which provides scope for competitive advantage depending on interpretation and access to technology to support the requirement contained within the Guide. Changes in the regulatory environment will potentially influence the industry's competitive dynamic which may in turn adversely affect the BOQ Group's financial performance, financial position, capital resources and prospects.

Mergers, acquisitions and divestments

The Issuer may engage in merger, acquisition or divestment activities which facilitate the Issuer's strategic direction. These activities may involve entering new markets, exiting products and/or offering third party manufactured products or expanding the BOQ Group's current product suite and may affect the BOQ Group's risk profile through changes to, or to the relative importance of, the geographies and/or product types to which it has exposures. Whilst the Issuer recognises that benefits may arise from merger, acquisition or divestment activities, significant risks exist in both the execution and implementation of such activities.

It is likely that the Issuer would raise additional debt or raise equity to finance any major merger or acquisition and this would cause the Issuer to face the financial risks and costs associated with additional debt or equity. Where the Issuer decides to divest a business or asset, this may involve a loss against book value, particularly of any goodwill or other intangibles.

Changes in ownership and management may result in impairment of relationships with employees and customers of the acquired businesses. Depending on the type of transaction, it could take a substantial period of time for the Issuer to realise the financial benefits of the transaction, if any.

Any acquisition or divestment may result in a material positive or negative impact on the BOQ Group's financial position, including reported profit and loss and capital ratios. There can be no assurance that any acquisition (or divestment) would have the anticipated positive results, including results relating to the total cost of integration (or separation), the time required to complete the integration (or separation), the amount of longer-term cost savings, the overall performance of the combined (or remaining) entity, or an improved price for the Issuer's securities. The Issuer's operating performance, risk profile and capital structure may be affected by these corporate opportunities and there is a risk that the Issuer's credit ratings may be placed on credit watch or downgraded if these opportunities are pursued.

Integration (or separation) of an acquired (or divested) business can be complex and costly, sometimes including combining (or separating) relevant accounting and data processing systems, and management controls, as well as managing relevant relationships with employees, customers, regulators, counterparties, suppliers and other business partners. Integration (or separation) efforts could create inconsistencies in standards, controls, procedures and policies, as well as diverting management attention and resources. This could adversely affect the Issuer's ability to conduct its business successfully and impact the Issuer's financial performance, financial position, capital resources and prospects. Additionally, there can be no assurance that employees, customers, counterparties, suppliers and other business partners of newly acquired (or retained) businesses will remain post-acquisition (or post-divestment), and the loss of employees, customers, counterparties, suppliers and other business partners could adversely affect the Issuer's financial performance, financial position, capital resources and prospects.

As announced on 14 October 2020, the Issuer has entered into an agreement to sell St Andrew's Insurance to Farmcove Investment Holdings (**Farmcove**) (the **Transaction**). The Transaction is subject to the satisfaction of certain conditions including regulatory approval from APRA. The Transaction may not proceed or may be delayed. There is a risk that as a result of adjustments the final purchase consideration could be lower than

expected, or that separation and transaction costs are higher than expected. The Issuer′s operating results may be adversely affected by these risks. In addition, the post-tax statutory loss on sale could be larger than anticipated.

A breach of warrantees and/or indemnities may result in the Issuer being liable to Farmcove. As a part of the Transaction, a vendor loan has been agreed between the Issuer and Farmcove which will become effective on the completion date. The duration and nature of this arrangement gives rise to certain risks, for example, if Farmcove were to default under the terms of the loan.

Additionally and as announced on 22 February 2021, the Issuer has entered into an agreement to acquire 100% of Members Equity Bank Limited (ACN 070 887 679) (**ME Bank**) (the **Acquisition**). The Acquisition is conditional on regulatory approval from the Treasurer of Australia under the Financial Sector (Shareholdings Act) 1988 (Cth). Completion of the Acquisition may be deferred or may not occur on the current terms or at all. If completion of the Acquisition is delayed, the Issuer may incur additional costs, it may take longer to realise the benefits and synergies of the Acquisition and there may be adverse effects on the performance of the Issuer and ME Bank.

If the Acquisition completes, the Issuer may become directly or indirectly exposed to liabilities that ME Bank has incurred or is liable for, including legal and regulatory liabilities, for which it may not be adequately indemnified, or which are greater than expected which may adversely affect the financial performance or position of the Issuer after the Acquisition.

Conduct Risk

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

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

Reliance on external parties

The Issuer's operations depend on performance by a number of external parties under contractual arrangements with the Issuer including its OMB network, brokers and agents. Non-performance of contractual obligations and poor operational performance of OMBs may have an adverse effect on the Issuer's business and financial performance.

In addition, the Issuer also has key outsourcing agreements with third party vendors including in relation to its core banking platforms and other material IT platforms and systems where certain activities or products can be more effectively provided by third parties rather than the Issuer. Although the Issuer has taken steps to protect itself from the effects of defaults, inadvertent loss of data, breaches of privacy or security, under these contractual arrangements and outsourcing agreements, such defaults, losses or breaches may still occur and have an adverse effect on the Issuer's business continuity and financial performance.

Litigation and regulatory proceedings

The Issuer (like all entities in the banking, insurance or finance sectors) is exposed to the risk of litigation and/or regulatory reviews, investigations or proceedings brought by or on behalf of policyholders, deposit holders, reinsurers, government agencies (including regulators) or other potential claimants. If the BOQ Group fails to meet its legal or regulatory requirements, or the requirements of industry codes of practice (such as the Banking Code of Practice), or its ethical standards, it may be exposed to fines, public censure, litigation, settlements, restitution to customers, regulators or other stakeholders, or enforced suspension of operations or loss of licence to operate all or part of the BOQ Group's business.

In recent years there have been significant increases in the nature and scale of regulatory investigations and reviews, enforcement actions (whether by court action or otherwise) and the quantum of fines issued by regulators, particularly against financial institutions both in Australia and globally. The nature of those investigations, reviews and enforcement actions can be wide ranging and, for example, have included and currently include a range of matters including responsible lending practices, product suitability, wealth advice and conduct in financial markets and capital markets transactions.

On 3 September 2019, ASIC commenced proceedings in the Federal Court of Australia against the Issuer alleging that certain terms in the Issuer's small business contracts are unfair contract terms in breach of the Australian Securities and Investments Commission Act 2001 (Cth). The Issuer has agreed on revised terms with ASIC and is currently awaiting a judgment in this matter.

The BOQ Group may be exposed to risks relating to the provision of advice, recommendations or guidance about financial products and services, or behaviours which do not appropriately consider the interests of consumers, the integrity of the financial markets and the expectations of the community, in the course of its business activities.

There can be no assurance that significant litigation will not arise in the future and that the outcome of legal proceedings from time to time will not have an adverse effect on the BOQ Group's businesses, financial performance, financial condition or prospects.

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

There is limited recourse to the Covered Bond Guarantor.

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

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

Subsequent to an Issuer Event of Default that is continuing, the Bond Trustee at its discretion may, and if so requested in writing by the holders of at least 25 per cent. of the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds then outstanding or if so directed by an Extraordinary

Resolution of the Covered Bondholders will, subject to being indemnified and/or secured and/or prefunded to its satisfaction, give an Issuer Acceleration Notice to the Issuer (copied to the Covered Bond Guarantor) that as against the Issuer (but not, for the avoidance of doubt, as against the Covered Bond Guarantor) each Covered Bond will thereupon immediately become due and repayable at its Early Redemption Amount together with accrued interest.

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

Following service of a Notice to Pay on the Covered Bond Guarantor (copied to the Trust Manager and the Security Trustee) the Covered Bond Guarantor must pay or procure to be paid on each Scheduled Payment Date to or to the order of the Bond Trustee (for the benefit of Covered Bondholders) an amount equal to those Guaranteed Amounts which have become Due for Payment in accordance with the terms of the Bond Trust Deed but which have not been paid by the Issuer provided that no Notice to Pay may be served on the Covered Bond Guarantor until an Issuer Acceleration Notice has been served by the Bond Trustee on the Issuer.

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

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

There is no guarantee that the Covered Bond Guarantor will be able to satisfy its obligations to make payments under the Covered Bond Guarantee. Should the Covered Bond Guarantor be unable to meet the claims of Covered Bondholders under the Covered Bond Guarantee, the interests of Covered Bondholders may be

adversely affected and Covered Bondholders may not receive payment in full of all amounts due in respect of the Covered Bonds held by them.

The obligations under the Covered Bond Guarantee in respect of a Series of Covered Bonds may be extendable for a period of up to 31.5 years.

The Applicable Final Terms for a Series of Covered Bonds (or, in the case of a Series of Exempt Covered Bonds, the Applicable Pricing Supplement) will provide that such Covered Bonds are subject to an Extended Due for Payment Date, being the earlier of (a) the date which falls 31.5 years after the Final Maturity Date in relation to that Series of Covered Bonds; (b) the date which falls 31.5 years after the Conversion of that Series of Covered Bonds; and (c) the date which falls 31.5 years after the Conversion Event Date.

Accordingly (subject to no Conversion or Covered Bond Guarantor Event of Default having occurred), following the failure by the Issuer to pay, in full, the Final Redemption Amount of the relevant Series of Covered Bonds on their Final Maturity Date (subject to applicable grace periods) and if, following the service of a Notice to Pay on the Covered Bond Guarantor (by no later than the date which falls one Business Day prior to the Extension Determination Date), payment of the Guaranteed Amounts corresponding to the unpaid portion of such Final Redemption Amount in respect of the relevant Series of Covered Bonds are not paid in full by the earlier of (a) the date which falls two Business Days after service of such Notice to Pay on the Covered Bond Guarantor or, if later, the Final Maturity Date (or, in each case, after the expiry of the grace period set out in Condition 9(a)(i)) under the terms of the Covered Bond Guarantee and (b) the Extension Determination Date, then the payment of such Guaranteed Amounts will be automatically deferred to the Extended Due for Payment Date for the relevant Series of Covered Bonds and such Covered Bonds will become Pass-Through Covered Bonds. The Trust Manager is required to notify the Covered Bondholders in accordance with Condition 13 of such deferral (but failure to do so does not affect the validity or effectiveness of the extension).

To the extent that the Covered Bond Guarantor has received a Notice to Pay in sufficient time and has sufficient moneys available to pay in whole or in part the Guaranteed Amounts corresponding to the relevant unpaid portion of the Final Redemption Amount in respect of the relevant Series of Pass-Through Covered Bonds, the Covered Bond Guarantor will be required to make such payment in accordance with the Guarantee Priority of Payments and as described in Condition 6(a). Payment of the unpaid amount will be deferred automatically until the applicable 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) in the preceding paragraph may also be paid by the Covered Bond Guarantor (at the direction of the Trust Manager) on any Interest Payment Date thereafter up to (and including) the Extended Due for Payment Date.

In addition, if, prior to the Conversion Event Date, (a) an Issuer Event of Default has occurred (x) in accordance with Condition 9(a) (other than in accordance with Condition 9(a)(i) as a result of a failure to pay the Final Redemption Amount in respect of a Series of Covered Bonds) and the Bond Trustee has served a Notice to Pay on the Covered Bond Guarantor or (y) in accordance with Condition 9(a)(i) as a result of a failure to pay the Final Redemption Amount in respect of a Series of Covered Bonds and such Series of Covered Bonds has been redeemed in full and (b) at such time there are no Pass-Through Covered Bonds then outstanding, then (subject as provided below) payment of the Final Redemption Amount in respect of the then Earliest Maturing Covered Bonds by the Covered Bond Guarantor under the Covered Bond Guarantee will be deferred until the Extended Due for Payment Date (and such Earliest Maturing Covered Bonds will become Pass-Through Covered Bonds). In such circumstances, the Covered Bond Guarantor is required, on the next and each following Interest Payment Date, under the Covered Bond Guarantee, to apply the moneys (if any) available on a Distribution Date (after paying or providing for payment of higher ranking or pari passu amounts in accordance with the Guarantee Priority of Payments) rateably in part payment of an amount equal to the Final Redemption Amount of the then Earliest Maturing Covered Bonds (and to such extent, the Final Redemption Amount will, for the purpose of the Guarantee Priority of Payments and all other purposes, be due) and will pay Guaranteed Amounts constituting the Scheduled Interest in respect of the then Earliest Maturing Covered Bonds on such Interest Payments Dates. The obligation of the Covered Bond Guarantor to pay any amounts

in respect of the balance of the Final Redemption Amount not so paid on such Interest Payments Date for such Earliest Maturing Covered Bonds will be deferred as described above and such failure to pay by the Covered Bond Guarantor will not constitute a Covered Bond Guarantor Event of Default, provided that any amount representing the Final Redemption Amount remaining unpaid may also be paid by the Covered Bond Guarantor (at the direction of the Trust Manager) on any Interest Payment Date thereafter up to (and including) the Extended Due for Payment Date. Once the then Earliest Maturing Covered Bonds are repaid in full, the above will then apply to the next Earliest Maturing Covered Bonds.

All Series of Covered Bonds will convert to Pass-Through Covered Bonds immediately upon the Conversion Event Date, being the date on which an Amortisation Test Breach Notice is served on the Covered Bond Guarantor and the Issuer, following the service of a Notice of Pay on the Covered Bond Guarantor. Following the Conversion Event Date (subject to no Covered Bond Guarantor Event of Default having occurred and subject as provided below), payment of the unpaid amount in respect of all Series of Covered Bonds by the Covered Bond Guarantor under the Covered Bond Guarantee will be deferred until the Extended Due for Payment Date. The Covered Bond Guarantor (at the direction of the Trust Manager) must on the next, and each following Interest Payment Date for each Series of Covered Bonds, apply the moneys (if any) available for that Series of Covered Bonds on a Distribution Date (after paying or providing for payment of higher ranking or *pari passu* amounts in accordance with the Guarantee Priority of Payments) towards payment, in whole or part, of the Final Redemption Amount of that Series of Covered Bonds (and to such extent, the Final Redemption Amount will, for the purpose of the Guarantee Priority of Payments and all other purposes, be due) on such Interest Payment Date.

The Covered Bond Guarantor will also pay Guaranteed Amounts constituting Scheduled Interest in respect of each Series of Pass-Through Covered Bonds on the basis set out in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement) or, if not set out therein, in accordance with Condition 4, without prejudice to the Covered Bond Guarantor's obligation to pay any other Guaranteed Amount (i.e. other than the Final Redemption Amount) when Due for Payment.

In each of the circumstances set out above, except where the Covered Bond Guarantor has failed to apply money in accordance with the Guarantee Priority of Payments, failure by the Covered Bond Guarantor to make payment in respect of the Final Redemption Amount on the Final Maturity Date in respect of a Series of Covered Bonds (or such later date within any applicable grace period) will not constitute a Covered Bond Guarantor Event of Default. However, failure by the Covered Bond Guarantor to pay Guaranteed Amounts corresponding to the Final Redemption Amount or the balance thereof, as the case may be, on the Extended Due for Payment Date in respect of a Series of Covered Bonds and/or pay Guaranteed Amounts constituting Scheduled Interest on any Original Due for Payment Date up to and including the Extended Due for Payment Date in respect of a Series of Covered Bonds will (subject to any applicable grace period) be a Covered Bond Guarantor Event of Default.

The Final Maturity Dates for different Series of Covered Bonds may not be the same. In the case of a Series of Covered Bonds, if the principal amounts have not been repaid in full by the Extension Determination Date, then the repayment of unpaid principal amounts will be deferred until the Extended Due for Payment Date.

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

Prior to the occurrence of a Conversion, the Covered Bond Guarantor will be entitled to apply the Available Principal Amount in order to repay earlier maturing Series of Covered Bonds, which may mean that there may be fewer assets available to support later maturing Series of Covered Bonds.

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

It is possible that payments by the Covered Bond Guarantor that relate to interest on the Covered Bonds would be treated as interest for Australian withholding tax purposes and therefore subject to withholding tax. Please refer to the section "*Taxation – Australian Taxation – Payments by the Covered Bond Guarantor*" of this Prospectus. Investors should be aware that in the event payments by the Covered Bond Guarantor are subject to any withholding or deduction for or on account of tax, the Covered Bond Guarantor will not be required to pay any additional amounts to Covered Bondholders.

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

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

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

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

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

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

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

Covered Bondholders should note that the Asset Coverage Test has been structured to ensure that the Adjusted Aggregate Mortgage Loan Amount is at least equal to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds for so long as Covered Bonds remain outstanding (prior to service of a Notice to Pay or, if earlier, a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer), which should reduce the risk of there ever being a shortfall in amounts to pay the Covered Bondholders (although there is no assurance of this – in particular, the sale of further Mortgage Loan Rights by the Seller to the Covered Bond Guarantor or other action may be required to avoid or remedy any non-satisfaction or breach of the Asset Coverage Test).

The Trust Manager will be required to ensure that, following the service of a Notice to Pay on the Covered Bond Guarantor (but prior to the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer), the Amortisation Test is met on each relevant Determination Date. The Trust Manager must immediately notify the Covered Bond Guarantor, the Security Trustee and (for so long as Covered Bonds are outstanding) the Bond Trustee of any breach of the Amortisation Test and the Bond Trustee must serve an Amortisation Test Breach Notice on the Issuer and the Covered Bond Guarantor. The service of an Amortisation Test Breach Notice on the Covered Bond Guarantor and the Issuer (following service of a Notice to Pay on the Covered Bond Guarantor), will result in all Series of Covered Bonds converting to Pass-Through Covered Bonds.

The Asset Coverage Test, the Amortisation Test, the Interest Rate Shortfall Test and the Yield Shortfall Test have in the aggregate been structured to ensure that the Assets forming part of the Trust are sufficient to pay amounts due on the Covered Bonds and senior expenses (which will include costs relating to the maintenance, administration and winding-up of the Asset Pool whilst the Covered Bonds are outstanding). However no assurance can be given that the Assets forming part of the Trust will in fact generate sufficient amounts for such purposes (see "*Overview of the Principal Documents – Establishment Deed – Asset Coverage Test*" and "*Credit Structure – Asset Coverage Test*", "*Overview of the Principal Documents - Establishment Deed - Amortisation Test*" and "*Credit Structure - Amortisation Test*", "*Overview of the Principal Documents – Servicing Deed – Interest Rate Shortfall Test*" and "*Overview of the Principal Documents – Servicing Deed – Yield Shortfall Test*").

The Covered Bond Guarantor relies on third parties.

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

(a) the Servicer has been appointed to administer and service the Mortgage Loan Rights forming part of the Assets of the Trust and to provide certain other administration and management services to the Covered Bond Guarantor pursuant to the provisions of the Servicing Deed;

(b) the Trust Manager has been appointed to provide the administration, cash management and calculation services set out in the Programme Documents including, operating the Trust Accounts prior to the service of a Notice to Pay on the Covered Bond Guarantor, keeping and maintaining records, preparing annual accounts of the Trust and arranging for those to be audited, directing the Covered Bond Guarantor to invest moneys standing to the credit of the GIC Account in Substitution Assets or Authorised Investments, performing all calculations on each Determination Date or other relevant date

which are required to determine whether the Mortgage Loan Rights then forming part of the Assets of the Trust are in compliance with the Asset Coverage Test or the Amortisation Test, as applicable, and providing information to the Cover Pool Monitor;

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

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

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

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

If the Trust Manager or the Covered Bond Guarantor has determined that, among other things, a Servicer Default has occurred and is continuing, then the Trust Manager or the Covered Bond Guarantor (as applicable) must, by written notice to the Servicer, immediately terminate the rights and obligations of the Servicer and appoint another appropriately qualified organisation to act in its place. The purported appointment of a Substitute Servicer following such termination has no effect until the Substitute Servicer executes an agreement under which it covenants to act as servicer in accordance with the Servicing Deed and all other Programme Documents to which the Servicer is a party. The Trust Manager must notify the Security Trustee, the Bond Trustee and the Rating Agencies of the identity of the Substitute Servicer. Until the appointment of the Substitute Servicer is complete, the Covered Bond Guarantor must act as Servicer, provided that the Trust Manager and the Covered Bond Guarantor (acting reasonably) have agreed a fee in writing to be paid to the Covered Bond Guarantor for the period during which the Covered Bond Guarantor is required to so act. There can be no assurance that a Substitute Servicer with sufficient experience of administering mortgages of residential properties would be found who would be willing and able to service the Mortgage Loan Rights forming part of the Assets of the Trust on the terms of the Servicing Deed or that the Servicer will be able to continue to perform this role until such Substitute Servicer is appointed, particularly if the Servicer's termination is as a result of an Insolvency Event occurring in respect of the Servicer.

The ability of a Substitute Servicer or the Covered Bond Guarantor (when acting as Servicer) to perform fully the required services as Servicer would depend, among other things, on the information, software and records available at the time of the appointment or it being required to act as Servicer, respectively. Any delay or inability to appoint a substitute servicer may affect payments on the Mortgage Loan Rights forming part of the Assets of the Trust, the realisable value of such Mortgage Loan Rights and/or the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee.

The Servicer has no liability for any obligations of the Borrowers in respect of the Mortgage Loan Rights forming part of the Assets of the Trust. Covered Bondholders will have no right to consent to or approve of any actions taken by the Servicer under the Servicing Deed.

The Servicer is required to act as collecting agent for the Covered Bond Guarantor in respect of all payments in respect of the Mortgage Loan Rights forming part of the Assets of the Trust (including, without limitation, a Mortgage Loan Scheduled Payment). If the Servicer receives, during a Collection Period, any money whatsoever arising from the Mortgage Loan Rights forming part of the Assets of the Trust which money belongs to the Covered Bond Guarantor, the Servicer will hold such money on trust for the Covered Bond Guarantor. The Servicer is entitled to commingle such money with any other money held by it. In the event of an insolvency of the Servicer, the ability of the Covered Bond Guarantor to trace and recover any such commingled money may be impaired. The risk of the Servicer not making such payments to the GIC Account, is mitigated by an obligation on the Servicer to transfer the collections into the GIC Account within two AU Business Days of receipt if the Servicer does not have (i) a short-term deposit rating of P-1 (by Moody's) and (ii) either a short-term credit rating of F1 (by Fitch) or a long term credit rating of at least A (by Fitch).

Neither the Security Trustee nor the Bond Trustee is obliged in any circumstances to act as a Servicer and none of the Covered Bond Guarantor, the Security Trustee or the Bond Trustee is obliged to monitor the performance by the Servicer of its obligations.

While a Trust Manager Default is subsisting and after the Covered Bond Guarantor becomes aware of the Trust Manager Default, the Covered Bond Guarantor may, upon giving written notice to the Servicer, the Trust Manager and the Rating Agencies, immediately terminate the rights and obligations of the Trust Manager under the Programme Documents and appoint another entity to act in its place. Until the appointment of the Substitute Trust Manager is complete, the Covered Bond Guarantor must act as Trust Manager, provided that the Issuer and the Covered Bond Guarantor (acting reasonably) have agreed a fee in writing to be paid to the Covered Bond Guarantor for the period during which the Covered Bond Guarantor is required to so act (and is entitled to the relevant fees for the period it so acts). There can be no assurance that a Substitute Trust Manager would be found who would be willing and able to provide such trust management services on the terms of the Establishment Deed and the Management Agreement or that the Trust Manager will be able to continue to perform this role until such Substitute Trust Manager is appointed, particularly if the Trust Manager's termination is as a result of an Insolvency Event occurring in respect of the Trust Manager. Neither the Security Trustee nor the Bond Trustee will be obliged in any circumstances to act as a Trust Manager or to monitor or supervise the performance by the Trust Manager (or any Substitute Trust Manager) of its obligations.

The ability of a Substitute Trust Manager or the Covered Bond Guarantor (when acting as Trust Manager) to perform fully the required trust management services as Trust Manager would depend, among other things, on the information, software and records available at the time of the appointment or it being required to act as Trust Manager, respectively. Any delay or inability to appoint a Substitute Trust Manager may affect payments to and from the Trust Accounts in accordance with the terms of the Programme Documents, and/or the provision of the Asset Coverage Reports and other information to, *inter alia*, the Rating Agencies, the Security Trustee and the Covered Bond Guarantor and may ultimately affect the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee.

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

The Covered Bond Guarantor relies on Swap Providers.

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

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

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

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

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

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

except where default by, or downgrade of, the relevant Swap Provider has caused the relevant Swap Agreement to terminate. The obligation to pay a termination payment may adversely affect the ability of the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee (see further "*Risk Factors - General Risk Factors – Enforceability of Priority of Excluded Swap Termination Proceeds*").

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

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

the obligations of the Covered Bond Guarantor and the Covered Bond Swap Providers under the Covered Bond Swaps may affect the Covered Bond Guarantor's ability to make payments under the Covered Bond Guarantee with respect to the Covered Bonds.

Covered Bondholders receive a limited description of the Mortgage Loan Rights

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

- the Seller selling additional Mortgage Loan Rights to the Covered Bond Guarantor;
- payments by the Borrowers on those Mortgage Loans; and
- the Covered Bond Guarantor's interest in the Mortgage Loan Rights being transferred to, or surrendered in favour of, the Seller in accordance with the Mortgage Sale Agreement (see "*Overview of the Principal Documents - The Mortgage Sale Agreement - Repurchase by the Seller following Breach of Representations and Warranties* ").

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

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

Maintenance of the Mortgage Loan Rights

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

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

Documents – Establishment Deed – Asset Coverage Test" and "Overview of the Principal Documents – Mortgage Sale Agreement").

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

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

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

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

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

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

If the aggregate collateral value of the Mortgage Loan Rights forming part of the Assets of the Trust has not been maintained in accordance with the terms of the Asset Coverage Test or the Amortisation Test, then that may affect the realisable value of the Mortgage Loan Rights forming part of the Assets of the Trust (both

before and after the occurrence of a Covered Bond Guarantor Event of Default) and/or the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee.

Failure to satisfy the Amortisation Test on any Determination Date following an Issuer Event of Default that is continuing will result in the Bond Trustee serving an Amortisation Test Breach Notice on the Issuer and the Covered Bond Guarantor and immediately upon the service of such notice, the Conversion Event Date will occur. Upon the occurrence of the Conversion Event Date, all Series of Covered Bonds will become Pass-Through Covered Bonds and accordingly, payment of the unpaid amount in respect of all Series of Covered Bonds by the Covered Bond Guarantor under the Covered Bond Guarantee will be deferred until the Extended Due for Payment Date.

None of the Covered Bond Guarantor, the Security Trustee or the Bond Trustee will be responsible for monitoring compliance with, nor the monitoring of, the Asset Coverage Test or the Amortisation Test or any other test.

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

Following the service of an Asset Coverage Test Breach Notice on the Covered Bond Guarantor or the occurrence of an Issuer Event of Default and service of a Notice to Pay on the Covered Bond Guarantor, the Trust Manager must direct the Covered Bond Guarantor to sell Selected Mortgage Loan Rights (selected on a basis that is representative of the Mortgage Loan Rights then forming part of the Assets of the Trust). The proceeds from any such sale must be deposited into the GIC Account and applied in accordance with the applicable Priority of Payments (see "*Overview of the Principal Documents – Establishment Deed – Sale of Selected Mortgage Loan Rights following service of an Asset Coverage Test Breach Notice*" and "*Overview of the Principal Documents – Establishment Deed – Sale of Selected Mortgage Loan Rights following service of a Notice to Pay*").

There is no guarantee the Covered Bond Guarantor will, where the Covered Bond Guarantor is obliged to sell Selected Mortgage Loan Rights, find a buyer to buy Selected Mortgage Loan Rights at the times required and there can be no guarantee or assurance as to the price which may be able to be obtained, which may affect payments under the Covered Bond Guarantee. The Covered Bond Guarantor will offer the Selected Mortgage Loan Rights for the best price reasonably available but, in any event, following the service of an Asset Coverage Test Breach Notice (but prior to an Issuer Event of Default and service of a Notice to Pay on the Covered Bond Guarantor) the Selected Mortgage Loan Rights may not be sold by the Covered Bond Guarantor for an amount less than the Current Principal Balance of the Mortgage Loans relating to the Mortgage Loan Rights plus the arrears of interest and accrued interest thereon. Following an Issuer Event of Default and service of a Notice to Pay on the Covered Bond Guarantor, the Selected Mortgage Loan Rights may not be sold by the Covered Bond Guarantor for an amount less than the Adjusted Required Redemption Amount for the relevant Series of Pass-Through Covered Bonds. The Trust Manager may only direct the Covered Bond Guarantor to proceed with any sale of Selected Mortgage Loan Rights in accordance with the above and subsequent redemption of any Covered Bonds if such sale and subsequent redemption will not result in an Amortisation Test Deterioration.

At any time after service of a Notice to Pay on the Covered Bond Guarantor (but prior to service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer), on each Distribution Date the Covered Bond Guarantor will apply the Available Income Amount and the Available Principal Amount to redeem or repay in part the relevant Series of Covered Bonds, to the extent (a) such Series of Covered Bonds are either Pass-Through Covered Bonds or are due and payable and; (b) that the Covered Bond Guarantor has sufficient moneys available to make such payments in accordance with the Guarantee Priority of Payments. The Available Principal Amount will include the sale proceeds of Selected Mortgage Loan Rights (including any excess sale proceeds resulting from the sale of Selected Mortgage Loan Rights sold in respect of another Series of Covered Bonds) and all principal repayments received on the Mortgage Loan

Rights forming part of the Assets of the Trust generally. Prior to the occurrence of the Conversion Event Date, this may adversely affect later maturing Series of Covered Bonds.

For the purposes hereof:

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

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

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

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

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

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

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

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

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

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

- representations or warranties not being given by the Covered Bond Guarantor or (unless otherwise agreed with the Seller) the Seller;
- default by Borrowers of amounts due on their Mortgage Loans;
- changes to the Seller's credit and origination policies;
- the Covered Bond Guarantor not having legal title to the Mortgage Loan Rights forming part of the Assets of the Trust;

- risks in relation to some types of Mortgage Loans which may adversely affect the value of Mortgage Loan Rights forming part of the Assets of the Trusts;
- limited recourse to the Seller;
- the state of the Australian economy and/or residential mortgage market (which may impact potential buyers);
- possible regulatory changes by ASIC in Australia and other regulatory authorities;
- regulations in Australia that could lead to some terms of the Mortgage Loans being unenforceable; and
- other issues which impact on the enforceability of the Mortgage Loans.

Some of these factors are considered in more detail below. However, it should be noted that the Asset Coverage Test, the Amortisation Test and the criteria for Eligible Mortgage Loans are intended to ensure that there will be an adequate amount of Mortgage Loans forming part of the Assets of the Trust and moneys standing to the credit of the GIC Account to enable the Covered Bond Guarantor to repay the Covered Bonds following the service of an Issuer Acceleration Notice on the Issuer and service of a Notice to Pay on the Covered Bond Guarantor and accordingly it is expected (but there is no assurance) that Selected Mortgage Loan Rights could be realised for sufficient values to enable the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee. In addition, any sale of Selected Mortgage Loan Rights and subsequent redemption of any Covered Bonds by the Covered Bond Guarantor following the service of an Asset Coverage Test Breach Notice on the Covered Bond Guarantor or an Issuer Event of Default and the service of a Notice to Pay on the Covered Bond Guarantor, can only proceed if such sale and subsequent redemption does not result in an Amortisation Test Deterioration.

No representations or warranties will be given by the Covered Bond Guarantor or the Seller if Selected Mortgage Loan Rights are to be sold.

Following the occurrence of an Issuer Event of Default, service on the Issuer and the Covered Bond Guarantor of an Issuer Acceleration Notice and service on the Covered Bond Guarantor (copied to the Trust Manager) of a Notice to Pay (but prior to the service of a Covered Bond Guarantee Acceleration Notice), the Covered Bond Guarantor will be obliged to sell Selected Mortgage Loan Rights to third party purchasers, subject to the rights of repurchase enjoyed by the Seller pursuant to the terms of the Mortgage Sale Agreement (see "*Overview of the Principal Documents – Mortgage Sale Agreement – Seller's right of repurchase in respect of Selected Mortgage Loan Rights*"). In respect of any sale of Selected Mortgage Loan Rights to third parties, however, neither the Covered Bond Guarantor nor the Seller will be permitted to give representations, warranties or indemnities in respect of those Selected Mortgage Loan Rights (unless expressly permitted to do so by the Security Trustee and otherwise agreed with the Seller). There is no assurance that the Seller would give any warranties or representations in respect of the Selected Mortgage Loan Rights originated by it and sold to the Covered Bond Guarantor. Any Representations or Warranties previously given by the Seller in respect of the Mortgage Loans forming part of the Assets of the Trust may not have value for a third party purchaser if the Seller is then insolvent. Accordingly, there is a risk that the realisable value of the Selected Mortgage Loan Rights could be adversely affected by the lack of representations and warranties which in turn could adversely affect the ability of the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee.

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

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

Guarantee. There can be no assurance that the housing market will not deteriorate. An increase in household indebtedness, a decline in house prices or an increase in interest rates could have an adverse effect on the Australian mortgage market, which could be exacerbated by different types of mortgages in the market, such as interest-only loans.

The current Australian economic environment may affect the rate at which the Seller originates new Mortgage Loans and may also affect the level of attrition of the Seller's existing Borrowers, which could in turn adversely affect the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee. There has not been any severe deterioration in the Australian mortgage market as a whole in recent years.

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

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

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

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

In addition, and as a result of the COVID-19 pandemic, Borrowers may face difficulty in paying amounts due on their Mortgage Loans as a result of illness or inability to work as a result of border closures or other social distancing measures adopted by the Australian Government. The Seller had responded to the Australian Government guidance to allow affected Borrowers to take payment holidays or defer certain payments on the Mortgage Loans as a result of easing the social and economic effects of the COVID-19 pandemic by putting in place a number of financial support measures for its retail lending customers across its brands (see "Bank of Queensland Limited – COVID-19 Financial Support Measures" for further details). However, the temporary, industry-wide financial support measures for retail lending customers concluded on 31 March 2021 with the Seller reverting to its business as usual hardship assistance processes to support retail customers who continue to be financially impacted by COVID-19.

The rate of prepayments on Mortgage Loans may be increased due to Borrowers refinancing their Mortgage Loans and sales of any property charged by a Mortgage (either voluntarily by Borrowers or as a result of

enforcement action taken), as well as the receipt of proceeds from buildings insurance and life assurance policies. The rate of prepayment of Mortgage Loans may also be influenced by the presence or absence of early repayment charges.

In addition, the ability of a Borrower to sell a property charged by a Mortgage which secures a Mortgage Loan at a price sufficient to repay the amounts outstanding under that Mortgage Loan will depend upon a number of factors, including the availability of buyers for that property, the value of that property and property values and the property market in general at the time of such proposed sale. The downturn in the Australian economy has had and could continue to have a negative effect on the housing market.

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

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

The Current Principal Balance of any Defaulted Mortgage Loans forming part of the Assets of the Trust will be given no value for the purposes of any calculation of the Asset Coverage Test and the Amortisation Test.

Enforcement of Mortgage Loans can involve substantial costs and delays and may not permit full recovery by the Servicer

In order to enforce the Mortgage Loans in certain situations, such as Defaulted Mortgage Loans, a court order or other judicial or administrative proceedings may be needed in order to establish the Borrower's obligation to pay and to enable a sale by executive measures. Such proceedings may involve substantial legal costs and delays before the Servicer is able to enforce such Defaulted Mortgage Loan and any related Mortgage Loan Rights. Such proceedings may face a variety of impediments, including, but not limited to: (i) regulatory and judicial policies and procedures designed to protect borrowers' rights, (ii) judicial or administrative proceedings instigated by borrowers, other creditors or other third parties, (iii) changes in applicable law that may affect the enforceability or amount recoverable in respect of Mortgage Loans and (iv) equitable judicial powers that could delay or halt judicial enforcement proceedings. Even if a sale is successfully completed, the value recovered from a Defaulted Mortgage Loan will also depend upon the prevailing market conditions. Pursuant to the Servicing Deed, the Servicer is not required to pursue such enforcement if it has reasonable grounds to believe that the expenses of such litigation may outweigh the proceeds from such litigation.

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

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

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

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

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

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

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

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

The Seller will initially retain legal title to the Mortgage Loan Rights, which may affect the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee.

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

At any time during which the Covered Bond Guarantor does not hold legal title to the Mortgage Loan Rights forming part of the Assets of the Trust, the following risks exist:

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

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

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

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

(b) second, until notice of the transfer to the Covered Bond Guarantor has been provided to the relevant Borrowers, the rights of the Covered Bond Guarantor may be subject to the rights of the Borrowers against the Seller, as applicable, such as rights of set-off, which occur in relation to transactions made between Borrowers and the Seller, and the rights of Borrowers to redeem their Mortgages by repaying the Mortgage Loans directly to the Seller. In addition, section 80(7) of the PPSA provides that an obligor in relation to a receivable will be entitled to make payments to, and obtain a good discharge from, the seller of the receivable rather than directly to, and from, the purchaser of the receivable until such time as the obligor receives a notice of the assignment of the relevant receivable that complies with the requirements of section 80(7)(a) of the PPSA (including a statement that payment is to be made to the purchaser of the receivable). If, however, an obligor receives a notice that complies with the requirements of section 80(7)(a) of the PPSA from any person other than the seller of the receivable, the obligor requests the purchaser of the receivable to provide proof of the assignment and the purchaser of the receivable fails to provide that proof within 5 business days of the request, the obligor may continue to make payments to the seller. Accordingly, after a Perfection of Title Event has occurred and legal title to the Mortgage Loan Rights has been transferred to the Covered Bond Guarantor, a Borrower in relation to any Mortgage Loan may in certain circumstances nevertheless make payments to the Seller and obtain a good discharge from the Seller notwithstanding the legal assignment of the relevant Mortgage Loan Rights to the Covered Bond Guarantor, if the Covered Bond Guarantor fails to comply with these notice requirements. However, this risk is mitigated by the fact that the Seller has provided the Covered Bond Guarantor with powers of attorney to permit it to give notice of such an assignment of the Mortgage Loan Rights to the relevant Borrower in the name of the Seller; and

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

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

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

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

In the event of a material breach of any of the Representations and Warranties made by the Seller or if any of the Representations and Warranties proves to be materially untrue, in each case in respect of any Mortgage Loan Rights forming part of the Assets of the Trust as at the date at which these are given (having regard in determining materiality to, among other things, whether a loss is likely to be incurred in respect of the Mortgage Loan to which the breach relates after taking into account the likelihood of recoverability or otherwise of any sums under any applicable Insurance Policies), then following notice being given by the Trust Manager or the Seller to the Covered Bond Guarantor or the Covered Bond Guarantor giving notice to the Seller, if the breach is not remedied to the Covered Bond Guarantor's satisfaction within five AU Business Days of the Seller or the Trust Manager giving or receiving the notice, the Seller will be required to pay the Covered Bond Guarantor an amount equal to the sum of the Current Principal Balance of the relevant Mortgage Loan and arrears of interest and accrued interest, following which the Covered Bond Guarantor will treat the Mortgage Loan as having been paid in full and will hold the relevant Mortgage Loan Rights as trustee of the BOQ Trust.

There can be no assurance that the Seller, in the future, will have the financial resources to repurchase Mortgage Loan Rights from the Covered Bond Guarantor. However, if the Seller does not repurchase those Mortgage Loan Rights which are in material breach of the Representations and Warranties, then the LVR Adjusted Mortgage Loan Balance Amount or the Asset Percentage Adjusted Mortgage Loan Balance Amount of those Mortgage Loans (as applicable) will be deducted from the calculation of the Adjusted Aggregate Mortgage Loan Amount in the calculation of the Asset Coverage Test (except for any Defaulted Mortgage Loans, which for the purposes of calculating the LVR Adjusted Mortgage Loan Balance Amount and the Asset Percentage Adjusted Mortgage Loan Balance Amount, as the case may be, are given a zero value). There is no further recourse to the Seller in respect of a material breach of a Representation or Warranty. The sole remedy is as described above.

RISK FACTORS RELATED TO THE COVERED BONDS

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

A 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 material known risks of the most common such features.

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

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

All Covered Bonds issued from time to time will rank *pari passu* with each other in all respects (save as set out in the Guarantee Priority of Payments) and will share in the security granted by the Covered Bond Guarantor under the Security Deed. Prior to the occurrence of a Covered Bond Guarantor Event of Default, if an Issuer Event of Default occurs in respect of a particular Series of Covered Bonds then, following the service of an Issuer Acceleration Notice on the Issuer (copied to the Covered Bond Guarantor) and service of a Notice to Pay on the Covered Bond Guarantor, the Covered Bonds of all Series then outstanding will accelerate at the same time as against the Issuer but will be subject to, and have the benefit of, payments made by the Covered

Bond Guarantor under the Covered Bond Guarantee. If a Covered Bond Guarantor Event of Default occurs in respect of a particular Series of Covered Bonds, then following the service of a Covered Bond Guarantee Acceleration Notice, the Covered Bonds of all Series outstanding will accelerate as against the Issuer (if not already accelerated following the occurrence of an Issuer Event of Default and the service on the Issuer and the Covered Bond Guarantor of an Issuer Acceleration Notice) and the obligations of the Covered Bond Guarantor under the Covered Bond Guarantee will accelerate.

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

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

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

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

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

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

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

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

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

The Issuer may be expected to redeem Covered Bonds when its cost of borrowing is lower than the interest rate on the Covered Bonds. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Covered Bonds being redeemed and may

only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments that are likely to be available at that time.

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

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

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

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

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

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

Credit ratings assigned to the Covered Bonds may change and may not reflect all risks associated with an investment in the Covered Bonds.

The credit ratings assigned to a Series of Covered Bonds to be issued under the Programme by Fitch address the probability of default and of the recovery given a default of the Covered Bonds, the likelihood of full and timely payment to holders of Covered Bonds of all payments of interest on each Interest Payment Date and the likelihood of timely payment of principal in relation to the Covered Bonds. The credit rating assigned to the Covered Bonds by Moody's address the probability of default, the loss given by default and the expected loss posed to potential investors.

The expected ratings of a Series of the Covered Bonds will be set out in the Applicable Final Terms for such Series of Covered Bonds (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement). In addition, the Final Terms or Pricing Supplement, as the case may be, will specify which Rating Agencies are giving a credit rating to the relevant Series of Covered Bonds. The relevant Series of Covered Bonds may be rated by one or more Rating Agencies as set out therein. Any Rating Agency may lower its rating or withdraw its rating if, in the sole judgment of the Rating Agency, the credit quality of the Covered Bonds has declined or is in question.

In the event that a rating assigned to the Covered Bonds or the Issuer is subsequently lowered or withdrawn or qualified for any reason, no person or entity is obliged to provide any additional support or credit enhancement with respect to the Covered Bonds, the Issuer may be adversely affected, the market value of the Covered Bonds is likely to be adversely affected and the ability of the Issuer to make payment under the Covered Bonds may be adversely affected.

In addition, at any time any Rating Agency may revise its relevant rating methodology with the result that, amongst other things, any rating assigned to the Covered Bonds may be lowered. If any rating assigned to the Covered Bonds is lowered or withdrawn, the market value of the Covered Bonds may reduce.

Rating agencies other than the Rating Agencies could seek to rate the Covered Bonds and if such unsolicited ratings are lower than the comparable ratings assigned to the Covered Bonds by a Rating Agency, those unsolicited ratings could have an adverse effect on the value of the Covered Bonds. For the avoidance of doubt and unless the context otherwise requires, any reference to "ratings" or "rating" in this Prospectus is to the ratings assigned by a Rating Agency only.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time (including as a result of changes to rating methodologies). A credit rating may not reflect the potential impact of all of the risks related to the structure, market, additional factors discussed above and other factors that may affect the value of the Covered Bonds. A downgrade in the rating of the Issuer or the sovereign rating of Australia may have a negative impact on the credit ratings of the Covered Bonds.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of the rating agency rating the Covered Bonds changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Covered Bonds may have a different regulatory treatment, which may impact the value of the Covered Bonds and their liquidity in the secondary market.

Neither of the Rating Agencies is established in the European Union or UK, and neither of the Rating Agencies has applied for registration under the CRA Regulation or UK CRA Regulation. However their credit ratings with respect to certain Series or Tranches of Covered Bonds have been endorsed. The rating by Moody's has

been endorsed by Moody's Deutschland GmbH and the rating by Fitch has been endorsed by Fitch Ratings Ireland Limited, each in accordance with the CRA Regulation, and have not been withdrawn. Moody's Deutschland GmbH and Fitch Ratings Ireland Limited are established in the EU and registered under the CRA Regulation. The rating by Moody's has been endorsed by Moody's Investors Service Ltd and the rating by Fitch has been endorsed by Fitch Ratings Limited, in each case in accordance with the UK CRA Regulation and have not been withdrawn. References in this Prospectus to Moody's and/or Fitch shall be construed accordingly. There can be no assurance that the endorsement of the credit ratings in the EU or the UK of Moody's and Fitch will continue.

The ratings assigned to a Series or Tranche of Covered Bonds to be issued under the Programme will be specified in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement). Whether or not each credit rating applied for in relation to a Series or Tranche of Covered Bonds will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation, or in the UK and registered under the UK CRA Regulation, will be disclosed in the Applicable Final Terms.

A Rating Agency may be removed as a rating agency on the Programme unless the requisite number of Covered Bondholders object to such removal

There is no assurance that both Rating Agencies will rate the Covered Bonds up to their relevant Final Maturity Date. Covered Bondholders should note that pursuant to Condition 14, the Bond Trustee and the Security Trustee are required to concur in and effect any modifications required to any of the Programme Documents to accommodate the removal of any one of the Rating Agencies from the Programme or the addition of any Rating Agency, provided that:

(a) at all times, there are at least two rating agencies rating the Programme and any Covered Bonds then outstanding; and

(b) in respect of the removal of any one of the Rating Agencies from the Programme only:

  (i) the Issuer has provided at least 30 calendar days' notice to the Covered Bondholders of the proposed modification effecting the removal in the manner provided in Condition 13 and by publication on Bloomberg on the "Company News" screen relating to the Covered Bonds; and

  (ii) Covered Bondholders holding, in aggregate, at least 10 per cent. of the Principal Amount Outstanding of the Covered Bonds of all Series then outstanding (with the Covered Bonds of all Series taken together as a single Series and, if the nominal amount of the Covered Bonds is not denominated in Australian Dollars, converted into Australian Dollars at the relevant Swap Rate) have not notified the Bond Trustee in writing (or otherwise in accordance with the then current practice of any relevant Clearing System through which such Covered Bonds may be held) within the notification period referred to in paragraph (b)(i) above that such Covered Bondholders do not consent to the proposed modification effecting the removal.

If Covered Bondholders holding, in aggregate, at least 10 per cent. of the Principal Amount Outstanding of the Covered Bonds of all Series then outstanding (with the Covered Bonds of all Series taken together as a single Series and, if the nominal amount of the Covered Bonds is not denominated in Australian Dollars, converted into Australian Dollars at the relevant Swap Rate) have notified the Bond Trustee in writing (or otherwise in accordance with the then current practice of any relevant Clearing System through which such Covered Bonds may be held) within the notification period referred to in paragraph (b)(i) above that they do not consent to the proposed modification effecting the removal (an **Objected Modification**), then such Objected Modification will not be made unless the Bond Trustee is (a) so directed by an Extraordinary Resolution of the Covered Bondholders of the relevant one or more Series with the Covered Bonds of all such Series taken together as a single Series (and, if applicable, converted into Australian Dollars at the relevant Swap Rate) or (b) requested to do so in writing by Covered Bondholders holding not less than 25 per cent. of the Principal Amount

Outstanding of the Covered Bonds of the relevant one or more Series (with the Covered Bonds of all such Series taken together as a single Series and, if applicable, converted into Australian Dollars at the relevant Swap Rate) then outstanding and at all times then only if the Bond Trustee is first indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

Objections made in writing other than through the relevant Clearing System must be accompanied by evidence to the Bond Trustee's satisfaction (having regard to prevailing market practices) of the relevant Covered Bondholder's holding of the Covered Bonds.

A Rating Affirmation Notice may not address certain matters that may be of relevance to Covered Bondholders.

Each Series or Tranche of Covered Bonds to be issued under the Programme will, unless otherwise specified in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement), be rated "Aaa" by Moody's and "AAA" by Fitch. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning Rating Agency. There is no obligation on the Issuer to maintain the credit ratings in respect of any Series of Covered Bonds.

The terms of certain of the Programme Documents provide that, if certain events or circumstances occur, the Issuer must deliver a notice in writing to the Covered Bond Guarantor (and copied to the Trust Manager and each Rating Agency) confirming that it has notified each Rating Agency of the event or circumstances and that the Issuer is satisfied, for the purposes of the Programme Documents, following discussions with each Rating Agency, that the event or circumstances, as applicable, will not result in a reduction, qualification or withdrawal of the ratings then assigned by such Rating Agency (a **Rating Affirmation Notice**). Any Rating Affirmation Notice, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time, and in the context of cumulative changes to the transaction of which the securities form part since the issuance closing date. A Rating Affirmation Notice is given on the basis that it will not be construed as advice for the benefit of any parties to the transaction. If a Rating Agency confirmation is required for the purposes of the Programme Documents and the Rating Agency does not consider such confirmation necessary, does not respond to a written request for a discussion by the Issuer or does not provide a confirmation in writing in connection with a Rating Affirmation Notice to be given by the Issuer in respect of any event or circumstance, the Issuer will be entitled to assume that the then current rating of the Covered Bonds from that Rating Agency will not be downgraded, qualified or withdrawn by such Rating Agency as a result of such event or circumstance. However, such non-response or co-operation will not be interpreted to mean that such Rating Agency has given any deemed confirmation or affirmation of rating or other response in respect of such action or step. It should be noted that, depending on the timing of delivery of the request and any information needed to be provided as part of any such request, it may be the case that a Rating Agency cannot provide a confirmation, affirmation or response in the time available or at all, and the Rating Agency will not be responsible for the consequences thereof. Such confirmation, affirmation or response if given, will be given on the basis of the facts and circumstances prevailing at the relevant time, and in the context of cumulative changes to the transaction of which the securities form part since the issuance closing date.

By acquiring the Covered Bonds, investors will be deemed to have acknowledged and agreed that, notwithstanding the foregoing, a credit rating is an assessment of credit and does not address other matters that may be of relevance to Covered Bondholders including, without limitation, in the case of discussions undertaken by a Rating Agency in the context of a Rating Affirmation Notice to be issued by the Issuer, whether any action proposed to be taken by the Issuer, the Covered Bond Guarantor, the Seller, the Servicer, the Trust Manager, the Bond Trustee, the Security Trustee or any other party to a Programme Document is either (i) permitted by the terms of the relevant Programme Document, or (ii) in the best interests of, or not materially prejudicial to, some or all of the Covered Bondholders. The fact that the Rating Agencies have not advised that the then current ratings of the Covered Bonds would not be adversely affected or withdrawn does not impose or extend any actual or contingent liability on a Rating Agency to the Issuer, the Covered Bond Guarantor, the Bond Trustee, the Security Trustee, the Secured Creditors (including the Covered Bondholders) or any other person or create any legal relations between the Rating Agencies and the Issuer, the Covered Bond

Guarantor, the Bond Trustee, the Security Trustee, the Secured Creditors (including the Covered Bondholders) or any other person whether by way of contract or otherwise.

Covered Bonds that are not in physical form are subject to certain risks.

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 or, in the case of A$ Registered Covered Bonds, the Austraclear System. The fact that the Covered Bonds are not represented in physical form could, among other things:

- result in payment delays on the Covered Bonds because distributions on the Covered Bonds will be sent by or on behalf of the Issuer to Euroclear, Clearstream, Luxembourg or the Austraclear System instead of directly to Covered Bondholders;

- make it difficult for Covered Bondholders to pledge the Covered Bonds as security if Covered Bonds in physical form are required or necessary for such purposes; and

- hinder the ability of Covered Bondholders to resell the Covered Bonds because some investors may be unwilling to buy Covered Bonds that are not in physical form.

Holders of Covered Bonds issued in the form of Global Covered Bonds and deposited with a common depositary for Euroclear and Clearstream, Luxembourg and/or an alternative clearing system will have to rely on their procedures, including for transfer, payment and communications.

Covered Bonds (other than A$ Registered Covered Bonds) issued under the Programme will be represented on issue by one or more global Covered Bonds that may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg (each as defined under "*Terms and Conditions of the Covered Bonds*"). Except in the circumstances described in each global Covered Bond, investors will not be entitled to receive Covered Bonds in definitive form. Each of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each global Covered Bond held through it. While the Covered Bonds are represented by a global Covered Bond, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants, and investors will have to rely on the procedures of the relevant clearing system and of their respective participants, including for transfer, payment and communications.

While the Covered Bonds are represented by global Covered Bonds, the Issuer will discharge its payment obligations under the Covered Bonds by making payments through the relevant clearing systems. A holder of a beneficial interest in a global Covered Bond must rely on the procedures of the relevant clearing system and its participants to receive payments under the Covered Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any global Covered Bond.

A Covered Bondholder who holds less than the minimum Specified Denomination may not receive a definitive Covered Bond in respect of such holding, making such denomination illiquid and difficult to trade.

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

(should definitive Covered Bonds be printed) and would need to purchase a principal amount of Covered Bonds such that its holding amounts to a Specified Denomination. If definitive Covered Bonds are issued, Covered Bondholders should be aware that definitive Covered Bonds that have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

There are restrictions on the transfer of the Covered Bonds.

The Covered Bonds and the Covered Bond Guarantee have not been and will not be registered under the Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons as defined in Regulation S unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. No sale, assignment, participation, pledge or transfer of a Covered Bond or any interest therein may be made unless made in compliance with the transfer and selling restrictions set forth under "*Subscription and Sale and Transfer and Selling Restrictions*" below.

The regulation and reform of benchmarks may adversely affect the value of Covered Bonds linked to or referencing such "benchmarks"

Interest rates and indices which are deemed to be benchmarks (including, amongst others, LIBOR, SONIA, EURIBOR, BBSW and BKBM, each as defined below) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Covered Bonds linked to or referencing such a "benchmark".

In Australia, examples of reforms that are already effective include changes to the methodology for calculation of the Australian Bank Bill Swap Rate (**BBSW**), and amendments to the Corporations Act made by the Treasury Laws Amendment (2017 Measures No. 5) Act 2018 of Australia which, among other things, enables ASIC to make rules relating to the generation and administration of financial benchmarks. On 6 June 2018, ASIC designated BBSW as a "significant financial benchmark" and made the ASIC Financial Benchmark (Administration) Rules 2018 and the ASIC Financial Benchmarks (Compelled) Rules 2018. On 27 June 2019, ASIC granted ASX Benchmarks Pty Limited a licence to administer BBSW.

In New Zealand, the current regulatory regime for the bank bill benchmark rate (**BKBM**) has been judged as not sufficient to meet the EU equivalence standard under the Benchmarks Regulation. Without regulatory reform, the use of BKBM will be restricted in the EU from 1 January 2020. To address this, the Financial Markets (Derivatives Margin and Benchmarking) Reform Amendment Act 2019 was enacted on 30 August 2019 which introduced a licensing regime for administrators of financial benchmarks. Regulations setting out further detail of licence obligations came into force on 15 March 2021.

In Europe, the Benchmarks Regulation was published in the Official Journal of the EU on 29 June 2016 and applied from 1 January 2018. The Benchmarks Regulation applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). The UK Benchmarks Regulation, among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

These reforms (including the Benchmarks Regulation and/or UK Benchmarks Regulation) could have a material impact on any Covered Bonds linked to, referencing or otherwise dependent (in whole or in part)

upon, a "benchmark", in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements imposed thereunder. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the "benchmark".

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements.

Specifically, the sustainability of the London interbank offered rate (**LIBOR**) has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of regulatory reforms) for market participants to continue contributing to such benchmarks. On 27 July 2017, and in a subsequent speech by its Chief Executive on 12 July 2018, the United Kingdom Financial Conduct Authority (the **FCA**) confirmed that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the **FCA Announcements**). The FCA Announcements indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. On 5 March 2021, the FCA issued an announcement on the future cessation and loss of representativeness of the LIBOR benchmarks. This will occur immediately after 31 December 2021 for most of LIBOR settings. In addition, on 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its Working Group on Sterling Risk-Free Rates has been mandated with implementing a broad-based transition to the Sterling Overnight Index Average (**SONIA**) over the next four years across sterling bond, loan and derivative markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021 (as further described under "*The market continues to develop in relation to SONIA as a reference rate*" below).

Separate workstreams are also underway in Europe to reform the euro interbank offered rate (**EURIBOR**) using a hybrid methodology and to provide a fallback by reference to a euro risk-free rate (based on a euro overnight risk-free rate as adjusted by a methodology to create a term rate). On 13 September 2018, the working group on euro risk-free rates recommended Euro Short-term Rate (**€STR)** as the new risk-free rate and €STR was first published by the European Central Bank (the **ECB**) on 2 October 2019. In addition, on 21 January 2019, the euro risk-free rate working group published a set of guiding principles for fallback provisions in new euro denominated cash products (including bonds). The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts may increase the risk to the euro area financial system.

It is not possible to predict with certainty whether, and to what extent, LIBOR, EURIBOR, BBSW, BKBM or any other benchmark will continue to be supported going forwards. This may cause LIBOR, EURIBOR, BBSW, BKBM or any other such benchmark to perform differently than they have done in the past, and may have other consequences which cannot be predicted. The potential transition from LIBOR to SONIA, or EURIBOR to €STR, or the elimination of LIBOR, EURIBOR, BBSW, BKBM or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the Conditions of the Covered Bonds, or result in other consequences, in respect of any Covered Bonds referencing such benchmark. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Covered Bonds linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark. In addition, if the benchmarks are discontinued there can be no assurance that the applicable fall-back provisions under the Swap Agreements would operate to allow the transactions under the Swap Agreements to effectively mitigate interest rate risk in respect of the Covered Bonds. It should also be noted that broadly divergent interest rate calculation methodologies may develop and apply as between the Covered Bonds and/or the Swap Agreements due to applicable fall-back provisions or other matters. The consequences of this are uncertain but could include a reduction in the amounts available to the Issuer to meet its payment obligations in respect of the Covered Bonds.

Investors should be aware that in the case of certain Floating Rate Covered Bonds, the Conditions of the Covered Bonds provide for certain fallback arrangements in the event that a published benchmark, including an inter-bank offered rate (such as LIBOR, or EURIBOR) or another relevant reference rate (such as BBSW) ceases to exist or be published. In certain circumstances the ultimate fallback for the purposes of calculation of interest for a particular Interest Period may result in the Rate of Interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Covered Bonds based on the rate which was last observed on the Relevant Screen Page or the initial Rate of Interest applicable to such Covered Bonds on the Interest Commencement Date.

Any such consequences could have a material adverse effect on the value or liquidity of and return on any such Covered Bonds. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant rate could affect the ability of the Issuer to meet its obligations under the Floating Rate Covered Bonds or could have a material adverse effect on the value or liquidity of, and the amount payable under, such Floating Rate Covered Bonds**.**

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation or any of the international or national reforms in making any investment decision with respect to any Covered Bonds linked to or referencing a benchmark.

The market continues to develop in relation to SONIA as a reference rate

Where the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement) for a Series of Floating Rate Covered Bonds identifies that the Rate of Interest for such Covered Bonds will be determined by reference to SONIA, the Rate of Interest will be determined on the basis of Compounded Daily SONIA (as defined in the Conditions of the Covered Bonds). Compounded Daily SONIA differs from LIBOR in a number of material respects, including (without limitation) that Compounded Daily SONIA is a backwards-looking, compounded, risk-free overnight rate, whereas LIBOR is expressed on the basis of a forward-looking term and includes a risk-element based on inter-bank lending. As such, investors should be aware that LIBOR and SONIA may behave materially differently as interest reference rates for Covered Bonds issued under the Programme. The use of Compounded Daily SONIA as a reference rate for Eurobonds is nascent, and is subject to change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of debt securities referencing Compounded Daily SONIA.

Accordingly, prospective investors in any Covered Bonds referencing Compounded Daily SONIA should be aware that the market continues to develop in relation to SONIA as a reference rate in the capital markets and its adoption as an alternative to Sterling LIBOR. For example, in the context of backwards-looking SONIA rates, market participants and relevant working groups are, as at the date of this Prospectus, currently assessing the differences between compounded rates and weighted average rates, and such groups are also exploring forward-looking 'term' SONIA reference rates (which seek to measure the market's forward expectation of an average SONIA rate over a designated term). The adoption of SONIA may also see component inputs into swap rates or other composite rates transferring from LIBOR or another reference rate to SONIA.

The market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in the Conditions as applicable to Covered Bonds referencing Compounded Daily SONIA that are issued under this Prospectus. Furthermore, the Issuer may in future issue Covered Bonds referencing SONIA that differ materially in terms of interest determination when compared with any previous SONIA-referenced Covered Bonds issued by it under the Programme. The nascent development of Compounded Daily SONIA as an interest reference rate for the Eurobond markets, as well as continued development of SONIA-based rates for such market and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of any SONIA-referenced Covered Bonds issued under the Programme from time to time.

Furthermore, the Rate of Interest on Covered Bonds which reference Compounded Daily SONIA is only capable of being determined at the end of the relevant Observation Period and immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Covered Bonds which reference Compounded Daily SONIA to estimate reliably the amount of interest which will be payable on such Covered Bonds, and some investors may be unable or unwilling to trade such Covered Bonds without changes to their IT systems, both of which factors could adversely impact the liquidity of such Covered Bonds. Further, in contrast to LIBOR-based Covered Bonds, if Covered Bonds referencing Compounded Daily SONIA become due and payable as a result of an Event of Default under Condition 9, or are otherwise redeemed early on a date which is not an Interest Payment Date, the final Rate of Interest payable in respect of such Covered Bonds shall only be determined immediately prior to the date on which the Covered Bonds become due and payable.

In addition, the manner of adoption or application of SONIA reference rates in the Eurobond markets may differ materially compared with the application and adoption of SONIA in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of SONIA reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Covered Bonds referencing Compounded Daily SONIA.

Investors should carefully consider these matters when making their investment decision with respect to any such Covered Bonds.

Covered Bondholders' ability to enforce certain rights in connection with the Covered Bonds may be limited or affected by reforms to Australian insolvency legislation relating to "ipso facto" rights

On 18 September 2017, the Treasury Laws Amendment (2017 Enterprise Incentives No.2) Act 2017 (the **Treasury Act**) received Royal Assent and was enacted. The Treasury Act contains reforms to Australian insolvency laws. Under the Treasury Act, any right under a contract, agreement or arrangement (such as a right entitling a creditor to terminate a contract or to accelerate a payment under a contract) arising merely because a company, among other circumstances, is under administration, has appointed a managing controller or is the subject of an application under section 411 of the Corporations Act (i.e. **ipso facto rights**), will not be enforceable during a prescribed moratorium period.

The Treasury Act took effect on 1 July 2018 and applies to ipso facto rights arising under contracts, agreements or arrangements entered into at or after that date, subject to certain exclusions. On 21 June 2018, the Australian Government introduced the Corporations Amendment (Stay on Enforcing Certain Rights) Regulations 2018 (the **Regulations**) which sets out the types of contracts that will be excluded from the operation of the stay on the enforcement of ipso facto rights.

The Regulations provide that a contract, agreement or arrangement that is, or governs securities, financial products, bonds or promissory notes will be exempt from the moratorium. Furthermore, a contract, agreement or arrangement under which a party is or may be liable to subscribe for, or to procure subscribers for, securities, financial products, bonds or promissory notes is also excluded from the stay. However, as the Treasury Act and the Regulations are new to the insolvency regime in Australia, they have not been the subject of judicial interpretation. If the Regulations are determined not to exclude the Covered Bonds from their operation under the exclusions mentioned above or any other exclusion under the Regulations, this may render unenforceable in Australia provisions of the Covered Bonds conditioned solely on the occurrence of events giving rise to ipso facto rights.

GENERAL RISK FACTORS

Risks related to the Covered Bonds generally

Set out below is a brief description of certain risks relating to the Covered Bonds generally:

It may be necessary for a Covered Bondholder to bring a suit in the courts of England or New South Wales, Australia (as applicable) to enforce its rights against the Issuer or the Covered Bond Guarantor.

The Issuer and the Covered Bond Guarantor have agreed to submit to the exclusive jurisdiction of the courts of England in any action arising out of the Bond Trust Deed, the Principal Agency Agreement, the Programme Agreement, and the Covered Bonds (but, in each case, excluding the A$ Registered Covered Bonds) and the non-exclusive jurisdiction of the courts of New South Wales, Australia in any action arising out of the documents governed by Australian law. In the limited instances where a Covered Bondholder or Couponholder may proceed directly against the Issuer or Covered Bond Guarantor due to a failure to act by the Bond Trustee or the Security Trustee, as the case may be, as described herein, it may be necessary for such Covered Bondholder or Couponholder to bring a suit in the courts of England or New South Wales, Australia (as applicable) to enforce its rights against the Issuer or the Covered Bond Guarantor, as the case may be, with respect to the Bond Trust Deed or any other Programme Document (excluding the Programme Documents to the extent that they refer only to the A$ Registered Covered Bonds), the Covered Bonds (but excluding the A$ Registered Covered Bonds), the Coupons or the Security.

There is currently no active and liquid secondary market for the Covered Bonds, which may adversely impact their liquidity.

There is not, at present, an active and liquid secondary market for the Covered Bonds, and there can be no assurance that a secondary market for the Covered Bonds will develop. The Covered Bonds are subject to certain restrictions on the resale and other transfer thereof as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*". If a secondary market does develop, it may not continue for the life of the Covered Bonds or it may not provide Covered Bondholders with liquidity of investment with the result that a Covered Bondholder may not be able to find a buyer to buy its Covered Bonds readily or at prices that will enable the Covered Bondholder to realise a desired yield. Consequently, a Covered Bondholder must be able to bear the economic risk of an investment in a Covered Bond for an indefinite period of time.

The Security Trustee's powers may affect the interests of the Covered Bondholders.

Except where expressly provided otherwise in the Security Deed, the Security Trustee may exercise, or refrain from exercising, all of its rights, powers, authorities, discretions and remedies under the Security Deed and the other Programme Documents, and may form opinions, and give consents, approvals and waivers under the Security Deed and the other Programme Documents, in accordance with the direction or instructions of (for so long as there are any Covered Bonds outstanding) the Bond Trustee (acting pursuant to and in accordance with the terms of the Bond Trust Deed) or (where no Covered Bonds are outstanding) the Majority Secured Creditors. If there is at any time a conflict between a duty owed by the Security Trustee to the Covered Bondholders and a duty owed by the Security Trustee to any other Secured Creditor or class of Secured Creditor, then the Security Trustee must have regard only to the interests of the Covered Bondholders while any of the Covered Bonds remain outstanding and will not be required to have regard to the interests of any other Secured Creditor or any other person, or to act upon or comply with any direction or request of any other Secured Creditor or any other person, while any amount remains owing to any Covered Bondholders.

Where the Security Trustee is required to have regard to the Covered Bondholders (or any Series thereof), it must have regard to the general interests of the Covered Bondholders (or any Series thereof) as a class and will not have regard to any interests arising from circumstances particular to individual Covered Bondholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular country, territory or any political subdivision thereof and the Security Trustee will not be entitled to require, nor will any Covered Bondholder or Couponholder be entitled to claim from, the Issuer, the Covered Bond Guarantor, the Bond Trustee, the Security Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Covered Bondholders or Couponholders, except to the extent already provided for in Condition 7.

If, in connection with the exercise of its powers, trusts, authorities or discretions, the Security Trustee is of the opinion that the interests of the holders of the Covered Bonds of any one or more Series could or would be materially prejudiced thereby, the Security Trustee may determine that it will not exercise such power, trust, authority or discretion without the approval of such Covered Bondholders by Extraordinary Resolution or by a direction in writing of such Covered Bondholders of not less than 25 per cent. of the Australian Dollar Equivalent of the Principal Amount Outstanding of the Covered Bonds of the relevant Series then outstanding, and which has not been contradicted by a direction in writing of such Covered Bondholders of an equal or greater Australian Dollar Equivalent received by the Security Trustee prior to exercise thereof.

Provided that the Security Trustee acts in good faith, as described in the foregoing, it will not incur any liability to any Secured Creditor or any other person for so doing.

The Bond Trustee and the Security Trustee may agree to modifications to the Programme Documents without, respectively, the Covered Bondholders' or other Secured Creditors' prior consent.

Pursuant to and subject to the terms of the Security Deed, the Security Trustee may, without the consent or sanction of any of the Covered Bondholders of any Series, the related Couponholders and without the consent or sanction of the other Secured Creditors (other than any Secured Creditor who is a party to the relevant document) at any time and from time to time concur with the Issuer and the Covered Bond Guarantor (acting at the direction of the Trust Manager) and any other party in making any modification to the Covered Bonds of one or more Series, the related Coupons or to the Security Deed or the other Programme Documents if: (a) so directed by the Bond Trustee (if there are Covered Bonds outstanding) or the Majority Secured Creditors (if there are no Covered Bonds outstanding); or (b) the modification is: (1) of a formal, minor or technical nature; (2) made to correct a manifest or proven error or an error established as such to the satisfaction of the Security Trustee; or (3) made to ensure compliance with mandatory provisions of law; and, in each case, the Bond Trustee (if any Covered Bonds are outstanding) has approved of the modification.

The Bond Trustee may, without the consent or sanction of any of the Covered Bondholders of any Series, the related Couponholders and without the consent or sanction of any other Secured Creditors (other than any Secured Creditor who is a party to the relevant document) at any time and from time to time concur with, and/or direct the Security Trustee to concur with the Issuer, and the Covered Bond Guarantor (acting at the direction of the Trust Manager) and any other party in making: (a) any modification to the Covered Bonds of one or more Series, the related Coupons or to any Programme Document which does not relate to a Series Reserved Matter and which in the opinion of the Bond Trustee is not materially prejudicial to the interests of the Covered Bondholders of any Series; or (b) any modification to the Covered Bonds of one or more Series, the related Coupons or any Programme Document which is, in the opinion of the Bond Trustee, of a formal, minor or technical nature or is, in the opinion of the Bond Trustee, made to correct a manifest error or comply with mandatory provisions of law (and for these purposes the Bond Trustee may disregard whether any such modification relates to a Series Reserved Matter); or (c) any modification referred to in the following paragraph. In forming its opinion as to whether the Covered Bonds or any one or more Series, the related Coupons or any Programme Document is subject to a manifest error, the Bond Trustee may have regard to any evidence which it considers reasonably to rely on (including a certificate from the Issuer as to certain matters) and it must have regard to a Rating Affirmation Notice issued by the Issuer.

The Security Trustee and the Bond Trustee will be obliged to concur in and to effect modifications to the Programme Documents requested by the Trust Manager to: (a) accommodate accession of a new Servicer, new Swap Provider, new Trust Manager, new Account Bank, new Cover Pool Monitor or new Agent if certain conditions are met; (b) accommodate the removal of any one of the Rating Agencies from the Programme or the addition of any Rating Agency, provided that at all times there are at least two rating agencies rating the Programme and any Covered Bonds then outstanding and, in respect of the removal of any one of the Rating Agencies from the Programme only, the proposed modification effecting such removal is not an Objected Modification; (c) take into account any new covered bonds ratings criteria of the Rating Agencies, or any changes or updates to, or any replacement of, the covered bonds ratings criteria of the Rating Agencies (including, without limitation, any manner in which a Rating Agency applies or construes any then existing

covered bonds ratings criteria), subject to receipt by the Bond Trustee and the Security Trustee of a Rating Affirmation Notice from the Issuer and receipt by the Bond Trustee and the Security Trustee of a certificate signed by two Authorised Signatories of the Trust Manager each certifying to the Bond Trustee and the Security Trustee that such modifications are required in order to take into account any such new covered bonds ratings criteria of the Rating Agencies, or any such changes or updates to, or any replacement of, the covered bonds ratings criteria of the Rating Agencies; (d) allow a Swap Provider to transfer securities as Swap Collateral under a relevant Swap Agreement Credit Support Document, including to appoint a custodian to hold such securities in a custody agreement; (e) enable N Covered Bonds to be issued under the Programme subject to receipt by the Bond Trustee and the Security Trustee of certain certifications from the Issuer and the Trust Manager; (f) ensure compliance of the Programme, the Issuer or a Swap Provider (as applicable) with, or ensure that the Programme, the Issuer or a Swap Provider (as applicable) may benefit from, any existing, new or amended legislation, regulation, directive, prudential standard or prudential guidance note of any regulatory body (including, without limitation, APRA) in relation to covered bonds (or a Swap) provided that the Trust Manager has certified to the Security Trustee and the Bond Trustee in writing that such modifications are required in order to comply with or benefit from such legislation, regulation, directive, prudential standard or prudential guidance note, as the case may be. For the purposes of providing a certificate to the Bond Trustee and the Security Trustee under this paragraph (f) relating to modifications in connection with a Swap, the Trust Manager may rely on a certification by an Authorised Signatory of the relevant Swap Provider; (g) permit the acquisition (which, without limitation, may be initially in equity only) by the Covered Bond Guarantor from the Seller of Mortgage Loan Rights originated by an entity other than the Seller and to enable the Covered Bond Guarantor to protect or perfect its title to such Mortgage Loan Rights, provided that such Mortgage Loan Rights comply with the Eligibility Criteria at the time of their acquisition by the Covered Bond Guarantor and the Issuer is reasonably satisfied following discussions with the Rating Agencies that the ratings then assigned by the Rating Agencies to any Covered Bonds or the Programme will not be subject to a downgrade, withdrawal or qualification; or (h) accommodate the accession of BOQ Specialist Bank Limited as a new Seller to the Programme provided that (i) the Trust Manager has certified to the Security Trustee and the Bond Trustee in writing that such modifications are required in order to accommodate the addition of BOQ Specialist Bank Limited as a new Seller to the Programme; and (ii) the Trust Manager has certified to the Security Trustee and the Bond Trustee in writing that all other conditions precedent to the accession of BOQ Specialist Bank Limited as a new Seller to the Programme set out in the Programme Documents have been satisfied at the time of the accession.

If the Bond Trustee is required to hold an Australian Financial Services Licence and is unable to rely on an exemption or enter into some other arrangement, it may not be able to perform certain obligations required to be performed by it in accordance with the terms of the Bond Trust Deed.

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

Certain decisions of the Covered Bondholders must be taken at Programme level.

Any Extraordinary Resolution to direct the Bond Trustee to serve an Issuer Acceleration Notice following an Issuer Event of Default, to direct the Bond Trustee to serve a Covered Bond Guarantee Acceleration Notice following a Covered Bond Guarantor Event of Default and any direction to the Bond Trustee or Security Trustee to take any enforcement action must be passed at a single meeting of the holders of all Covered Bonds of all Series then outstanding and therefore the holders of a single Series of Covered Bonds may not be able to give any directions to the Bond Trustee or the Security Trustee without the agreement of the holders of other outstanding Series of Covered Bonds.

Neither the Bond Trustee nor the Security Trustee will be bound to take enforcement proceedings in relation to the Bond Trust Deed, the Covered Bonds, the Coupons, the Security or any other Programme Document unless the Bond Trustee or Security Trustee, as applicable, have been indemnified and/or prefunded and/or secured to its satisfaction and provided that in the case of Security Trustee, it will not be bound to take any enforcement proceedings which may, in its opinion, in its absolute discretion, result in it failing to receive any payment to which it is or would be entitled.

There is uncertainty as to the validity and/or enforceability of priority of Excluded Swap Termination Amounts.

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

The UK Supreme Court has held that such a subordination provision of the type described above is valid under English law. However, contrary to the determination of the English Supreme Court, however, the U.S. Bankruptcy Court for the Southern District of New York 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. However, in a subsequent decision in relation to a similar matter, the U.S. Bankruptcy Court for the Southern District of New York held that such a subordination provision can be enforceable in certain circumstances. The implications of the conflict in the findings of the English courts and the U.S. Bankruptcy Court remain unresolved at this time. Furthermore, Australia has recently introduced legislation that makes ipso facto clauses unenforceable at this time – see "*Risk factors relating to the Covered Bonds – Covered Bondholders' ability to enforce certain rights in connection with the Covered Bonds may be limited or affected by reforms to Australian insolvency legislation relating to "ipso facto" rights*"

An appeal against the 2018 U.S. District Court decision has since been filed, however that appeal has not yet been decided. In the interim, the 2018 decision provides comfort that flip clauses will be captured by the safe harbour provisions protecting a swap participant's rights under a swap transaction under the U.S. Bankruptcy Code. The implications of these conflicting judgments of the UK Supreme Court and the U.S. Bankruptcy Court may not be settled until any right of appeal against the 2018 U.S. District Court decision has been exhausted and the position in the United States is resolved.

In particular, based on the first decision of the U.S. Bankruptcy Court referred to above, there is a risk that subordination provisions such as those included in the Programme Documents relating to the subordination of the Excluded Swap Termination Amounts 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-US established entities with assets or operations in the U.S. (although the scope of any such proceedings may be limited if the relevant non-US entity is a bank with a licensed branch in a U.S. state). If a subordination provision included in the Programme Documents was successfully challenged under the insolvency laws of any relevant jurisdiction outside Australia and any relevant foreign judgment or order was recognised by the Australian courts, there can be no assurance that such actions would not adversely affect the rights of the Covered Bondholders, the market value of the Covered Bonds and/or the ability of the Issuer to satisfy its obligations under the Covered Bonds.

Given the general relevance of the issues under discussion in the judgments referred to above, the uncertainty regarding the proposed reforms to Australian insolvency laws and that the Programme Documents include terms providing for the subordination of Excluded Swap Termination Amounts, there is a risk that the final outcome of the dispute in such judgments (including any recognition action by the Australian courts) or of any

proposed reform 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.

APRA's powers under the Australian Banking Act

APRA has the power to direct the Covered Bond Guarantor to return certain assets to the Issuer, which may affect the ability of the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee.

The Australian Banking Act provides, in certain circumstances, that APRA has the power to direct the Covered Bond Guarantor to return certain assets to the Issuer. The Covered Bond Guarantor will be required to comply with APRA's direction despite anything in its constitution or any contract or arrangement to which it is a party.

Specifically, APRA has the power to direct the Covered Bond Guarantor to return to the Issuer an Asset of the Trust which is held by the Covered Bond Guarantor to the extent that, at the time the direction is given, that Asset of the Trust does not secure "covered bond liabilities". A "covered bond liability" (as defined in the Australian Banking Act) is a liability of the Issuer or the Covered Bond Guarantor to covered bondholders and any other liability which is secured by assets beneficially owned by the Covered Bond Guarantor. A liability of the Covered Bond Guarantor to the Issuer (other than a liability relating to derivatives or the provision of services) which is secured in priority to any liability to holders of Covered Bonds is not a "covered bond liability". Accordingly, APRA may direct the Covered Bond Guarantor to return Assets forming part of the Trust held by the Covered Bond Guarantor from time to time which secure such senior-ranking liabilities of the Covered Bond Guarantor to the Issuer. In the context of the Programme, if a Regulatory Event has occurred or is likely to occur, this means that APRA will have the power to direct the Covered Bond Guarantor to return to the Issuer any Assets of the Trust which secure the repayment of the Demand Note in respect of the Senior Demand Note Component as such amounts will at that point in time rank senior to the amounts due and payable by the Covered Bond Guarantor to the Covered Bondholders and Couponholders under the applicable Priority of Payments.

Under the Australian Prudential Standard APS 121 (Covered Bonds), the Issuer is required to maintain an accurate and up-to-date register of the Assets of the Trust which secure "covered bond liabilities".

APRA's power to give a direction to the Covered Bond Guarantor as described in this section is also subject to secrecy requirements, which means that investors will not receive any notice or otherwise be aware that APRA has given the Covered Bond Guarantor any such direction.

If APRA exercises its power to direct the return of assets to the Issuer, this may adversely affect the ability of the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee.

APRA has the power to prevent additional sales to meet the Asset Coverage Test on any day, which could affect the ability of the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee.

The Australian Banking Act permits APRA to direct the Issuer, in certain circumstances, not to transfer any asset to the Covered Bond Guarantor (that is, to prevent the Issuer "topping up" the Assets forming part of the Trust). Those circumstances include where APRA has reason to believe that the Issuer is unable to meet its liabilities, there has been a material deterioration in the Issuer's financial condition, the Issuer is conducting its affairs in an improper or financially unsound way, the failure to issue a direction would materially prejudice the interests of the Issuer's depositors or the Issuer is conducting its affairs in a way that may cause or promote instability of the Australian financial system. This exercise of this power could potentially lead to the depletion of the Assets forming part of the Trust which may adversely affect the ability of the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee.

APRA has the power to prevent further issues of covered bonds by the Issuer.

Apart from and in addition to the Australian Banking Act restriction that the Issuer is precluded from issuing covered bonds if, at the time of issuance, the value of the assets in all cover pools maintained by the ADI exceeds eight per cent. (or such other percentage prescribed by regulation for the purposes of section 28 of the Australian Banking Act) of the ADI's assets in Australia at that time, APRA has the power to direct the Issuer not to issue covered bonds pursuant to section 11CA of the Australian Banking Act or in circumstances where APRA has reason to believe that the ADI has contravened the covered bonds provisions of the Australian Banking Act, the Australian Banking Act or any other prudential requirement regulation or a prudential standard relating to covered bonds.

Mortgage Loans are regulated by the consumer credit legislation, which may affect the timing or amount of principal repayments under the relevant Mortgage Loans and which may in turn affect the timing or amount of payments by the Covered Bond Guarantor under the Covered Bond Guarantee when due.

The National Consumer Credit Protection Act 2009 (**NCCP Act**), which includes a new National Credit Code (**Credit Code**), commenced on 1 July 2010.

The Credit Code applies (with some limited exceptions) to Mortgage Loans that had previously been regulated under the Uniform Consumer Credit Code and also to new consumer Mortgage Loans made on or after 1 July 2010.

The NCCP Act incorporates a requirement for providers of credit related services to hold an "Australian Credit Licence" and to comply with "responsible lending" requirements, including a mandatory "unsuitability assessment". A credit provider's responsible lending assessment must be made before a loan is made or there is an agreed increase in the amount of credit under a loan.

The responsible lending obligations under the NCCP Act are broadly expressed. In recent years, there have been a number of Federal Court decisions, regulatory guidance from ASIC and actions which ASIC has taken against licensees, including issuing infringement notices. The practical effect of these developments, among other things, is that the interpretation of, and guidance in relation to, these obligations can change, particularly in respect of whether a credit licensee has taken sufficient steps to comply with its responsible lending obligations.

Obligations of a credit provider under the NCCP Act extend to the Seller and, following a perfection of title by the Covered Bond Guarantor in respect of any Mortgage Loans, the Covered Bond Guarantor and their respective service providers (including the Servicer) in respect of the Mortgage Loans.

Under the terms of the Credit Code each of the Seller and, following a perfection of title by the Covered Bond Guarantor in respect of any Mortgage Loans, the Covered Bond Guarantor would have the obligations a "credit provider" with respect to regulated loans, and as such is exposed to civil and criminal liability for certain violations. These include violations caused in fact by the Servicer. The Servicer has indemnified the Covered Bond Guarantor for any civil or criminal penalties in respect of Credit Code violations caused by the Servicer (except to the extent such penalties arise as a result of the fraud, negligence or wilful default of the Covered Bond Guarantor). There is no guarantee that the Covered Bond Guarantor will have the financial capability to pay any civil or criminal penalties which arise from Credit Code violations.

If for any reason the Servicer does not discharge its obligations to the Covered Bond Guarantor, then the Covered Bond Guarantor will be entitled to indemnification from the Assets of the Trust. Any such indemnification may reduce the amounts available to the Covered Bond Guarantor to make payments under the Covered Bond Guarantee when due.

Under the Credit Code, a Borrower in relation to a regulated Mortgage Loan may have the right to apply to a court to:

(a) vary the Mortgage Conditions applicable to that Mortgage Loan on the grounds of hardship or that it is an unjust contract;

(b) reduce or cancel any interest rate payable on the Mortgage Loan which is unconscionable;

(c) have certain provisions of the Mortgage Loan or related Mortgage which are in breach of the legislation declared unenforceable; or

(d) obtain restitution or compensation in relation to any breach of the Credit Code.

Any order made under any of the above consumer credit laws may affect the timing or amount of principal repayments under the relevant Mortgage Loans which may in turn affect the timing or amount of payments by the Covered Bond Guarantor under the Covered Bond Guarantee when due.

Changes of law and/or regulatory, accounting and/or administrative practices could adversely affect the ability of the Issuer and the Covered Bond Guarantor to satisfy their payment obligations when due.

The structure of the issue of the Covered Bonds and the ratings which are to be assigned to them are based on Australian law, regulatory, accounting and administrative practice in effect as at the date of this Prospectus and having due regard to the expected tax treatment of all relevant entities under Australian tax law and the published practice of the Australian Taxation Office in force or applied in Australia as at the date of this Prospectus. No assurance can be given as to the impact of any possible change to Australian law, regulatory, accounting or administrative practice in Australia or to Australian tax law, or the interpretation or administration thereof, or to the published practice of the Australian Taxation Office as applied in Australia after the date of this Prospectus, nor can any assurance be given as to whether any such change would adversely affect the ability of the Issuer to make payments under the Covered Bonds or the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee when due.

In addition, no assurance can be given that additional regulations, laws or guidance from regulatory authorities in Australia will not arise with regard to the mortgage market in Australia generally, the Seller's particular sector in that market, specifically in relation to the Seller or in relation to the issuance of covered bonds by deposit-taking institutions regulated under the Australian Banking Act. Any such action or developments or compliance costs may have a material adverse effect on the Mortgage Loan Rights, 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 Mortgage Loan Rights forming part of the Assets of the Trust in a timely manner and/or the realisable value of the Mortgage Loan Rights forming part of the Assets of the Trust and accordingly affect the ability of the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee when due.

The Anti-Money Laundering and Counter-Terrorism Financing Act may result in a delay or decrease in the amounts received by a Covered Bondholder in respect of the Covered Bonds.

The AML/CTF Act regulates reporting entities. Reporting entities are identified by reference to a list of various designated services. These include making a loan in the course of carrying on a loan business or the issuing or selling of a security (e.g., a share or debenture) by a company (other than a security in the company itself). The AML/CTF Act imposes the following key obligations (among others) on reporting entities:

(a) registering with AUSTRAC and paying relevant fees;

(b) adopting and complying with an AML/CTF programme in managing compliance with their AML/CTF obligations and in verifying customer identities;

(c) verifying customer identities and collecting customer information;

(d) reporting suspicious transactions, significant cash transactions (being transfers of A$10,000 or more) and international funds transfer instructions;

(e) retaining records; and

(f) conducting ongoing due diligence of customers in relation to money laundering and financing of terrorism risks.

The AML/CTF Act operates in conjunction with the Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No. 1) (the **AML/CTF Rules**) and any other Anti-Money Laundering and Counter-Terrorism Financing rules which may be made by the Chief Executive Officer of the AUSTRAC from time to time. Among other things, the AML/CTF Rules outline more detailed risk-based requirements for verifying customer identities and monitoring customer transactions on an ongoing basis. Contravention of the AML/CTF Act attracts certain civil and criminal penalties of fines up to A$18 million and imprisonment for up to 10 years.

The obligations placed upon a reporting entity can affect the services of an entity or the funds it provides and ultimately may result in a delay or decrease in the amounts received by a Covered Bondholder in respect of the Covered Bonds.

If the security interests arising under the Programme Documents are not perfected, such security interests may not have priority over competing interests.

A personal property securities regime commenced operation throughout Australia on 30 January 2012 pursuant to the Personal Property Securities Act 2009 (Cth) (**PPSA**). The PPSA adopts a "functional approach" to security interests. This means that the PPSA regulates any interest in relation to personal property that, in substance, secures payment or performance of an obligation. In addition, the PPSA regulates security interests which are deemed to arise upon the transfer of certain types of assets (including loans); these are generally referred to as "deemed security interests". The PPSA does not regulate the granting of security interests in land.

The PPSA applies not only to security interests which come into existence after 30 January 2012, but also to security interests evidenced by agreements that were already in existence as at 30 January 2012. This type of security interest is referred to as a "transitional security interest". Generally, in order to be perfected under the PPSA, a security interest, whether or not it is a transitional security interest, should be registered on the register maintained pursuant to the PPSA (the **PPS Register**). Where a transitional security interest was already registered on an existing public register, such as under the Corporations Act charges registration regime, as at 30 January 2012 that security interest should have been migrated by the Australian federal government to the PPS Register and thereby perfected under the PPSA. Transitional security interests which were not registered on any existing public register as at 30 January 2012 (such as any deemed security interest arising before 30 January 2012) were temporarily perfected under the PPSA for a period of 2 years from 30 January 2012 and needed to have been registered within that 2 year period in order to preserve priority rights.

If the details held by the relevant existing public register in relation to a transitional security interest are incorrect or insufficient or if, as a result of human or systemic error those details were not properly migrated to the PPS Register, or there is not a separate registration within the two year period, there is a risk that other persons with competing interests in the personal property may take free of that security interest because it will not have been perfected. In addition, if the security interest is unperfected, the holder of the security interest or the owner of the personal property may not be able to enforce that security interest or claim title to the personal property (as the case may be) if the security provider becomes insolvent.

The Trust Manager has arranged for security interests arising under the Programme Documents (or a transaction in connection with them other than the Mortgage Loans or the Mortgages themselves) to be perfected under the PPSA.

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

Implementation of the PPSA may adversely affect the value of the Assets of the Trust and, accordingly, the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee when due.

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

A legal regime governing unfair terms applies to certain Mortgage Loans and Mortgage Documents.

The terms of a Mortgage Loan or a related mortgage or guarantee may be subject to review for being "unfair" under Part 2 of the Australian Competition and Consumer Act 2010 (Cth) and the Australian Securities and Investments Commission Act 2001 (Cth) (**ASIC Act**) and/or Part 2B of the Fair Trading Act 1999 (Vic) (the **Fair Trading Act**), depending on when the relevant credit contract was entered into.

From 1 January 2011 the unfair contract terms provisions in the ASIC Act have been aligned to the equivalent provisions in the Australian Consumer Law (the **ACL**) contained at Schedule 2 of the Australian Competition and Consumer Act 2010 (Cth), a single, Australian national consumer law which replaces provisions in 17 Australian national, State and Territory consumer laws. The unfair contract terms regime under the ASIC Act commenced on 1 July 2010, while the application of the unfair contract terms regime to credit contracts under the Fair Trading Act commenced in June 2009.

The regime under the ASIC Act and/or the Fair Trading Act may apply to a Mortgage Loan or a related mortgage or guarantee depending on when it was entered into; however, given that the unfair contract terms provisions in the Fair Trading Act were repealed in favour of the ACL, a Mortgage Loan or a related mortgage or guarantee entered into after 1 January 2011 will only be subject to the ASIC Act. Mortgage Loans or a related mortgage or guarantee entered into become subject to the ASIC Act regime going forward if those contracts are renewed or a term is varied (although where a term is varied, the regime only applies to the varied term).

Under the ASIC Act and/or the Fair Trading Act, as applicable, unfair terms in standard form consumer contracts and small business contracts will be void. However, a contract will continue to bind the parties to the contract to the extent that the contract is capable of operating without the unfair term. Relevantly, the contracts documenting Mortgage Loans or a related mortgage or guarantee will be considered standard form contracts.

Under the ASIC Act and/or the Fair Trading Act, as applicable, a term of a standard-form consumer contract or a standard form small business contract will be unfair, and therefore void, if it is a proscribed unfair term (in the case of a consumer contract subject to the Fair Trading Act only) or it causes a significant imbalance in the parties' rights and obligations under the contract, is not reasonably necessary to protect the supplier's legitimate interests (in the case of consumer contracts entered into, renewed or varied on or after 1 June 2010 and in the case of small business contracts entered into, renewed or varied on or after 12 November 2016) and would cause detriment to the consumer or small business (as applicable) if it were relied on. Therefore the effect of this provision will depend on the actual term of the agreement or contract that was declared unfair.

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

PRINCIPAL CHARACTERISTICS OF THE PROGRAMME

The following synopsis does not purport to be complete and is taken from, and is qualified in its entirety by the information contained in the remainder of this Prospectus. For further information, namely regarding the Asset Coverage Test and the Amortisation Test, please see "*Overview of the Principal Documents*".

Issuer:	Bank of Queensland Limited ABN 32 009 656 740, is a public limited company incorporated in the Commonwealth of Australia and its registered office is Level 6, 100 Skyring Terrace, Newstead Queensland 4006, Australia (**BOQ**).
Covered Bond Guarantor:	Perpetual Corporate Trust Limited ABN 99 000 341 533, incorporated with limited liability in the Commonwealth of Australia and having its registered office at Level 18, 123 Pitt Street, Sydney, NSW 2000, as trustee of the BOQ Covered Bond Trust (the **Trustee**).
Nature of eligible property:	Mortgage Loan Rights, Substitution Assets (not exceeding the prescribed limit) and Authorised Investments.
Location of eligible residential property securing Mortgage Loans:	Australia.
Programme Asset Percentage (Maximum Asset Percentage):	90.9%.
Asset Coverage Test:	Yes, see "*Credit Structure*" and "*Overview of the Principal Documents – the Establishment Deed – Asset Coverage Test*".
Amortisation Test:	Yes, see "*Credit Structure*" and "*Overview of the Principal Documents – the Establishment Deed – Amortisation Test*".
Legislated Collateralisation Test:	Yes, see "*Structure Overview – Structure Overview – Legislated Collateralisation Test.*"
Reserve Fund:	A Reserve Fund of an amount up to the Reserve Fund Required Amount will be established to trap a specified amount of the Available Income Amount and/or (after the service of a Notice to Pay on the Covered Bond Guarantor but prior to the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer) the Available Principal Amount, the proceeds of the issue of Intercompany Notes or the Demand Note (or the proceeds of any Increase in the Demand Note) for so long as BOQ's credit ratings are below the Moody's Specified Rating and/or the Fitch Specified Ratings.
Extendable Maturities:	Yes. The obligations of the Covered Bond Guarantor to pay all or (as applicable) part of the Final Redemption Amount payable on the Final Maturity Date in respect of a Series of Covered Bonds may be deferred, in accordance with Condition 6(a), if (a) the Issuer has failed to pay the Final Redemption Amount on the Final Maturity Date in respect

	of that Series of Covered Bonds; or (b) following an Issuer Event of Default (i) in accordance with Condition 9(a) (other than in accordance with Condition 9(a)(i) as a result of a failure to pay the Final Redemption Amount in respect of a Series of Covered Bonds) and service of a Notice to Pay on the Covered Bond Guarantor or (ii) in accordance with Condition 9(a)(i) as a result of a failure to pay the Final Redemption Amount in respect of a Series of Covered Bonds where such Series of Covered Bonds has been redeemed in full, and such Covered Bonds are then the Earliest Maturing Covered Bonds; or (c) at any time following the service of a Notice to Pay on the Covered Bond Guarantor, the Amortisation Test has been breached and the Bond Trustee serves an Amortisation Test Breach Notice on the Issuer and the Covered Bond Guarantor. In the circumstances described in paragraph (c), the deferral will extend to all Series of Covered Bonds. Where a Series of Covered Bonds is extended in accordance with the above, such Series of Covered Bonds will become Pass-Through Covered Bonds and the obligations of the Covered Bond Guarantor will be deferred until the date (being the **Extended Due for Payment Date**) which is the earlier of (a) the date which falls 31.5 years after the Final Maturity Date in relation to that Series of Covered Bonds; (b) the date which falls 31.5 years after the Conversion of that Series of Covered Bonds; and (c) the date which falls 31.5 years after an Amortisation Test Breach Notice is served on the Covered Bond Guarantor and the Issuer, following the service of a Notice to Pay on the Covered Bond Guarantor (the **Conversion Event Date**).
Cover Pool Monitor:	KPMG having its registered office at Riparian Plaza, 71 Eagle Street, Brisbane QLD 4000, Australia.
Asset Segregation:	Yes.
Terms:	As set out in the Applicable Final Terms for the relevant Series or Tranche of Covered Bonds (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement).
Clearing Systems:	Covered Bonds (other than A$ Registered Covered Bonds) may be traded on the settlement system operated by Euroclear, the settlement system operated by Clearstream, Luxembourg and/or any other clearing system outside Australia specified in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement). The Issuer announces that: (a) each Tranche of Bearer Covered Bonds will be initially issued in the form of a temporary global covered bond without interest coupons attached (a **Temporary Bearer Global Covered Bond**)

which will be issued to and lodged with on or prior to the issue date of the relevant Tranche a common depositary for Euroclear and Clearstream, Luxembourg; (b) in connection with the issue, Euroclear and Clearstream, Luxembourg will confer rights in relation to such Tranche of Bearer Covered Bonds and will record the existence of those rights and (c) as a result of the issue of such Tranche of Bearer Covered Bonds in this manner, these rights will be able to be created.

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

Listing and admission to trading: Application has been made to admit the Covered Bonds issued under the Programme and pursuant to this Prospectus to the Official List and to admit the Covered Bonds to trading on the main market of the London Stock Exchange.

Neither Perpetual Corporate Trust Limited (in its personal capacity or as Covered Bond Guarantor) nor P.T. Limited (in its personal capacity or as Security Trustee) have made or authorised the application to admit Covered Bonds issued under the Programme to the Official List or to admit the Covered Bonds to trading on the main market of the London Stock Exchange.

Exempt 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 and the Relevant Dealer(s) or Lead Manager in relation to each issue. The Applicable Pricing Supplement, in the case of Exempt Covered Bonds, will state whether or not the relevant Exempt Covered Bonds are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets. Any A$ Registered Covered Bonds issued under the Programme may be unlisted.

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 Bond. N Covered Bonds will rank *pari passu* with all other Covered Bonds and, upon entry of the N Covered Bondholder into an N Covered Bond agreement which will be set out in a schedule to the Bond Trust Deed, all payments of principal

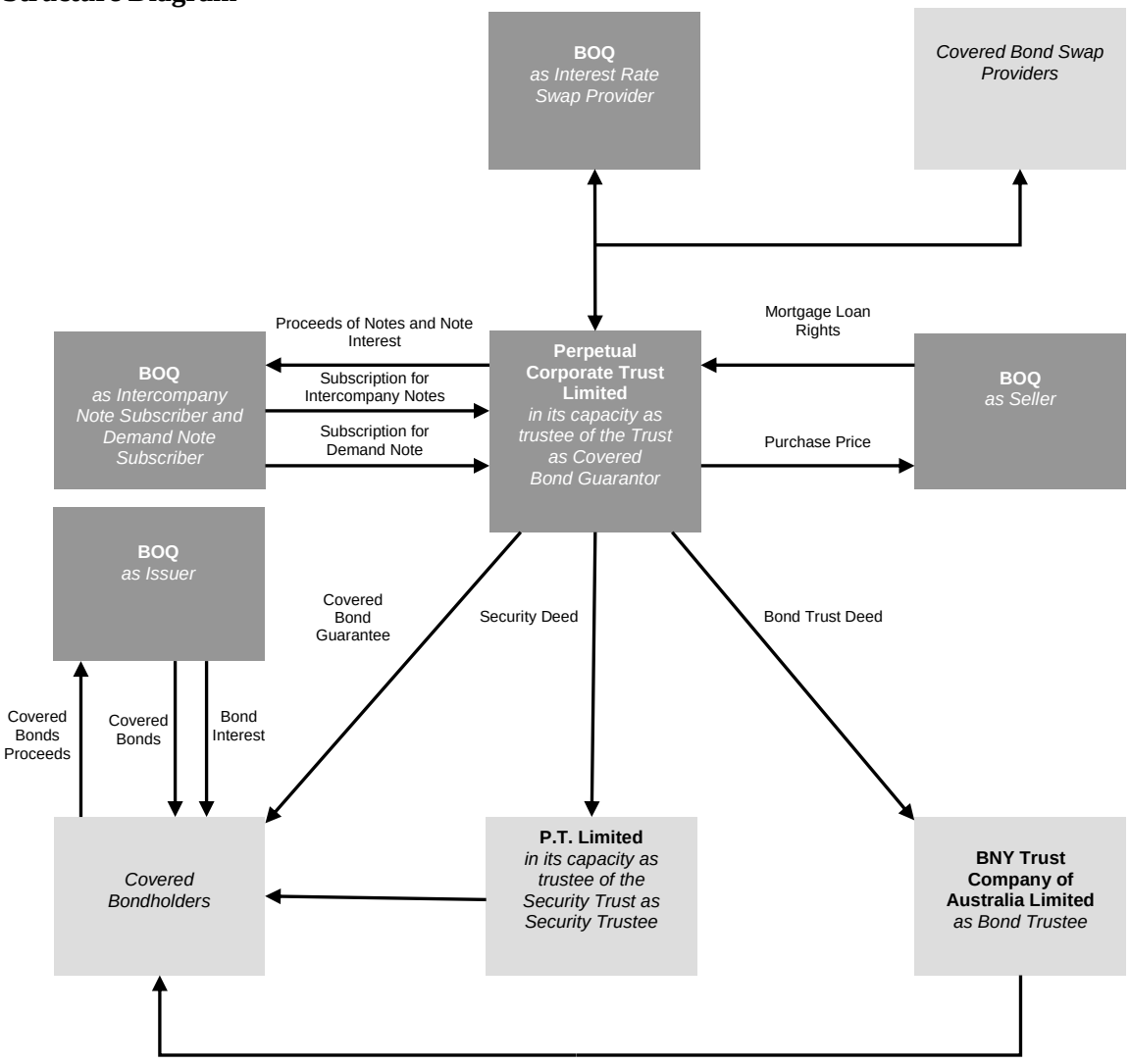
and interest payable under the N Covered Bonds will be guaranteed by the Covered Bond Guarantor pursuant to the terms of the Covered Bond Guarantee.

STRUCTURE OVERVIEW

The information in this section is an overview of the structure relating to the Programme and does not purport to be complete. This Structure Overview must be read as an introduction to this Prospectus and any decision to invest in any Covered Bonds should be based on a consideration of this Prospectus as a whole, including the documents incorporated herein by reference.

Words and expressions defined elsewhere in this Prospectus will have the same meanings in this Structure Overview.

Structure Diagram



Structure Overview

Programme

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

The Issuer's indebtedness under the Covered Bonds will not be a protected account for the purposes of the Financial Claims Scheme in Division 2AA of Part II of the Australian Banking Act, will not be a deposit

liability of the Issuer for the purposes of the Australian Banking Act and is not guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction. If the Issuer becomes unable to meet its obligations or suspends payment, its assets in Australia are to be available to meet its indebtedness evidenced by the Covered Bonds only after the liabilities referred to in section 13A(3)(a) - (e) of the Australian Banking Act have been met. The Australian Banking Act provides that the Issuer's assets in Australia for these purposes do not include the assets in the Cover Pool.

Covered Bond Guarantee

Pursuant to the terms of the Bond Trust Deed, the Covered Bond Guarantor has guaranteed payments of interest and principal under the Covered Bonds issued by the Issuer. The Covered Bond Guarantor has agreed to pay an amount equal to the Guaranteed Amounts which would otherwise be unpaid by the Issuer. The obligations of the Covered Bond Guarantor under the Covered Bond Guarantee constitute direct, absolute and (following service of an Issuer Acceleration Notice and Notice to Pay or a Covered Bond Guarantee Acceleration Notice) unconditional obligations of the Covered Bond Guarantor, secured as provided in the Security Deed and limited in recourse against the Covered Bond Guarantor. The Bond Trustee will be required to serve a Notice to Pay on the Covered Bond Guarantor following the occurrence of an Issuer Event of Default and service by the Bond Trustee of an Issuer Acceleration Notice on the Issuer (whereupon the Covered Bonds will become immediately due and payable as against the Issuer but not at such time as against the Covered Bond Guarantor).

A Covered Bond Guarantee Acceleration Notice may be served by the Bond Trustee on the Issuer and the Covered Bond Guarantor (copied to the Trust Manager and the Security Trustee) following the occurrence of a Covered Bond Guarantor Event of Default. If a Covered Bond Guarantee Acceleration Notice is served, the Covered Bonds will become immediately due and payable as against the Issuer (if they have not already become due and payable) and the obligations of the Covered Bond Guarantor under the Covered Bond Guarantee to pay Guaranteed Amounts will be accelerated and the Security Trustee will be entitled to enforce the Security. Payments made by the Covered Bond Guarantor under the Covered Bond Guarantee will be made subject to, and in accordance with, the Guarantee Priority of Payments. Payments made by the Security Trustee will be made subject to, and in accordance with, the Post-Enforcement Priority of Payments, as applicable.

Payment of the unpaid amount in respect of a Series of Covered Bonds by the Covered Bond Guarantor may be deferred until the Extended Due for Payment Date, being, in respect of a Series of Covered Bonds, the earlier of (a) the date which falls 31.5 years after the Final Maturity Date in relation to that Series of Covered Bonds; (b) the date which falls 31.5 years after the Conversion of that Series of Covered Bonds; and (c) the date which falls 31.5 years after the Conversion Event Date. For further details see the section "*General Description of the Programme – Extendable obligations under the Covered Bond Guarantee and Conditional Pass-Through Covered Bonds*".

Intercompany Note Subscription Agreement

Pursuant to the terms of the Intercompany Note Subscription Agreement, BOQ as Intercompany Note Subscriber has agreed to subscribe for Intercompany Notes issued by the Covered Bond Guarantor in an amount equal to, the Principal Amount Outstanding (or the Australian Dollar Equivalent thereof) on the Issue Date of each Series or, as applicable, each Tranche of Covered Bonds, and for a matching term. The Intercompany Notes will be denominated in the same currency as the relevant Series or Tranche of Covered Bonds or in Australian Dollars. Payments by the Issuer of amounts due under the Covered Bonds will not be conditional upon receipt by BOQ of payments from the Covered Bond Guarantor in respect of the Intercompany Notes. Payments by the Covered Bond Guarantor in respect of the Intercompany Notes will be subordinated to amounts owed by the Covered Bond Guarantor to the Covered Bondholders under the Covered Bond Guarantee in accordance with the Guarantee Priority of Payments and the Post-Enforcement Priority of Payments.

The proceeds of issue of Intercompany Notes

The Covered Bond Guarantor will use the proceeds of issue of Intercompany Notes to BOQ under the Intercompany Note Subscription Agreement from time to time (if not denominated in Australian Dollars, upon exchange into Australian Dollars under the applicable Covered Bond Swap): (i) to fund (in whole or part) the Consideration for Mortgage Loan Rights to be purchased from the Seller in accordance with the terms of the Mortgage Sale Agreement; (ii) if Mortgage Loan Rights are purchased from the Seller in advance of a Series or Tranche of Covered Bonds using the proceeds from the issue of, or Increase in, the Demand Note, to make a repayment of the Demand Note in an amount equal to the Series or Tranche of Covered Bonds issued which relate to those Intercompany Notes and/or (iii) to invest in Substitution Assets in an amount not exceeding the prescribed limits (as described in "*Overview of the Principal Documents – Establishment Deed – Limit on Investing in Substitution Assets and Authorised Investments*") to the extent required to meet the Asset Coverage Test; and thereafter the Covered Bond Guarantor may use such proceeds (subject to compliance with the Asset Coverage Test): (A) if an existing Series or Tranche or part of an existing Series or Tranche of Covered Bonds is being refinanced by the issue of a further Series or Tranche of Covered Bonds to which the Intercompany Note being issued relates, to repay the Intercompany Note(s) corresponding to the Covered Bonds being so refinanced (after exchange into the currency of the Intercompany Note(s) being repaid, if necessary); and/or (B) to make a repayment of the Demand Note; and/or (C) to make a deposit of all or part of the proceeds into the GIC Account (including, without limitation, to fund the Reserve Fund to an amount not exceeding the Reserve Fund Required Amount).

Demand Note Subscription Agreement

Pursuant to the Demand Note Subscription Agreement, BOQ as Demand Note Subscriber will subscribe for a Demand Note to be issued by the Covered Bond Guarantor and will subscribe for further Increases in the Demand Note, as requested by the Covered Bond Guarantor from time to time in accordance with the Demand Note Subscription Agreement. The Demand Note will be denominated in Australian Dollars. The proceeds of the issue of, and Increase in, the Demand Note may only be used by, or on behalf of, the Covered Bond Guarantor: (i) as Consideration (in whole or in part) for the acquisition of Mortgage Loan Rights from the Seller on a Closing Date; (ii) to prevent or rectify a failure to meet the Asset Coverage Test; (iii) to rectify an Interest Rate Shortfall; (iv) to fund repayment by the Covered Bond Guarantor of any outstanding Intercompany Note; (v) to make a deposit to the Reserve Fund or (vi) for any purpose whatsoever (other than any purpose contemplated by any of the preceding paragraphs (i) to (vi)) as may be agreed from time to time between the Covered Bond Guarantor (acting at the direction of the Trust Manager) and the Demand Note Subscriber.

Amounts due and payable by the Covered Bond Guarantor in respect of the Demand Note will be repaid or otherwise satisfied as set out below:

- if a Regulatory Event has occurred or is likely to occur (as determined by the Issuer and notified to the Covered Bond Guarantor and the Trust Manager), in respect of the Senior Demand Note Component only by:
    - way of set-off by application of the proceeds of the issue of Intercompany Notes as described in "*Intercompany Note Subscription Agreement – The proceeds of issue of Intercompany Notes*" above; or
    - *in specie* distribution of Mortgage Loan Rights (the value of which will be determined by reference to the Current Principal Balance plus any accrued interest or arrears of interest in respect of the corresponding Mortgage Loans calculated as at the date of the *in specie* distribution) to the Demand Noteholder;
- in respect of the Junior Demand Note Component, be subordinated to amounts due and payable by the Covered Bond Guarantor to the Covered Bondholders and Couponholders under the Covered Bond

Guarantee and to the Intercompany Noteholder under the Intercompany Notes, as applicable, under the applicable Priorities of Payments. Such amounts may be satisfied by *in specie* distribution, at the discretion of the Trust Manager.

There will be no Senior Demand Note Component in relation to the Demand Note unless a Regulatory Event has occurred or is likely to occur and the Issuer has notified the Covered Bond Guarantor and the Trust Manager.

For further details see the section "*Overview of the Principal Documents – Demand Note Subscription Agreement*".

Security

To secure its obligations under the Covered Bond Guarantee and the Programme Documents to which it is a party, the Covered Bond Guarantor will grant security over the Charged Property (which consists of the Assets of the Trust held by the Covered Bond Guarantor from time to time, including the Covered Bond Guarantor's interest in the Mortgage Loan Rights, the Substitution Assets, the Authorised Investments, the Programme Documents to which it is a party and the Trust Accounts) in favour of the Security Trustee (to be held by the Security Trustee on trust for each Secured Creditor) pursuant to the Security Deed.

Cashflows

Pre-Issuer Event of Default Income Priority of Payments and Pre-Issuer Event of Default Principal Priority of Payments

Prior to service of a Notice to Pay on the Covered Bond Guarantor and/or service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, the Trust Manager must direct the Covered Bond Guarantor to and, upon receiving that direction, the Covered Bond Guarantor will:

(a) apply the Available Income Amount (i) to pay interest due and payable on the Intercompany Notes; and/or (ii) to pay interest due and payable on the Demand Note. However, these payments will only be made after payment of certain items ranking higher in the Pre-Issuer Event of Default Income Priority of Payments; and

(b) apply the Available Principal Amount towards repayment of the Demand Note and the Intercompany Notes but only after payment of certain items ranking higher in the Pre-Issuer Event of Default Principal Priority of Payments.

Application of moneys following service of an Asset Coverage Test Breach Notice

At any time after service on the Covered Bond Guarantor of an Asset Coverage Test Breach Notice (which has not been revoked), but prior to service of an Issuer Acceleration Notice (or, if earlier, the occurrence of a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer), the Available Income Amount and the Available Principal Amount will continue to be applied in accordance with the Pre-Issuer Event of Default Income Priority of Payments or Pre-Issuer Event of Default Principal Priority of Payments, as applicable, save that, whilst any Covered Bonds remain outstanding, no moneys will be applied to (i) acquire New Mortgage Loan Rights to ensure compliance with the Asset Coverage Test, (ii) redeem or pay interest on the Intercompany Notes or (except in limited circumstances) the Demand Note, (iii) pay the purchase price for Mortgage Loan Rights sold to the Covered Bond Guarantor in accordance with the Mortgage Sale Agreement (see further "*Overview of the Principal Documents – Mortgage Sale Agreement – Sale by the Seller of Mortgage Loan Rights*"), (iv) reimburse the Seller for funding Further Advances, or (v) pay distributions to the Income Unitholder or the Capital Unitholders, and the remainder (if any) will be retained in the GIC Account (with a corresponding

credit to the Income Ledger or Principal Ledger, as applicable) and will form part of the Available Income Amount or Available Principal Amount, as the case may be, on the next succeeding Distribution Date.

Application of moneys following service of a Notice to Pay

Following service on the Covered Bond Guarantor of a Notice to Pay (but prior to a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer) the Covered Bond Guarantor will use all moneys (other than certain amounts due to third parties and Swap Collateral Excluded Amounts) to pay Guaranteed Amounts in respect of the Covered Bonds when the same become Due for Payment, subject to paying certain higher ranking obligations of the Covered Bond Guarantor in the Guarantee Priority of Payments (including, if the Issuer has determined and notified to the Trust Manager and the Covered Bond Guarantor that a Regulatory Event has occurred or is likely to occur, in respect of the Senior Demand Note Component). In such circumstances, the Intercompany Noteholders, the Demand Noteholder (except as specified above) and BOQ as the Income Unitholder and the Capital Unitholder will only be entitled to receive any remaining income of the Trust after all amounts referred to above have been paid or have otherwise been provided for in full.

Acceleration of the Covered Bonds

Following the occurrence of a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, the Covered Bonds will become immediately due and repayable (if not already due and payable as against the Issuer) and the Bond Trustee will then have a claim against the Covered Bond Guarantor under the Covered Bond Guarantee for an amount equal to the Early Redemption Amount in respect of each Covered Bond together with accrued interest and any other amounts due under the Covered Bonds (other than additional amounts payable by the Issuer under Condition 7) and the Security created by the Covered Bond Guarantor over the Charged Property will become enforceable. Any moneys received or recovered by the Security Trustee following enforcement of the Security granted by the Covered Bond Guarantor over the Charged Property will be distributed according to the Post-Enforcement Priority of Payments (other than any Swap Collateral Excluded Amounts).

Asset Coverage Test

To protect the value of the Mortgage Loan Rights forming part of the Assets of the Trust, the Establishment Deed provides that, for so long as any Covered Bonds remain outstanding, the Trust Manager must ensure that on each Determination Date prior to the service of a Notice to Pay on the Covered Bond Guarantor and/or a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, the Asset Coverage Test is satisfied. Accordingly, for so long as Covered Bonds remain outstanding, the Trust Manager must ensure that on each Determination Date prior to the service of a Notice to Pay on the Covered Bond Guarantor and/or a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, the Adjusted Aggregate Mortgage Loan Amount (as at the last day of the immediately preceding Collection Period) will be at least equal to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding (as at the last day of the immediately preceding Collection Period) of the Covered Bonds as calculated on the relevant Determination Date.

If the Adjusted Aggregate Mortgage Loan Amount (as at the last day of the immediately preceding Collection Period) is less than the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding (as at the last day of the immediately preceding Collection Period) of all Covered Bonds on two consecutive Determination Dates, the Bond Trustee must serve an Asset Coverage Test Breach Notice on the Covered Bond Guarantor (subject to the Bond Trustee having actual knowledge or express notice of the non-satisfaction of the Asset Coverage Test). The Bond Trustee will be deemed to revoke an Asset Coverage Test Breach Notice if, on any Determination Date falling on or prior to the third consecutive Determination Date, the Asset Coverage Test is subsequently satisfied and neither a Notice to Pay nor a Covered Bond Guarantee Acceleration Notice has been served. If the Asset Coverage Test Breach Notice is not revoked, as described above, an Issuer Event of Default will occur.

Amortisation Test

In addition, on each Determination Date following service of a Notice to Pay on the Covered Bond Guarantor (but prior to service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer) and, for so long as any Covered Bonds remain outstanding, the Trust Manager must ensure that the Amortisation Test Aggregate Mortgage Loan Amount, as calculated on such Determination Date, will be at least equal to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding (as at the last day of the immediately preceding Collection Period) of the Covered Bonds on such Determination Date. The Trust Manager must immediately notify the Covered Bond Guarantor, the Security Trustee and (for so long as Covered Bonds are outstanding) the Bond Trustee of any breach of the Amortisation Test and the Bond Trustee must serve an Amortisation Test Breach Notice on the Issuer and the Covered Bond Guarantor advising that the Amortisation Test has been breached. Following the service of a Notice to Pay on the Covered Bond Guarantor and an Amortisation Test Breach Notice on the Issuer and the Covered Bond Guarantor (subject to no Covered Bond Guarantor Event of Default having occurred), all Series of Covered Bonds will convert to Pass-Through Covered Bonds, such that payment of the unpaid amount in respect of all Series of Covered Bonds by the Covered Bond Guarantor under the Covered Bond Guarantee will be deferred until the Extended Due for Payment Date.

Legislated Minimum Over-Collateralisation

In addition to the Asset Coverage Test and the Amortisation Test, the Programme benefits from the Issuer's obligation to comply with the minimum over-collateralisation requirements set out in the Australian Banking Act (the **Legislated Collateralisation Test**), as described in section "*Description of the Covered Bond Provisions of the Australian Banking Act*" of this Prospectus. As the Legislative Collateralisation Test is a minimum requirement, the Issuer expects that its obligation in respect of this legal requirement will be satisfied in all circumstances in which the Asset Coverage Test or the Amortisation Test, as applicable, is satisfied.

Reserve Fund

The Covered Bond Guarantor will be required on the first Issue Date or the first Distribution Date to deposit into the GIC Account (with a corresponding credit to the Reserve Ledger) any Available Income Amount or the proceeds of the issue of Intercompany Notes or the Demand Note (or the proceeds of any Increase in the Demand Note) up to an amount equal to the Reserve Fund Required Amount. On each subsequent Issue Date or Distribution Date, the Covered Bond Guarantor may be required to make further deposits into the GIC Account (with a corresponding credit to the Reserve Ledger) of any Available Income Amount and/or (after the service of a Notice to Pay on the Covered Bond Guarantor but prior to the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer) the Available Principal Amount, the proceeds of the issue of an Intercompany Note or Demand Note (or the proceeds of any Increase in the Demand Note) up to an amount equal to the Reserve Fund Required Amount. The Reserve Fund Required Amount on any day will depend on the credit rating and deposit rating of the Issuer. For so long as the Issuer's short-term unsecured, unsubordinated and unguaranteed debt obligations are rated at least F1 by Fitch or its long term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least A by Fitch (the **Fitch Specified Ratings**) and the Issuer has a short-term deposit rating of at least P-1 by Moody's (the **Moody's Specified Rating**), the Reserve Fund Required Amount is nil (or such other amount as the Issuer notifies the Covered Bond Guarantor).

As at the date of this Prospectus, the Issuer does not have the Fitch Specified Ratings or the Moody's Specified Rating. Accordingly, the Issuer will be required to deposit and, for so long as the Issuer continues to not have the Fitch Specified Ratings and/or the Moody's Specified Rating, maintain the Reserve Fund Required Amount in the GIC Account.

Mortgage Sale Agreement

Under the terms of the Mortgage Sale Agreement, the Consideration payable to the Seller for the sale of Mortgage Loan Rights originated by the Seller to the Covered Bond Guarantor on any Closing Date will be a cash payment paid by the Covered Bond Guarantor to the Seller on the applicable Closing Date. The Seller will, subject to the satisfaction of certain conditions, be permitted to sell Eligible Mortgage Loans and the Collateral Security to the Covered Bond Guarantor from time to time.

Servicing Deed

In its capacity as Servicer, BOQ has entered into the Servicing Deed with the Covered Bond Guarantor and the Security Trustee, pursuant to which the Servicer has agreed to provide administrative services in respect of, amongst others, the Mortgage Loan Rights sold by BOQ (in its capacity as Seller) to the Covered Bond Guarantor.

Dual recourse; Excess Proceeds to be paid to Covered Bond Guarantor

Following the occurrence of an Issuer Event of Default that is continuing, the Bond Trustee may serve an Issuer Acceleration Notice on the Issuer and a Notice to Pay on the Covered Bond Guarantor.

Following service of an Issuer Acceleration Notice and a Notice to Pay, any moneys received by the Bond Trustee from the Issuer (or any administrator, receiver, receiver and manager, liquidator, statutory manager or other similar official appointed in relation to the Issuer) will be paid by the Bond Trustee to the Covered Bond Guarantor and will be used by the Covered Bond Guarantor in the same manner as all other moneys available to it from time to time.

Following service of a Notice to Pay on the Covered Bond Guarantor, the Covered Bond Guarantor will, subject to the terms of the Bond Trust Deed, pay or procure to be paid on each Scheduled Payment Date to or to the order of the Bond Trustee (for the benefit of the Covered Bondholders) an amount equal to those Guaranteed Amounts which have become Due for Payment, but which have not been paid by the Issuer.

Payments by the Covered Bond Guarantor under the Covered Bond Guarantee will be made in accordance with the Guarantee Priority of Payments.

For a more detailed description of the transactions summarised above relating to the Covered Bonds see, amongst other relevant sections of this Prospectus, "*Principal Characteristics of the Programme*", "*General Description of the Programme*", "*Risk Factors*", "*Overview of the Principal Documents*", "*Credit Structure", "Cashflows", "The Mortgage Loan Rights" and "Terms and Conditions of the Covered Bonds*", below.

GENERAL DESCRIPTION OF THE PROGRAMME

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

Issuer:	Bank of Queensland Limited ABN 32 009 656 740, is a public limited company incorporated in the Commonwealth of Australia and its registered office is Level 6, 100 Skyring Terrace, Newstead, Queensland 4006, Australia (**BOQ**). For further information about the Issuer, please see the section of this Prospectus entitled "*Bank of Queensland Limited*" below.
Issuer's Legal Entity Identifier:	549300WFIN7T02UKDG08
Covered Bond Guarantor:	Perpetual Corporate Trust Limited ABN 99 000 341 533, incorporated with limited liability in the Commonwealth of Australia and having its registered office at Level 18, 123 Pitt Street, Sydney, New South Wales 2000 Australia, as trustee of the BOQ Covered Bond Trust (the **Trust**). In its capacity as trustee of the Trust, the Covered Bond Guarantor's principal business is to acquire, *inter alia*, Mortgage Loan Rights from the Seller pursuant to the terms of the Mortgage Sale Agreement and to guarantee certain payments in respect of the Covered Bonds. The Covered Bond Guarantor will hold the Mortgage Loan Rights forming part of the Assets of the Trust and the other Charged Property in accordance with the terms of the Programme Documents. The Covered Bond Guarantor has provided a guarantee covering all Guaranteed Amounts when the same become Due for Payment, but only following service on the Issuer of an Issuer Acceleration Notice and service on the Covered Bond Guarantor of a Notice to Pay or, if earlier, the service on the Issuer and the Covered Bond Guarantor of a Covered Bond Guarantee Acceleration Notice. The obligations of the Covered Bond Guarantor under the Covered Bond Guarantee and the other Programme Documents to which it is a party are secured by the Charged Property from time to time of the Covered Bond Guarantor. The liability of the Covered Bond Guarantor to make payments under the Programme Documents (including under the Covered Bond Guarantee) is limited to its right of indemnity from the Assets of the Trust. Except in the case of, and to the extent that the Covered Bond Guarantor's right of indemnification against the Assets of the Trust is reduced as a result of fraud, negligence or wilful default, no

	rights may be enforced against the personal assets of the Covered Bond Guarantor by any person and no proceedings may be brought against the Covered Bond Guarantor except to the extent of the Covered Bond Guarantor's right of indemnity and reimbursement out of the Assets of the Trust. Other than in the exception previously mentioned, the personal assets of the Covered Bond Guarantor are not available to meet payments under the Covered Bond Guarantee.
The Trust:	The Trust is established for purposes relating only to the Covered Bonds, including (without limitation) the acquisition, management and sale of, amongst other things, Mortgage Loan Rights, the borrowing of moneys to fund the acquisition of such assets, the hedging of risks associated with such assets and such funding, the acquisition, management and sale of Substitution Assets and Authorised Investments, the giving of guarantees, the granting of security and any purpose which is ancillary or incidental to any of the foregoing.
Initial Capital Unitholder:	BOQ.
Initial Income Unitholder:	BOQ.
Trust Manager:	B.Q.L. Management Pty Ltd ABN 87 081 052 342, is a private limited company incorporated in the Commonwealth of Australia and its registered office is Level 6, 100 Skyring Terrace, Newstead, Queensland 4006, Australia (**BQLM**).
Seller:	The Seller under the Programme is BOQ, which is in the business, *inter alia*, of originating and acquiring residential mortgage loans and conducting other banking related activities.
Servicer:	Pursuant to the terms of the Servicing Deed, BOQ has been appointed to service the Mortgage Loan Rights sold to the Covered Bond Guarantor by the Seller.
Principal Paying Agent and Transfer Agent:	The Bank of New York Mellon, London Branch whose registered office is at 40th Floor, One Canada Square, London, E14 5AL, United Kingdom, has been appointed pursuant to the Principal Agency Agreement as Principal Paying Agent and Transfer Agent.
Registrar:	The Bank of New York Mellon SA/NV, Luxembourg Branch whose registered office is at 2-4 Eugene Ruppert, Vertigo Building, Polaris L-2453 Luxembourg, has been appointed pursuant to the Registrar.
A$ Registrar:	Austraclear Services Limited ABN 28 003 284 419 who has an office at 20 Bridge Street, Sydney NSW 2000, Australia

	will be appointed pursuant to the A$ Registry Agreement as A$ Registrar.
Bond Trustee:	BNY Trust Company of Australia Limited ABN 49 050 294 052 whose registered office is at Level 2, 1 Bligh Street, Sydney, NSW, 2000, Australia, has been appointed to act as Bond Trustee on behalf of the Covered Bondholders and the Couponholders in respect of the Covered Bonds and holds the benefit of, *inter alia*, the covenant to pay and the Covered Bond Guarantee on behalf of the Covered Bondholders and the Couponholders pursuant to the Bond Trust Deed.
Security Trustee:	P.T. Limited ABN 67 004 454 666, whose registered office is at Level 18, 123 Pitt Street, Sydney, New South Wales 2000, Australia has been appointed to act as Security Trustee to hold the benefit of the Security granted by the Covered Bond Guarantor to the Security Trustee (for the Secured Creditors) pursuant to the Security Deed.
Cover Pool Monitor:	KPMG, whose registered office is at Riparian Plaza, 71 Eagle Street, Brisbane QLD 4000, Australia has been appointed as Cover Pool Monitor pursuant to the Cover Pool Monitor Agreement as an independent monitor to perform tests in respect of the Asset Coverage Test and Amortisation Test, to test compliance of the Assets forming part of the Trust with the requirements of the Australian Banking Act (including the Legislated Collateralisation Test) and to assess whether the Trust Manager is keeping an accurate register of the Assets forming part of the Trust.
Covered Bond Swap Providers:	Each entity which agrees to act as a swap provider to the Covered Bond Guarantor to hedge certain interest rate, currency and/or other risks in respect of amounts received by the Covered Bond Guarantor under the Mortgage Loans and Interest Rate Swaps and, in the case of a Non-Forward Starting Covered Bond Swap, amounts payable by the Covered Bond Guarantor under the Intercompany Notes (prior to the service of a Notice to Pay) and, in the case of a Non-Forward Starting Covered Bond Swap and Forward Starting Covered Bond Swap, under the Covered Bond Guarantee in respect of the Covered Bonds (after service of a Notice to Pay) by entering into one or more Covered Bond Swaps with the Covered Bond Guarantor and the Security Trustee under a Covered Bond Swap Agreement in respect of each relevant Series or Tranche of Covered Bonds (where applicable).
Interest Rate Swap Provider:	BOQ (in its capacity as the Interest Rate Swap Provider) has agreed to act as a swap provider to the Covered Bond Guarantor to hedge possible variances between (a) the rates of interest payable on the Mortgage Loans and on certain other Assets forming part of the Trust and (b) the interest basis payable by the Covered Bond Guarantor under the

	Covered Bond Swaps, the Intercompany Notes (or the Covered Bond Guarantee) and the Demand Note, by entering into the Interest Rate Swaps with the Covered Bond Guarantor, the Standby Swap Provider and the Security Trustee under the Interest Rate Swap Agreement.
Standby Swap Provider:	The entity which agrees to act as a standby swap provider to the Covered Bond Guarantor to, in certain circumstances, act in place of the Interest Rate Swap Provider, by entering into the Fixed Rate Swap with the Covered Bond Guarantor, the Interest Rate Swap Provider and the Security Trustee under the Interest Rate Swap Agreement.
Account Bank:	Macquarie Bank Limited ABN 46 008 583 542, whose registered office is at Level 6, 50 Martin Place Sydney, New South Wales 2000, Australia has been appointed as the initial Account Bank to the Covered Bond Guarantor pursuant to the terms of the Account Bank Agreement.
Programme Description:	Reg S Covered Bond Programme.
Arranger:	National Australia Bank Limited ABN 12 004 044 937 in respect of any issuance of Covered Bonds.
Dealers:	In respect of any issuance of Covered Bonds, National Australia Bank Limited ABN 12 004 044 937 and any other Dealer appointed from time to time in accordance with the Programme Agreement which appointment may be to a specific issue or on an ongoing basis.
Certain Restrictions:	Each issue of Covered Bonds denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see the section of this Prospectus entitled "*Subscription and Sale and Transfer and Selling Restrictions*" below).
Programme Size:	Up to AUD6,000,000,000 (or its equivalent in other currencies determined by reference to the spot rate for the sale of AUD dollars against the purchase of such currency in the London foreign exchange market quoted by any leading bank selected by the Issuer on the relevant date of agreement (or the preceding day on which commercial banks and foreign exchange markets are open for business in London) between the Issuer and the relevant Dealer(s) for issue of the Covered Bonds) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Covered Bonds may be distributed under the Programme by way of private or public placement and in each case on a syndicated or non-syndicated basis, subject to the

	restrictions set forth in the section of this Prospectus entitled "*Subscription and Sale and Transfer and Selling Restrictions*" below.
Specified Currencies:	Subject to any applicable legal or regulatory restrictions, such currency or currencies as may be agreed from time to time by the Issuer, the relevant Dealer(s), the Principal Paying Agent and the Bond Trustee (as set out in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement)).
Maturities:	Such maturities as may be agreed between the Issuer and the relevant Dealer(s) and as indicated in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement), subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Covered Bonds may be issued at par or at a premium or discount to par on a fully-paid basis, as set out in the relevant Final Terms.
Form of Covered Bonds:	The Covered Bonds will be issued in bearer or registered form as described in the section of this Prospectus entitled "*Form of the Covered Bonds*" below. Registered Covered Bonds and A$ Registered Covered Bonds will not be exchangeable for Bearer Covered Bonds and *vice versa*. Interest on Covered Bonds in bearer form will only be payable outside the United States and its possessions. Covered Bonds may be Fixed Rate Covered Bonds or Floating Rate Covered Bonds, depending on the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement), and subject, in each case, to issuance of a Rating Affirmation Notice by the Issuer.
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 (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement)).
Floating Rate Covered Bonds:	Floating Rate Covered Bonds will bear interest at a rate determined: (i) on the same basis as the floating rate under a notional interest rate swap transaction in the

relevant Specified Currency governed by an agreement incorporating the ISDA Definitions; or

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

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

in each case as set out in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement).

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 (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement).

Other provisions in relation to Floating Rate Covered Bonds:

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

Redemption:

The Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement) for a Series of Covered Bonds will indicate either that the relevant Covered Bonds of such Series cannot be redeemed prior to their stated maturity (other than for taxation reasons or if it becomes unlawful for the Intercompany Notes and/or the Demand Note to remain outstanding or if a Covered Bond Guarantor Event of Default occurs) or that such Covered Bonds will be redeemable at the option of the Issuer upon giving notice to the Covered Bondholders, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement)).

Extendable obligations under the Covered Bond Guarantee and Conditional Pass-Through Covered Bonds:

Prior to the Conversion Event Date:

(i) if the Issuer fails to pay, in full, the Final Redemption Amount for a Series of Covered Bonds on the Final Maturity Date for such Covered Bonds

(or by the end of the applicable grace period) and, following the service of a Notice to Pay on the Covered Bond Guarantor by no later than the date falling one Business Day prior to the Extension Determination Date, the Covered Bond Guarantor fails to pay, in full, the Guaranteed Amount equal to the unpaid portion of such Final Redemption Amount by no later than the Extension Determination Date for such Covered Bonds in accordance with the terms of the Covered Bond Guarantee (for example because, following the service of a Notice to Pay on the Covered Bond Guarantor, there are insufficient moneys available to it to pay, in accordance with the Guarantee Priority of Payments, such Guaranteed Amounts in full), then the obligation of the Covered Bond Guarantor to pay the unpaid amount in respect of that Series of Covered Bonds will be deferred (and a Covered Bond Guarantor Event of Default will not occur as a result of such failure) until the first Interest Payment Date thereafter on which sufficient moneys are available (after providing for liabilities ranking in priority thereto or *pari passu* and rateably therewith subject to and in accordance with the Guarantee Priority of Payments) to fund the payment of the balance of the Final Redemption Amount, or any part thereof, provided that such payment will not be deferred beyond the date which falls 31.5 years after the Final Maturity Date in relation to that Series of Covered Bonds (being the **Extended Due for Payment Date** in respect of that Series of Covered Bonds) when the unpaid portion of such Final Redemption Amount (together with accrued interest) will be due and payable; and

(ii) if an Issuer Event of Default has occurred (x) in accordance with Condition 9(a) (other than in accordance with Condition 9(a)(i) as a result of a failure to pay the Final Redemption Amount in respect of a Series of Covered Bonds) and the Bond Trustee has served a Notice to Pay on the Covered Bond Guarantor or (y) in accordance with Condition 9(a)(i) as a result of a failure to pay the Final Redemption Amount in respect of a Series of Covered Bonds and such Series of Covered Bonds has been redeemed in full and at such time there are no Pass-Through Covered Bonds then outstanding, then payment of the Final Redemption Amount in respect of the then Earliest Maturing Covered Bonds by the Covered Bond Guarantor under the Covered Bond Guarantee will be deferred (and such Earliest Maturing Covered Bonds will convert to Pass-Through Covered Bonds) until the first Interest

Payment Date thereafter on which sufficient moneys are available (after providing for liabilities ranking in priority thereto or *pari passu* and rateably therewith subject to and in accordance with the Guarantee Priority of Payments) to fund the payment of such amount, or any part thereof, provided that such payment will not be deferred beyond the date which falls 31.5 years after the Conversion of that Series of Covered Bonds (being the **Extended Due for Payment Date** in respect of that Series of Covered Bonds) when the unpaid portion of such Final Redemption Amount (together with accrued interest) will be due and payable.

All Series of Covered Bonds will convert to Pass-Through Covered Bonds immediately upon the Conversion Event Date, being the date on which an Amortisation Test Breach Notice is served on the Covered Bond Guarantor and the Issuer, following the service of a Notice to Pay on the Covered Bond Guarantor. If the Conversion Event Date occurs (subject as provided below), payment of the unpaid amount in respect of all Series of Covered Bonds by the Covered Bond Guarantor under the Covered Bond Guarantee will be deferred until, in respect of a Series of Covered Bonds, the earlier of (a) the date which falls 31.5 years after the Final Maturity Date in relation to that Series of Covered Bonds; (b) the date which falls 31.5 years after the Conversion of that Series of Covered Bonds and (c) the date which falls 31.5 years after the Conversion Event Date (such applicable date, being the **Extended Due for Payment Date** in respect of that Series of Covered Bonds). The Covered Bond Guarantor (at the direction of the Trust Manager) must on the next, and each following Interest Payment Date for each Series of Covered Bonds, apply the moneys (if any) available for that Series of Covered Bonds on a Distribution Date (after paying or providing for payment of higher ranking or *pari passu* amounts in accordance with the Guarantee Priority of Payments) towards payment, in whole or part, of the Final Redemption Amount of that Series of Covered Bonds (and to such extent, the Final Redemption Amount will, for the purpose of the Guarantee Priority of Payments and all other purposes, be due) on such Interest Payment Date.

In each of the circumstances above, interest will accrue on any unpaid portion of a Series of Covered Bonds during any such extended period and will be due and payable on each Interest Payment Date up to, and including, the Extended Due for Payment Date in respect of that Series of Covered Bonds in accordance with Condition 4.

Denomination of Covered Bonds: Covered Bonds will be issued in denominations of €100,000 or such other denominations as may be agreed

between the Issuer and the relevant Dealer(s) and as indicated in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement) provided that the minimum denomination of each Covered Bond will be €100,000 (or, if the Covered Bonds are denominated in a currency other than euro, at least the equivalent amount in such currency) or such other higher amount as may be required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency and, in the case of any Covered Bonds offered in Australia, the minimum subscription amount in respect of an issue or transfer is A$500,000 (disregarding any amount lent by the offeror, the Issuer or any associated person of the offeror or Issuer).

Taxation:

All payments in respect of the Covered Bonds will be made without deduction or withholding for or on account of any taxes, subject as provided in Condition 7. If any such deduction or withholding is made by the Issuer, the Issuer will, only in the limited circumstances provided in Condition 7 and only where the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement) indicate that the tax gross up by the Issuer in accordance with Condition 7 is applicable, pay additional amounts in respect of the amounts so deducted or withheld.

If any payments made by the Covered Bond Guarantor under the Covered Bond Guarantee are or become subject to any such withholding or deduction, the Covered Bond Guarantor will not be obliged to pay any additional amount as a consequence under Condition 7. The Guaranteed Amounts payable by the Covered Bond Guarantor under the Covered Bond Guarantee do not include any additional amounts the Issuer would be obliged to pay as a result of any deduction or withholding in accordance with Condition 7.

In no event will the Issuer or Covered Bond Guarantor be required to pay any additional amounts in respect of the Covered Bonds for, or on account of, any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto. For a further discussion of any withholding tax obligations see the section "*Taxation*" of this Prospectus.

Cross Default:

If an Issuer Acceleration Notice is served, then the Covered Bonds of all Series outstanding will be accelerated against the Issuer.

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

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

Ratings:

Covered Bonds to be issued under the Programme will have the credit ratings specified in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement) on issuance.

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

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of the rating agency rating the Covered Bonds changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Covered Bonds may have a different regulatory treatment, which may impact the value of the Covered Bonds and their liquidity in the secondary market.

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

Listing and admission to trading: Application has been made by the Issuer to the FCA for Covered Bonds issued under the Programme to be admitted to, during the period of 12 months from the date of this Prospectus, the Official List and to the London Stock Exchange for such Covered Bonds to be admitted to trading on the main market of the London Stock Exchange.

The Applicable Pricing Supplement, in the case of Exempt Covered Bonds, will state whether or not the relevant Exempt Covered Bonds are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

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

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

	The Bond Trust Deed (including the Covered Bond Guarantee), the Principal Agency Agreement, the Covered Bonds (other than any A$ Registered Covered Bonds), and the Coupons and any non-contractual obligations arising out of or in connection with them are governed by, and will be construed in accordance with, English law unless specifically stated to the contrary. In this regard, the covenant to pay made by the Issuer to the Bond Trustee in respect of the A$ Registered Covered Bonds in the Bond Trust Deed, the provisions relating to the maintenance of the Register in respect of the A$ Registered Covered Bonds in the Bond Trust Deed and the provisions relating to the limitation of liability of the Covered Bond Guarantor in the Bond Trust Deed, the Principal Agency Agreement and the Covered Bonds are governed by, and will be construed in accordance with, the laws applying in the State of New South Wales, Australia.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of any Series or Tranche of Covered Bonds. See the section of this Prospectus entitled "*Subscription and Sale and Transfer and Selling Restrictions*" below.
Risk Factors:	There are certain risks related to the issue of Covered Bonds under the Programme which investors should ensure they fully understand, a summary of which are set out in the section of this Prospectus entitled "*Risk Factors*" and include, *inter alia*, the risk of subsequent changes in the actual or perceived creditworthiness of the Issuer or the Covered Bond Guarantor (as applicable), which may adversely affect the market value of the Covered Bonds. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Covered Bonds issued under the Programme which include, *inter alia*, risks related to the structure of a particular issue of Covered Bonds (including that there is limited recourse to the Covered Bond Guarantor), modifications and waivers of the terms and conditions of the Covered Bonds in certain circumstances without the consent of all of the Covered Bondholders, changes in laws, taxation laws or regulations which affect the Covered Bonds, risks related to secondary market trading of the Covered Bonds and exchange rate risks. For further particulars, see the section of this Prospectus entitled "*Risk Factors*" below.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published, or are published simultaneously with this Prospectus, and have been filed with the Financial Conduct Authority and which are available for inspection at http://www.morningstar.co.uk/uk/NSM shall be incorporated in, and to form part of, this Prospectus:

(a) BOQ's audited annual consolidated and non-consolidated financial statements (including the directors' report, the auditor's report thereon and notes thereto) in respect of the year ended 31 August 2019 (as set out from page 9 to page 57 and from page 90 to page 180 of the 2019 Annual Report) (https://www.boq.com.au/content/dam/boq/files/shareholder-centre/financial-results/2019/annual-report-2019.pdf);

(b) BOQ's audited annual consolidated and non-consolidated financial statements (including the directors' report, auditor's report thereon and notes thereto) in respect of the year ended 31 August 2020 (as set out from page 11 to page 64 and from page 97 to page 174 of the 2020 Annual Report) (https://www.boq.com.au/content/dam/boq/files/shareholder-centre/financial-results/2020/annual-report-2020.pdf);

(c) BOQ's Financial Accounts for the half year ended 29 February 2020 (including the auditor's review report, the consolidated interim financial statements of BOQ in respect of the half year ended 29 February 2020 and notes thereon) as set out from page 31 to page 59 of the 2020 Half Year Report (https://www.boq.com.au/content/dam/boq/files/shareholder-centre/financial-results/1H20-investor-information-and-consolidated-interim-financial-report.pdf);

(d) BOQ's Financial Accounts for the half year ended 28 February 2021 (including the auditor's review report, the consolidated interim financial statements of BOQ in respect of the half year ended 28 February 2021 and notes thereon) as set out from page 29 to page 57 of the 2021 Half Year Report (https://www.boq.com.au/content/dam/boq/files/shareholder-centre/financial-information/boq-interim-report-1H21-report-final.PDF);

(e) the audited financial statements of the Trust (including the auditor's report and the notes thereto) in respect of the year ended 31 August 2019 (https://www.boq.com.au/content/dam/boq/files/shareholder-centre/debt-investor-information/cb-accounts-2019.pdf);

(f) the audited financial statements of the Trust (including the auditor's report and the notes thereto) in respect of the year ended 31 August 2020 (https://www.boq.com.au/content/dam/boq/files/shareholder-centre/debt-investor-information/BOQ%20Covered%20Bond%20Accounts%20FY%202020.pdf)

(g) the cover pool information as set out on pages 3 to 6 (inclusive) of the BOQ Residential Covered Bond Trust – Monthly Investor Report for the Collection Period ended 31 March 2021 (https://www.boq.com.au/content/dam/boq/files/shareholder-centre/debt-investor-information/boq-covered-bond-trust-investor-report-20210331.pdf); and

(h) the Terms and Conditions of the Covered Bonds contained in the Prospectuses dated 10 May 2017 on pages 111 to 161 (inclusive) (https://www.boq.com.au/content/dam/boq/files/shareholder-centre/debt-investor-information/covered-bond-prospectus-may-2017.pdf), dated 21 December 2017 on pages 118 to 168 (inclusive) (https://www.boq.com.au/content/dam/boq/files/shareholder-centre/debt-investor-information/covered-bond-prospectus-dec-2017.pdf), dated 13 December 2018 on pages 127 to 177 (inclusive) (https://www.boq.com.au/content/dam/boq/files/shareholder-centre/debt-investor-information/covered-bond-prospectus-december-2018.pdf) and dated 15 April 2020 on pages 126 to 180 (inclusive) (https://www.boq.com.au/content/dam/boq/files/shareholder-

centre/debt-investor-information/boq-cb-programme-update-2020.pdf) as prepared by the Issuer in connection with the Programme.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus will not form part of this Prospectus.

The documents to be incorporated by reference herein listed in paragraphs (a) to (h) above can be viewed online at https://www.boq.com.au/Shareholder-centre/debt-investor-information/covered-bonds.

Any non-incorporated parts of a document referred to herein are either (i) not considered by the Issuer to be relevant for prospective investors in the Covered Bonds to be issued under the Programme or (ii) covered elsewhere in the Prospectus.

Following the publication of this Prospectus a supplement may be prepared by the Issuer and approved by the FCA in accordance with Article 23 of the Prospectus Regulation and Article 23 of the UK Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of any Covered Bond, prepare a supplement to this Prospectus or publish a new Prospectus for use in connection with any subsequent issue of Covered Bonds.

FORM OF THE COVERED BONDS

The Covered Bonds of each Series will be in either bearer form, with or without interest coupons and/or talons attached, or registered form, without interest coupons and/or talons attached. All Covered Bonds issued under the Programme will be issued outside the United States to persons other than U.S. persons in reliance on Regulation S.

Bearer Covered Bonds

Each Tranche of Bearer Covered Bonds will be initially issued in the form of a temporary global covered bond without interest coupons attached (a **Temporary Global Covered Bond**) which will be delivered on or prior to the issue date of the relevant Tranche to a common depositary (the **Common Depositary**) for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, S.A. (**Clearstream, Luxembourg**).

Bearer Covered Bonds will only be delivered outside the United States and its possessions.

Whilst any Bearer Covered Bond is represented by a Temporary Global Covered Bond, payments of principal, interest (if any) and any other amount payable in respect of the Bearer Covered Bonds due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Covered Bond) only outside the United States and its possessions and to the extent that certification (in a form to be provided by Euroclear and/or Clearstream, Luxembourg) to the effect that the beneficial owners of interests in 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 Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Global Covered Bond is issued, interests in such Temporary Global Covered Bond will be exchangeable (free of charge) in whole or in part for, as specified in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement), either (a) interests in a permanent global covered bond without interest coupons attached (a **Permanent Global Covered Bond** and, together with the Temporary Global Covered Bonds, the **Bearer Global Covered Bonds** and each a **Bearer Global Covered Bond**) of the same Series or (b) security printed Bearer Definitive Covered Bonds of the same Series with, where applicable, interest coupons and/or talons attached (on the basis that all the appropriate details have been included on the face of such Bearer Definitive Covered Bonds and, where applicable, interest coupons and/or talons and the relevant information supplementing, replacing or modifying the Conditions appearing in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement) has been endorsed or attached to such Bearer Definitive Covered Bonds), in each case against certification of beneficial ownership as described above unless such certification has already been given and upon notice being given by a relevant Clearing System acting on the instruction of any holder of an interest in the Temporary Global Covered Bond and subject, in the case of Bearer Definitive Covered Bonds, to such notice to persons as specified in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement). 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.

The option for an issue of Covered Bonds to be represented on issue by a Permanent Global Covered Bond exchangeable for definitive Covered Bonds should not be expressed to be applicable in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement) if the Covered Bonds are issued with a minimum Specified Denomination such as €100,000 (or its equivalent in another currency)

plus one or more higher integral multiples of another smaller amount such as €1,000 (or its equivalent in another currency).

Payments of principal, interest (if any) or any other amounts on a Permanent Global Covered Bond will be made outside the United States and its possessions and through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Global Covered Bond without any requirement for certification.

Interests in a Permanent Global Covered Bond will be exchanged (free of charge) by the Issuer, in whole but not in part only, at the option of the holder of such Permanent Global Covered Bond, for Definitive Covered Bonds and/or (in the case of a Series comprising both Bearer Covered Bonds and Registered Covered Bonds and if so specified in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement)) Registered Covered Bonds: (a) upon not less than 60 days' written notice being given to the Principal Paying Agent by Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in this Permanent Bearer Global Covered Bond); or (b) upon the occurrence of an Exchange Event. An **Exchange Event** means the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of fourteen days (other than by reason of holiday, whether statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available.

The Issuer will promptly give notice to Covered Bondholders of each Series of Permanent Global Covered Bond in accordance with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear, Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Covered Bond) or the Bond Trustee may give notice to the Principal Paying Agent requesting exchange. Any such exchange must occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

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

The following legend will appear on all Bearer Covered Bonds (other than Temporary Global Covered Bonds) and on all talons and interest coupons relating to such Bearer Covered Bonds where TEFRA D is specified in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement):

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that U.S. persons (as defined under the U.S. Internal Revenue Code of 1986), with certain exceptions, will not be entitled to deduct any loss on Bearer Covered Bonds, talons or interest coupons and will not be entitled to capital gains treatment of any gain on any redemption, payment of principal, sale or other disposition in respect of such Bearer Covered Bonds, talons or interest coupons.

Covered Bonds which are represented by a Bearer Global Covered Bond will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Registered Covered Bonds

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 **Registered Global Covered Bond**). Prior to expiry of the Distribution Compliance Period (as defined in Regulation S) applicable to each Tranche of Covered Bonds, beneficial interests in a Registered Global Covered Bond may not be offered or sold to, or for the account or benefit of, a U.S. person and may not be held otherwise than through Euroclear or Clearstream,

Luxembourg, and such Registered Global Covered Bond will bear a legend regarding such restrictions on transfer (see "*Subscription and Sale and Transfer and Selling Restrictions*").

Registered Global Covered Bonds will be deposited with the Common Depositary for Euroclear and Clearstream, Luxembourg and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg, as specified in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement).

Persons holding beneficial interests in Registered Global Covered Bonds will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Definitive Covered Bonds in fully registered form.

Payments of principal, interest and any other amount in respect of the Registered Global Covered Bonds will, in the absence of any provision to the contrary, be made to the person shown on the Register as the registered holder of the Registered Global Covered Bonds. None of the Issuer, the Covered Bond Guarantor, the Bond Trustee or the Agents will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Covered Bonds in definitive form will, in the absence of any provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 5(d)) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Covered Bond will be exchangeable (free of charge), in whole but not in part, for Registered Definitive Covered Bonds without interest coupons or talons attached only upon the occurrence of an Exchange Event (as defined above). The Issuer will promptly give notice to Covered Bondholders of each Series of Registered Global Covered Bonds in accordance with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, 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 (ii) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange must occur not later than ten days after the date of receipt of the first relevant notice by the Registrar.

A$ Registered Covered Bonds

The A$ Registered Covered Bonds are issued in registered form by an entry in the A$ Register maintained by the A$ Registrar.

Entry of the name of the holder in the A$ Register in respect of an A$ Registered Covered Bond constitutes the obtaining or passing of title and is conclusive evidence that the person so entered is the registered holder of the A$ Registered Covered Bonds. A$ Registered Covered Bonds which are held in the Austraclear System will be registered in the name of Austraclear Ltd (ABN 94 002 060 773). No certificate or other evidence of title will be issued to holders of the A$ Registered Covered Bonds unless the Issuer determines that certificates should be available or it is required to do so pursuant to any applicable law or regulation.

Transfer of Interests

Interests in a Registered Global Covered Bond may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Covered Bond. No beneficial owner of an interest in a Registered Global Covered Bond will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear, Clearstream and Luxembourg, in each case to the extent applicable.

Transfers of interests in A$ Registered Covered Bonds held in the Austraclear System may be conducted only in accordance with the Austraclear Regulations and the A$ Registry Agreement.

Registered Covered Bonds and A$ Registered Covered Bonds are also subject to the restrictions on transfer set forth herein and will bear a legend regarding such restrictions (see "*Subscription and Sale and Transfer and Selling Restrictions*").

General

Pursuant to the Principal Agency Agreement (as defined under Conditions of the Covered Bonds), the Principal Paying Agent will arrange that, where a further Tranche of Covered Bonds is issued which is intended to form a single Series with an existing Tranche of Covered Bonds, the Covered Bonds of such further Tranche will be assigned a common code and ISIN which are different from the common code and ISIN assigned to Covered Bonds of any other Tranche of the same Series until at least the expiry of the Distribution Compliance Period applicable to the Covered Bonds of such Tranche.

Any reference herein to Euroclear, Clearstream, Luxembourg and/or the Austraclear System will, whenever the context so permits, be deemed to include a reference to any successor operator and/or successor clearing system and/or additional or alternative clearing system specified in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement) or as may otherwise be approved by the Issuer, the Principal Paying Agent and the Bond Trustee.

No Covered Bondholder or Couponholder will be entitled to institute proceedings directly against the Issuer or the Covered Bond Guarantor or to take any action with respect to the Bond Trust Deed or to directly enforce the provisions of any other Programme Document unless the Bond Trustee having become so bound to proceed, fails so to do within a reasonable period and the failure will be continuing.

FORM OF FINAL TERMS IN RESPECT OF COVERED BONDS TO BE ISSUED UNDER THE PROGRAMME

Set out below is the form of Final Terms which, will be completed for each Tranche of Covered Bonds issued under the Programme which are not Exempt Covered Bonds and which have a minimum denomination of €100,000 (or its equivalent in any other currency). Text in this section appearing in italics does not form part of the Final Terms but denotes directions for completing the Final Terms.

[Date]

Bank of Queensland Limited
Issuer Legal Entity Identifier (LEI): 549300WFIN7T02UKDG08
Issue of [Aggregate Nominal Amount of Tranche or Series] [Title of Covered Bonds]
under the AUD6,000,000,000 BOQ Covered Bond Programme
unconditionally and irrevocably guaranteed as to payments of interest and principal by
Perpetual Corporate Trust Limited
as trustee of the BOQ Covered Bond Trust (the Trust)

The Covered Bonds described in these Final Terms have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), or under any securities laws of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons as defined in Regulation S under the Securities Act (**Regulation S**) unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

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

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

[**MiFID II PRODUCT GOVERNANCE – PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.][1]

[**UK MiFIR PRODUCT GOVERNANCE – PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (**COBS**), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**UK MiFIR**); and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.][1]

[**NOTIFICATION UNDER SECTION 309B(1)(c)OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE (THE SECURITIES AND FUTURES ACT**) – [*To insert notice if classification of the Covered Bonds is not "capital markets products other than prescribed capital markets products", pursuant to Section 309B of the Securities and Futures Act or Specified Investment Products*].][2]]

PART A—CONTRACTUAL TERMS

[Terms used herein will be deemed to be defined as such for the purposes of the terms and conditions (the **Conditions**) set forth in the Prospectus dated 20 April 2021 [and the supplement to the Prospectus dated [*insert date*]] ([together,] the **Prospectus**), which constitute[s] a base prospectus for the purposes of the Regulation (EU) 2017/1129 (the **Prospectus Regulation**) and the Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the **UK Prospectus Regulation**). This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of the Prospectus Regulation and the UK Prospectus Regulation, and must be read in conjunction with the Prospectus [as so supplemented] in order to obtain all the relevant information. The Prospectus has been published on the website of the London Stock Exchange at https://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html]

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the **Conditions**) set forth in the Prospectus dated [●] which are incorporated by reference in the Base Prospectus dated 20 April 2021 [and the supplement to the Prospectus dated [*insert date*]] ([together,] the **Prospectus**). This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Regulation (EU) 2017/1129 (the **Prospectus Regulation**) and the Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the **UK Prospectus Regulation**), and must be read in conjunction

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

[2] Relevant Dealer(s) to consider whether it/they have received the necessary product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the Securities and Futures Act. If there is a change as to product classification for the relevant drawdown, from the upfront product classification embedded in the programme documentation, then the legend is to be completed and used (if no change as to product classification, then the legend may be deleted in its entirety)

with the Prospectus dated 20 April 2021 [and the supplements to the Prospectus dated [●]] which together constitute a base prospectus for the purposes of the Prospectus Regulation and the UK Prospectus Regulation, in order to obtain all the relevant information. The Prospectus has been published on the website of the London Stock Exchange at https://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.]

1.	Issuer:		[●]
2.	Covered Bond Guarantor:		[●]
3.	(a)	Series of which Covered Bonds are to be treated as forming part:	[●]
	(b)	Tranche Number:	[●]
	(c)	Date on which Covered Bonds will be consolidated and form a single Series:	[The Covered Bonds will be consolidated and form a single Series with [●] on [the Issue Date]/[exchange of the Temporary Global Covered Bond for interests in the Permanent Global Covered Bond, as referred to in paragraph [●] below], which is expected to occur on or about [●]]/[Not Applicable]
4.	Specified Currency or Currencies:		[●]
5.	Aggregate Nominal Amount of Covered Bonds:		
	(a)	Series:	[●]
	(b)	Tranche:	[●]
6.	Issue Price:		[●]per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]].
7.	(a)	Specified Denominations:	[●]/[€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No Covered Bonds in definitive form will be issued with a denomination above €199,000].
	(b)	Calculation Amount:	[●]
8.	(a)	Issue Date:	[●]
	(b)	Interest Commencement Date:	For the period from (and including) the Issue Date to (but excluding) the earlier of (i) the Final Maturity Date; (ii) the date of Conversion of the Covered Bonds; and (iii) the Conversion Event Date: [●]/[Issue Date]/[Not Applicable]

		For the period from (and including) the earlier of (i) the Final Maturity Date; (ii) the date of Conversion of the Covered Bonds; and (iii) the Conversion Event Date to (but excluding) the Extended Due for Payment Date:
9.	Final Maturity Date:	[[●] /[Interest Payment Date falling in or nearest to [●]]
10.	Extended Due for Payment Date of Guaranteed Amounts corresponding to the Final Redemption Amount under the Covered Bond Guarantee:	The earlier of (i) the date which falls 31.5 years after the Final Maturity Date; (ii) the date which falls 31.5 years after the date of Conversion; and (iii) the date which falls 31.5 years after the Conversion Event Date.
11.	Interest Basis:	For the period from (and including) the Issue Date to (but excluding) the earlier of (i) the Final Maturity Date; (ii) the date of Conversion of the Covered Bonds; and (iii) the Conversion Event Date: [Fixed Rate] [Floating Rate] If payment of the Guaranteed Amount corresponding to the Final Redemption Amount is deferred in whole or in part, for the period from (and including) the earlier of (i) the Final Maturity Date; (ii) the date of Conversion of the Covered Bonds and (iii) the Conversion Event Date to (but excluding) the Extended Due for Payment Date: [Fixed Rate] [Floating Rate] (see paragraphs 17, 18, 19 and 20 below)
12.	Redemption/Payment Basis:	[99]/[100]/[101] per cent. of the nominal amounts
13.	Change of Interest Basis or Redemption/Payment Basis:	[Applicable – the Interest Basis will change from [●] to [●] in accordance with paragraph [19]/[20] below on the earlier of (i) the Final Maturity Date; (ii) the date of Conversion of the Covered Bonds; and (iii) the Conversion Event Date]/[Not Applicable]
14.	Put/Call Options:	[Not Applicable] [Investor Put] [Issuer Call] [(see paragraphs 22 and 23 below)]
15.	Status of the Covered Bonds:	Senior
16.	Status of the Covered Bond Guarantee:	Senior

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17.	Fixed Rate Covered Bond Provisions:		[Applicable from the Interest Commencement Date to the earlier of (i) the Final Maturity Date; (ii) the date of Conversion of the Covered Bonds; and (iii) the Conversion Event Date]/[Not Applicable]
	(a)	Rate[(s)] of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/[●]] in arrear on each Interest Payment Date
	(b)	Interest Payment Date(s):	[●] in each year up to and including earlier of (i) the Final Maturity Date; (ii) the date of Conversion of the Covered Bonds; and (iii) the Conversion Event Date
	(c)	Fixed Coupon Amount(s):	[[●] per Calculation Amount/Not Applicable]
	(d)	Broken Amount(s):	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]/[Not Applicable]
	(e)	Day Count Fraction:	[30/360 or Actual/Actual (ICMA) or RBA Bond Basis/Australian Bond Basis]
	(f)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
		• Adjusted:	[Applicable/Not Applicable]
		• Non-Adjusted:	[Applicable/Not Applicable]
	(g)	Additional Business Centres:	[●]
	(h)	Determination Date(s):	[●] in each year/ [Not Applicable]
18.	Floating Rate Covered Bond Provisions:		[Applicable from the Interest Commencement Date to the earlier of (i) the Final Maturity Date; (ii) the date of Conversion of the Covered Bonds; and (iii) the Conversion Event Date]/[Not Applicable]
	(a)	Specified Period(s)/Specified Interest Payment Dates:	The period from, and including, each Specified Interest Payment Date to, but excluding, the following Specified Interest Payment Date provided that the first Specified Period shall be from, and including, the Interest Commencement Date to, but excluding, the next Specified Interest Payment Date. [●] from, but excluding, the Interest Commencement Date to, and including, the earlier

		of (i) the date on which the Final Redemption Amount is paid in full; (ii) the Final Maturity Date; (iii) the date of Conversion of the Covered Bonds; and (iv) the Conversion Event Date
(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention]
(c)	Additional Business Centre(s):	[●]
(d)	Manner in which the Rate of Interest and Interest Amount are to be determined:	[Screen Rate Determination/ISDA Determination]
(e)	Party responsible for determining the Rate of Interest and/or calculating the Interest Amount (if not the Principal Paying Agent):	[●] (the **Calculation Agent**)
(f)	Screen Rate Determination:	
	• Reference Rate and Relevant Financial Centre:	Reference Rate: [●] month [●] [LIBOR/EURIBOR/HIBOR/BA-CDOR/BBSW/SIBOR/BKBM/NIBOR] [Compounded Daily SONIA] Relevant Time: [●] Relevant Financial Centre: [London/New York/Brussels/Hong Kong/Toronto/Sydney/Singapore/Auckland/Oslo]
	• Interest Determination Date(s):	[●]
	• Relevant Screen Page:	[●]
	• SONIA Lag Period (*p*):	[5/[●] London Banking Days][Not Applicable][3] (*N.B. When setting the SONIA Lag Period (p), the practicalities of this period should be discussed with the Principal Paying Agent or, if applicable, such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms. It is anticipated that '(p)' will be no fewer than 5 London Banking Days unless otherwise agreed with the Principal Paying Agent or, if applicable/required, such other party responsible*

[3] Only include for Covered Bonds for which the Reference Rate is specified as being "Compounded Daily SONIA"

			for the calculation of the Rate of Interest, as specified in the Applicable Final Terms, in relation to the relevant issuance)
	(g)	ISDA Determination:	[Applicable/Not Applicable]
		• Floating Rate Option:	[●]
		• Designated Maturity:	[●]
		• Reset Date:	[●]
	(h)	Linear Interpolation:	[Not Applicable/Applicable - the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
	(i)	Margin(s):	[+/-] [●] per cent. per annum
	(j)	Minimum Rate of Interest:	[●] per cent. per annum
	(k)	Maximum Rate of Interest:	[●] per cent. per annum
	(l)	Day Count Fraction:	[[Actual/Actual] [Actual/Actual (ISDA)] Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] 30E/360 (ISDA)]
	(m)	Interest Amounts Non-Adjusted:	[Applicable/Not Applicable]
19.	Fixed Rate Covered Bond Provisions:		[Applicable if payment of the Guaranteed Amount corresponding to the Final Redemption Amount is deferred in whole or in part from the earlier of (i) the Final Maturity Date; (ii) the date of Conversion of the Covered Bonds; and (iii) the Conversion Event Date]/[Not Applicable]]
	(a)	Rate[(s)] of Interest:	(i) [●] per cent. per annum [payable [annually/semi-annually/quarterly/[●]] in arrear on each Interest Payment Date (ii) [[●] per cent. per annum [payable [annually/semi annually/quarterly/[●]] in arrear on each Interest Payment Date]/[Not Applicable]
	(b)	Interest Payment Date(s):	[●] from, but excluding, the earlier of (i) the Final Maturity Date; (ii) the date of Conversion of the Covered Bonds and (iii) the Conversion Event Date

		to, and including, the earlier of (x) the date on which the Final Redemption Amount is paid in full and (y) the Extended Due for Payment Date
(c)	Fixed Coupon Amount(s):	(i) [[●] per Calculation Amount/Not Applicable] (ii) [[●] per Calculation Amount/Not Applicable]
(d)	Broken Amount(s):	(i) [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]/[Not Applicable] (ii) [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]/[Not Applicable]
(e)	Day Count Fraction:	[30/360 or Actual/Actual (ICMA) or RBA Bond Basis/Australian Bond Basis]
(f)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
	• Adjusted:	[Applicable/Not Applicable]
	• Non-Adjusted:	[Applicable/Not Applicable]
(g)	Additional Business Centres:	[●]
(h)	Determination Date(s):	[●] in each year/ [Not Applicable]
20.	**Floating Rate Covered Bond Provisions**	[Applicable if payment of the Guaranteed Amount corresponding to the Final Redemption Amount is deferred in whole or in part from the earlier of (i) the Final Maturity Date; (ii) the date of Conversion of the Covered Bonds and (iii) the Conversion Event Date]/[Not Applicable]
(a)	Specified Period(s)/Specified Interest Payment Dates:	The period from, and including, each Specified Interest Payment Date to, but excluding, the following Specified Interest Payment Date provided that the first Specified Period shall be from, and including, the earlier of (i) the Final Maturity Date; (ii) the date of Conversion of the Covered Bonds; and (iii) the Conversion Event Date to, but excluding, the next Specified Interest Payment Date. [●] from, but excluding, the earlier of (i) the Final Maturity Date; (ii) the date of Conversion of the Covered Bonds; and (iii) the Conversion Event Date to, and including, the earlier of (x) the date on which the Final Redemption Amount is paid in full and (y) the Extended Due for Payment Date

(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention]
(c)	Additional Business Centre(s):	[●]
(d)	Manner in which the Rate of Interest and Interest Amount are to be determined:	[Screen Rate Determination/ISDA Determination]
(e)	Party responsible for determining the Rate of Interest and/or calculating the Interest Amount (if not the Principal Paying Agent):	[●] (the **Calculation Agent**)
(f)	Screen Rate Determination:	
	• Reference Rate and Relevant Financial Centre:	Reference Rate: [●] month [●] [LIBOR/EURIBOR/HIBOR/BA-CDOR/BBSW/SIBOR/BKBM/NIBOR] [Compounded Daily SONIA] Relevant Time: [●] Relevant Financial Centre: [London/New York/Brussels/Hong Kong/Toronto/Sydney/Singapore/Auckland/Oslo]
	• Interest Determination Date(s):	[●]
	• Relevant Screen Page:	[●]
	• SONIA Lag Period (*p*):	[5/[●] London Banking Days][Not Applicable][4] (*N.B. When setting the SONIA Lag Period (p), the practicalities of this period should be discussed with the Principal Paying Agent or, if applicable, such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms. It is anticipated that '(p)' will be no fewer than 5 London Banking Days unless otherwise agreed with the Principal Paying Agent or, if applicable/required, such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms, in relation to the relevant issuance*)

[4] Only include for Covered Bonds for which the Reference Rate is specified as being "Compounded Daily SONIA"

(g)	ISDA Determination:	[Applicable/Not Applicable]
	• Floating Rate Option:	[●]
	• Designated Maturity:	[●]
	• Reset Date:	[●]
(h)	Linear Interpolation:	[Not Applicable/Applicable - the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
(i)	Margin(s):	(i) [+/-] [●] per cent. per annum (ii) [[+] [●] per cent. per annum]/[Not Applicable]
(j)	Minimum Rate of Interest:	[●] per cent. per annum
(k)	Maximum Rate of Interest:	[●] per cent. per annum
(l)	Day Count Fraction:	[[Actual/Actual] [Actual/Actual (ISDA)] Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] 30E/360 (ISDA)]
(m)	Interest Amounts Non-Adjusted:	[Applicable/Not Applicable]

PROVISIONS RELATING TO REDEMPTION

21.	Notice periods for Condition 6(b) (Redemption for tax reasons) or Condition 6(e) (Redemption due to illegality):	Minimum Period: [30] days Maximum Period: [60] days *N.B. When setting the SONIA Lag Period (p), the practicalities of this period should be discussed with the Principal Paying Agent or, if applicable, such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms. It is anticipated that '(p)' will be no fewer than 5 London Banking Days unless otherwise agreed with the Principal Paying Agent or, if applicable/required, such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms, in relation to the relevant issuance*)
22.	Issuer Call:	[Applicable/Not Applicable]

	(a)	Optional Redemption Date(s):	[●]
	(b)	Optional Redemption Amount and method, if any, of calculation of such amount(s)::	[[●] per Calculation Amount]
	(c)	If redeemable in part:	[Applicable/Not Applicable]
		(i) Minimum Redemption Amount:	[●]
		(ii) Maximum Redemption Amount:	[●]
	(d)	Notice period (if other than as set out in the Conditions):	[Not Applicable] [Minimum Period: [5] Business Days] [Maximum Period: [30] Business Days]
23.	Investor Put:		[Applicable/Not Applicable]
	(a)	Optional Redemption Date(s):	[●]
	(b)	Optional Redemption Amount:	[[●] per Calculation Amount]
	(c)	Notice period (if other than as set out in the Conditions):	Minimum Period: [30] Business Days Maximum Period: [60] Business Days
24.	Final Redemption Amount:		[[●] per Calculation Amount]
25.	Early Redemption Amount payable on redemption for taxation reasons or illegality of the Intercompany Note Subscription Agreement or the Demand Note Subscription Agreement or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition [6(f)]):		[[●] per Calculation Amount/[●]]

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

26.	Tax gross-up by Issuer in accordance with Condition 7:	[Applicable/Not applicable]
27.	Form of Covered Bonds:	Bearer Covered Bonds: [Temporary Bearer Global Covered Bond exchangeable for a Permanent Bearer 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 Bearer Global Covered Bond exchangeable for Definitive Covered Bonds] [Permanent Bearer Global Covered Bond exchangeable for Definitive Covered Bonds [on 60 days' notice given at any time/only upon an Exchange Event] [Registered Covered Bonds: [Registered Covered Bonds[Restricted/Unrestricted] Global Certificate[s]] - [Euroclear/Clearstream] [Registered Global Covered Bond registered in the name of [a common depositary for Euroclear and Clearstream, Luxembourg].] [Registered Global Covered Bond U.S.$[●] nominal amount) registered in the name of the common depositary for [Euroclear and Clearstream, Luxembourg]]
28.	Additional Financial Centre(s) or other special provisions relating to Payment Days:	[[Not Applicable]/[●]]
29.	Talons for future Coupons to be attached to Definitive Bearer Covered Bonds:	[Yes, as the Covered Bonds have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No.]
30.	U.S. Selling Restrictions:	[Reg S Compliance Category [2]; TEFRA C/TEFRA D/TEFRA not applicable/[●]]

[**PURPOSE OF FINAL TERMS**

This Final Terms comprises the Final Terms required for issue [and] [admission to trading on ●] of the Covered Bonds described herein] pursuant to the A$6,000,000,000 BOQ Covered Bond Programme of the Bank of Queensland Limited.]

RESPONSIBILITY

[The information contained in] [●] has been extracted from [the following 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 [●], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of **Bank of Queensland Limited:**

By:……

Duly authorised

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

By:

……

Duly authorised

PART B—OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(i)	Listing and admission to trading:	Application for admission to the Official List and for admission to trading [has been/is expected to be] made to the London Stock Exchange's main market [Date from which admission effective [●]]
(ii)	Estimate of total expenses related to admission to trading:	[●]

2. RATINGS

Ratings:	[The Covered Bonds to be issued have not been rated by any rating agency] [The Covered Bonds to be issued [have been]/[are expected to be] rated: [Fitch Australia Pty Ltd: [ ]] [Moody's Investors Service Pty Ltd: [ ]]

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

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

4. 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.

5. OPERATIONAL INFORMATION

(a)	ISIN:	[●]
(b)	Common Code:	[●]
(c)	CFI:	[[See/[ ], as updated, as set out on] the website of the Association of National Numbering Agencies (**ANNA**) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]

(d)	FISN:	[[See/[ ], as updated, as set out on] the website of the Association of National Numbering Agencies (**ANNA**) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available] (*N.B. if the CFI and/or the FISN is not required, requested or available, it/they should be specified to be "Not Applicable"*)
(e)	Any clearing system(s) other than Euroclear Bank S.A./N.V., Clearstream Banking, *S.A.* and the relevant identification number(s):	[[Not Applicable]/[●]]
(f)	Delivery:	Delivery [against/free of] payment
(g)	Name(s) and address(es) of initial Paying Agent(s) in relation to the Covered Bonds:	[●]
(h)	Name(s) and address(es) of additional Paying Agent(s) (if any) in relation to the Covered Bonds:	[●]
(i)	Relevant Benchmark[s]:	[Not Applicable]/[[●] is provided by [●]]. [As at the date hereof, [[●] appears in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to the Benchmarks Regulation.] [As at the date hereof, [[●] appears in the FCA's register of administrators under Article 36 of the UK Benchmarks Regulation.] [As at the date hereof, [[●] does not appear in the register of administrators and benchmarks established and maintained by [the European Securities and Markets Authority][the FCA] pursuant to Article 36 of [the Benchmarks Regulation][the UK Benchmarks Regulation]. [As far as the Issuer is aware, as at the date hereof, Article 2 of [the Benchmarks Regulation][the UK Benchmarks Regulation] applies, such that [●] is not currently required to obtain authorisation/registration (or, if located outside the [European Union][United Kingdom], recognition, endorsement or equivalence).]/[[●] does not fall within the scope of [the Benchmarks Regulation][the UK Benchmarks Regulation].]].

FORM OF PRICING SUPPLEMENT IN RESPECT OF EXEMPT COVERED BONDS TO BE ISSUED UNDER THE PROGRAMME

Set out below is the form of Pricing Supplement which, will be completed for each Tranche of Exempt Covered Bonds issued under the Programme, including A$ Registered Covered Bonds.

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH REGULATION (EU) 2017/1129 OR REGULATION (EU) 2017/1129 (AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 FOR THE ISSUE OF COVERED BONDS DESCRIBED BELOW. THE FCA HAS NEITHER APPROVED NOR REVIEWED THE INFORMATION CONTAINED IN THIS PRICING SUPPLEMENT.

[Date]

Bank of Queensland Limited
Issuer Legal Entity Identifier (LEI): 549300WFIN7T02UKDG08
Issue of [Aggregate Nominal Amount of Tranche or Series] [Title of Covered Bonds]
under the AUD6,000,000,000 BOQ Covered Bond Programme
unconditionally and irrevocably guaranteed as to payments of interest and principal by
Perpetual Corporate Trust Limited
as trustee of the BOQ Covered Bond Trust (the Trust)

The Covered Bonds described in this Pricing Supplement have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), or under any securities laws of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons as defined in Regulation S under the Securities Act (**Regulation S**) unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

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

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA42. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Covered Bonds or otherwise making them available to retail investors in the UK has

been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

[**MIFID II PRODUCT GOVERNANCE / TARGET MARKET** - Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.][5]

[UK MiFIR PRODUCT GOVERNANCE – TARGET MARKET – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (**COBS**), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**UK MiFIR**); and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.][5]

[**NOTIFICATION UNDER SECTION 309B(1)(c)OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE (THE SECURITIES AND FUTURES ACT)** – [*To insert notice if classification of the Covered Bonds is not "capital markets products other than prescribed capital markets products", pursuant to Section 309B of the Securities and Futures Act or Specified Investment Products*].][6]]

PART A — CONTRACTUAL TERMS

[Terms used herein will be deemed to be defined as such for the purposes of the terms and conditions (the **Conditions**) set forth in the Prospectus dated 20 April 2021 [and the supplement to the Prospectus dated [*insert date*]] ([together,] the **Prospectus**). This document constitutes the Pricing Supplement of the Covered Bonds described herein (**Covered Bonds**) and must be read in conjunction with the Prospectus [as so supplemented]. Full information on the Issuer and the Covered Bond Guarantor and the offer of the Covered Bonds is only available on the basis of the combination of this Pricing Supplement and the Prospectus [as so supplemented]. Copies of the Prospectus [and supplement to the Prospectus[s]] are available for viewing, free of charge, at [address] [and] [website] and copies may be obtained, free of charge, from [address].

1.	Issuer:	[●]
2.	Covered Bond Guarantor:	[●]
3.	(a) Series of which Covered Bonds are to be treated as forming part:	[●]

[5] Legend to be included on the front of the Pricing Supplement if one or more of the Dealers in relation to the Covered Bonds is a MiFID and /or UK MiFIR regulated entity.

[6] Relevant Dealer(s) to consider whether it/they have received the necessary product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the Securities and Futures Act. If there is a change as to product classification for the relevant drawdown, from the upfront product classification embedded in the programme documentation, then the legend is to be completed and used (if no change as to product classification, then the legend may be deleted in its entirety).

	(b)	Tranche Number:	[●]
	(c)	Date on which Covered Bonds will be consolidated and form a single Series:	[The Covered Bonds will be consolidated and form a single Series with [●] on [the Issue Date]/[exchange of the Temporary Global Covered Bond for interests in the Permanent Global Covered Bond, as referred to in paragraph [●] below], which is expected to occur on or about [●]]/[Not Applicable]
4.	Specified Currency or Currencies:		[●]
5.	Aggregate Nominal Amount of Covered Bonds:		
	(a)	Series:	[●]
	(b)	Tranche:	[●]
6.	Issue Price:		[●]per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]].
7.	(a)	Specified Denominations:	[●]/[€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No Covered Bonds in definitive form will be issued with a denomination above €199,000].
	(b)	Calculation Amount:	[●]
8.	(a)	Issue Date:	[●]
	(b)	Interest Commencement Date:	For the period from (and including) the Issue Date to (but excluding) the earlier of (i) the Final Maturity Date; (ii) the date of Conversion of the Covered Bonds; and (iii) the Conversion Event Date: [●]/[Issue Date]/[Not Applicable] For the period from (and including) the earlier of (i) the Final Maturity Date; (ii) the date of Conversion of the Covered Bonds; and (iii) the Conversion Event Date to (but excluding) the Extended Due for Payment Date:
9.	Final Maturity Date:		[[●] /[Interest Payment Date falling in or nearest to [●]]
10.	Extended Due for Payment Date of Guaranteed Amounts corresponding to the Final Redemption Amount under the Covered Bond Guarantee:		The earlier of (i) the date which falls 31.5 years after the Final Maturity Date; (ii) the date which falls 31.5 years after the date of Conversion of the Covered Bonds; and (iii) the date which falls 31.5 years after the Conversion Event Date.

11.	Interest Basis:	For the period from (and including) the Issue Date to (but excluding) the earlier of (i) the Final Maturity Date; (ii) the date of Conversion of the Covered Bonds; and (iii) the Conversion Event Date: [Fixed Rate] [Floating Rate] If payment of the Guaranteed Amount corresponding to the Final Redemption Amount is deferred in whole or in part, for the period from (and including) the earlier of (i) the Final Maturity Date; (ii) the date of Conversion of the Covered Bonds; and (iii) the Conversion Event Date to (but excluding) the Extended Due for Payment Date: [Fixed Rate] [Floating Rate] (see paragraphs 17, 18, 19 and 20 below)
12.	Redemption/Payment Basis:	[99]/[100]/[101]/[*specify other*] per cent. of the nominal amounts
13.	Change of Interest Basis or Redemption/Payment Basis:	[Applicable – the Interest Basis will change from [●] to [●] in accordance with paragraph [19]/[20] below on the earlier of (i) the Final Maturity Date; (ii) the date of Conversion of the Covered Bonds; and (iii) the Conversion Event Date]/[Not Applicable]
14.	Put/Call Options:	[Not Applicable] [Investor Put] [Issuer Call] [(see paragraphs 22 and 23 below)]
15.	Status of the Covered Bonds:	Senior
16.	Status of the Covered Bond Guarantee:	Senior

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17.	Fixed Rate Covered Bond Provisions:		[Applicable from the Interest Commencement Date to the earlier of (i) the Final Maturity Date; (ii) the date of Conversion of the Covered Bonds; and (iii) the Conversion Event Date]/[Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a)	Rate[(s)] of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/[●]] in arrear on each Interest Payment Date
	(b)	Interest Payment Date(s):	[●] in each year up to and including earlier of (i) the Final Maturity Date; (ii) the date of Conversion of

		the Covered Bonds; and (iii) the Conversion Event Date *(Amend appropriately in the case of irregular coupons)*
(c)	Fixed Coupon Amount(s): *(Applicable to Covered Bonds in definitive form.)*	[[●] per Calculation Amount/Not Applicable]
(d)	Broken Amount(s): *(Applicable to Covered Bonds in definitive form.)*	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]/[Not Applicable]
(e)	Day Count Fraction:	[30/360 or Actual/Actual (ICMA) or RBA Bond Basis/Australian Bond Basis/*specify other*]
(f)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
	• Adjusted:	[Applicable/Not Applicable]
	• Non-Adjusted:	[Applicable/Not Applicable]
(g)	Additional Business Centres:	[●]
(h)	Determination Date(s):	[●] in each year/ [Not Applicable]
(i)	Other terms relating to the method of calculating interest for Fixed Rate Covered Bonds which are Exempt Covered Bonds:	[None/*Give details*]
18.	Floating Rate Covered Bond Provisions:	[Applicable from the Interest Commencement Date to the earlier of (i) the Final Maturity Date; (ii) the date of Conversion of the Covered Bonds; and (iii) the Conversion Event Date]/[Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
(a)	Specified Period(s)/Specified Interest Payment Dates:	The period from, and including, each Specified Interest Payment Date to, but excluding, the following Specified Interest Payment Date provided that the first Specified Period shall be from, and including, the Interest Commencement Date to, but excluding, the next Specified Interest Payment Date. [●] from, but excluding, the Interest Commencement Date to, and including, the earlier of (i) the date on which the Final Redemption

		Amount is paid in full; (ii) the Final Maturity Date; (iii) the date of Conversion of the Covered Bonds; and (iv) the Conversion Event Date
(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/*specify other*]
(c)	Additional Business Centre(s):	[●]
(d)	Manner in which the Rate of Interest and Interest Amount are to be determined:	[Screen Rate Determination/ISDA Determination]
(e)	Party responsible for determining the Rate of Interest and/or calculating the Interest Amount (if not the Principal Paying Agent):	[●] (the **Calculation Agent**)
(f)	Screen Rate Determination:	
	• Reference Rate and Relevant Financial Centre:	Reference Rate: [●] month [●] [LIBOR/EURIBOR/HIBOR/BA-CDOR/BBSW/SIBOR/BKBM/NIBOR] [Compounded Daily SONIA] Relevant Time: [●] Relevant Financial Centre: [London/New York/Brussels/Hong Kong/Toronto/Sydney/Singapore/Auckland/Oslo/ *specify other*]
	• Interest Determination Date(s):	[●]
	• Relevant Screen Page:	[●]
	• SONIA Lag Period (*p*):	[5/[●] London Banking Days][Not Applicable][7] (*N.B. When setting the SONIA Lag Period (p), the practicalities of this period should be discussed with the Principal Paying Agent or, if applicable, such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Pricing Supplement. It is anticipated that '(p)' will be no fewer than 5 London Banking Days unless otherwise agreed with the Principal Paying Agent*

[7] Only include for Covered Bonds for which the Reference Rate is specified as being "Compounded Daily SONIA"

		or, if applicable/required, such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Pricing Supplement, in relation to the relevant issuance)
(g)	ISDA Determination:	[Applicable/Not Applicable]
	• Floating Rate Option:	[●]
	• Designated Maturity:	[●]
	• Reset Date:	[●]
(h)	Linear Interpolation:	[Not Applicable/Applicable - the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
(i)	Margin(s):	[+/-] [●] per cent. per annum
(j)	Minimum Rate of Interest:	[●] per cent. per annum
(k)	Maximum Rate of Interest:	[●] per cent. per annum
(l)	Day Count Fraction:	[[Actual/Actual] [Actual/Actual (ISDA)] Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 [30/360][360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [*specify other*]
(m)	Interest Amounts Non-Adjusted:	[Applicable/Not Applicable]
19.	Fixed Rate Covered Bond Provisions:	[Applicable if payment of the Guaranteed Amount corresponding to the Final Redemption Amount is deferred in whole or in part from the earlier of (i) the Final Maturity Date; (ii) the date of Conversion of the Covered Bonds; and (iii) the Conversion Event Date]/[Not Applicable]] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
(a)	Rate[(s)] of Interest:	(i) [●] per cent. per annum [payable [annually/semi-annually/quarterly/[●]] in arrear on each Interest Payment Date

		(ii) [[●] per cent. per annum [payable [annually/semi-annually/quarterly/[●]] in arrear on each Interest Payment Date]/[Not Applicable]
(b)	Interest Payment Date(s):	[●] from, but excluding, the earlier of (i) the Final Maturity Date; (ii) the date of Conversion of the Covered Bonds; and (iii) the Conversion Event Date to, and including, the earlier of (x) the date on which the Final Redemption Amount is paid in full and (y) the Extended Due for Payment Date
(c)	Fixed Coupon Amount(s):	(i) [[●] per Calculation Amount/Not Applicable] (ii) [[●] per Calculation Amount/Not Applicable]/[Not Applicable]
(d)	Broken Amount(s):	(i) [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]/[Not Applicable] (ii) [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]/[Not Applicable]
(e)	Day Count Fraction:	[30/360 or Actual/Actual (ICMA) or RBA Bond Basis/Australian Bond Basis/*specify other*]
(f)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
	• Adjusted:	[Applicable/Not Applicable]
	• Non-Adjusted:	[Applicable/Not Applicable]
(g)	Additional Business Centres:	[●]
(h)	Determination Date(s):	[●] in each year/ [Not Applicable]
20.	**Floating Rate Covered Bond Provisions**	[Applicable if payment of the Guaranteed Amount corresponding to the Final Redemption Amount is deferred in whole or in part from the earlier of (i) the Final Maturity Date; (ii) the date of Conversion of the Covered Bonds; and (iii) the Conversion Event Date]/[Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
(a)	Specified Period(s)/Specified Interest Payment Dates:	The period from, and including, each Specified Interest Payment Date to, but excluding, the following Specified Interest Payment Date provided

		that the first Specified Period shall be from, and including, the earlier of (i) the Final Maturity Date; (ii) the date of Conversion of the Covered Bonds; and (iii) the Conversion Event Date to, but excluding, the next Specified Interest Payment Date. [●] from, but excluding, the earlier of (i) the Final Maturity Date; (ii) the date of Conversion of the Covered Bonds; and (iii) the Conversion Event Date to, and including, the earlier of (x) the date on which the Final Redemption Amount is paid in full and (y) the Extended Due for Payment Date
(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/*specify other*]
(c)	Additional Business Centre(s):	[●]
(d)	Manner in which the Rate of Interest and Interest Amount are to be determined:	[Screen Rate Determination/ISDA Determination]
(e)	Party responsible for determining the Rate of Interest and/or calculating the Interest Amount (if not the Principal Paying Agent):	[●] (the **Calculation Agent**)
(f)	Screen Rate Determination:	
	• Reference Rate and Relevant Financial Centre:	Reference Rate: [●] month [●] [LIBOR/EURIBOR/HIBOR/BA-CDOR/BBSW/SIBOR/BKBM/NIBOR] [Compounded Daily SONIA] Relevant Time: [●] Relevant Financial Centre: [London/New York/Brussels/Hong Kong/Toronto/Sydney/Singapore/Auckland/Oslo/ *specify other*]
	• Interest Determination Date(s):	[●]
	• Relevant Screen Page:	[●]
	• SONIA Lag Period (*p*):	[5/[●] London Banking Days][Not Applicable][8]

[8] Only include for Covered Bonds for which the Reference Rate is specified as being "Compounded Daily SONIA"

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

(g)	ISDA Determination:	[Applicable/Not Applicable]
	• Floating Rate Option:	[●]
	• Designated Maturity:	[●]
	• Reset Date:	[●]
(h)	Linear Interpolation:	[Not Applicable/Applicable - the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
(i)	Margin(s):	(i) [+/-] [●] per cent. per annum (ii) [[+/-] [●] per cent. per annum]/[Not Applicable]
(j)	Minimum Rate of Interest:	[●] per cent. per annum
(k)	Maximum Rate of Interest:	[●] per cent. per annum
(l)	Day Count Fraction:	[[Actual/Actual] [Actual/Actual (ISDA)] Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [*specify other*]
(m)	Interest Amounts Non-Adjusted:	[Applicable/Not Applicable]

PROVISIONS RELATING TO REDEMPTION

21.	Notice periods for Condition 6(b) (Redemption for tax reasons) or Condition 6(e) (Redemption due to illegality):	Minimum Period: [30] days Maximum Period: [60] days

			N.B. When setting the SONIA Lag Period (p), the practicalities of this period should be discussed with the Principal Paying Agent or, if applicable, such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Pricing Supplement. It is anticipated that '(p)' will be no fewer than 5 London Banking Days unless otherwise agreed with the Principal Paying Agent or, if applicable/required, such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Pricing Supplement, in relation to the relevant issuance)
22.	Issuer Call:		[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a)	Optional Redemption Date(s):	[●]
	(b)	Optional Redemption Amount and method, if any, of calculation of such amount(s)::	[[●] per Calculation Amount]/[*specify other*]
	(c)	If redeemable in part:	[Applicable/Not Applicable]
		(i) Minimum Redemption Amount:	[●]
		(ii) Maximum Redemption Amount:	[●]
	(d)	Notice period (if other than as set out in the Conditions):	[Not Applicable] [Minimum Period: [●] Business Days] [Maximum Period: [●] Business Days]
23.	Investor Put:		[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a)	Optional Redemption Date(s):	[●]
	(b)	Optional Redemption Amount:	[[●] per Calculation Amount]
	(c)	Notice period (if other than as set out in the Conditions):	Minimum Period: [●] Business Days Maximum Period: [●] Business Days
24.	Final Redemption Amount:		[[●] per Calculation Amount]/[*specify other*]
25.	Early Redemption Amount payable on redemption for taxation reasons or illegality		[[●] per Calculation Amount/[●]]/[*specify other*]

	of the Intercompany Note Subscription Agreement or the Demand Note Subscription Agreement or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition [6(f)]):	

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

26.	Tax gross-up by Issuer in accordance with Condition 7:	[Applicable/Not applicable]
27.	Form of Covered Bonds:	Bearer Covered Bonds: [Temporary Bearer Global Covered Bond exchangeable for a Permanent Bearer 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 Bearer Global Covered Bond exchangeable for Definitive Covered Bonds] [Permanent Bearer Global Covered Bond exchangeable for Definitive Covered Bonds [on 60 days' notice given at any time/only upon an Exchange Event] [Registered Covered Bonds: [Registered Covered Bonds[Restricted/Unrestricted] Global Certificate[s]] - [Euroclear/Clearstream] [Registered Global Covered Bond registered in the name of [a common depositary for Euroclear and Clearstream, Luxembourg].] [Registered Global Covered Bond U.S.$[●] nominal amount) registered in the name of the common depositary for [Euroclear and Clearstream, Luxembourg]]
28.	Additional Financial Centre(s) or other special provisions relating to Payment Days:	[[Not Applicable]/[*give details*]]
29.	Talons for future Coupons to be attached to Definitive Bearer Covered Bonds:	[Yes, as the Covered Bonds have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No.]
30.	U.S. Selling Restrictions :	[Reg S Compliance Category [2]; TEFRA C/TEFRA D/TEFRA not applicable/[●]]

[**PURPOSE OF PRICING SUPPLEMENT**

This Pricing Supplement comprises the Pricing Supplement required for issue [and] [admission to trading on ●] of the Covered Bonds described herein] pursuant to the A$6,000,000,000 BOQ Covered Bond Programme of the Bank of Queensland Limited.]

RESPONSIBILITY

[The information contained in] [●] has been extracted from [the following 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 [●], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of **Bank of Queensland Limited:**

By:……

Duly authorised

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

By:

……

Duly authorised

PART B—OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(i)	Listing and admission to trading:	[Application [has been/is expected to be] made by the Issuer (or on its behalf) for the Covered Bonds to be listed on [*specify market – this should not be a regulated market*] [Date from which admission effective [●]]
(ii)	Estimate of total expenses related to admission to trading:	[●]

2. RATINGS

Ratings:	[The Covered Bonds to be issued have not been rated by any rating agency] [The Covered Bonds to be issued [have been]/[are expected to be] rated: [Fitch Australia Pty Ltd: [ ]] [Moody's Investors Service Pty Ltd: [ ]] There is no assurance that the Rating Agencies will rate the Covered Bonds up to their Final Maturity Date. Covered Bondholders should note that pursuant to Condition 14 (*Meetings of Covered Bondholders, Modification, Waiver and Substitution*) of the Conditions, the Bond Trustee and the Security Trustee are required to concur in and effect any modifications required to any of the Programme Documents to accommodate the removal of any one of the Rating Agencies from the Programme or the addition of any Rating Agency, provided that at all times there are at least two rating agencies rating the Programme and any Covered Bonds then outstanding and, in respect of the removal of any one of the Rating Agencies from the Programme only, the proposed modification effecting such removal is not an Objected Modification.

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

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

4. **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.

5. **OPERATIONAL INFORMATION**

(a)	ISIN:	[●]
(b)	Common Code:	[●]
(c)	CFI:	[[See/[ ], as updated, as set out on] the website of the Association of National Numbering Agencies (**ANNA**) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
(d)	FISN:	[[See/[ ], as updated, as set out on] the website of the Association of National Numbering Agencies (**ANNA**) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available] (*N.B. If the CFI and/or FISN is not required, requested or available, it/they should be specified to be "Not Applicable"*)
(e)	Any clearing system(s) other than Euroclear Bank S.A./N.V. Clearstream Banking, *S.A.* and the relevant identification number(s):	[[Not Applicable]/[●]]
(f)	Delivery:	Delivery [against/free of] payment
(g)	Name(s) and address(es) of initial Paying Agent(s) in relation to the Covered Bonds:	[●]
(h)	Name(s) and address(es) of additional Paying Agent(s) (if any) in relation to the Covered Bonds:	[●]
(i)	Name and address of Calculation Agent in relation to A$ Registered Covered Bonds if other than the Issuer:	[●]
(j)	Relevant Benchmark[s]:	[Not Applicable]/[[●] is provided by [●]]. [As at the date hereof, [[●] appears in the register of administrators and benchmarks established and

maintained by the European Securities and Markets Authority pursuant to the Benchmarks Regulation.]

[As at the date hereof, [[●] appears in the FCA's register of administrators under Article 36 of the UK Benchmarks Regulation.]

[As at the date hereof, [[●] does not appear in the register of administrators and benchmarks established and maintained by [the European Securities and Markets Authority][the FCA] pursuant to Article 36 of the [Benchmarks Regulation][UK Benchmarks Regulation]. [As far as the Issuer is aware, as at the date hereof, Article 2 of the [Benchmarks Regulation][UK Benchmarks Regulation] applies, such that [●] is not currently required to obtain authorisation/registration (or, if located outside the [European Union][United Kingdom], recognition, endorsement or equivalence).]/[[●] does not fall within the scope of the [Benchmarks Regulation][UK Benchmarks Regulation].]].

TERMS AND CONDITIONS OF THE COVERED BONDS

The following are the terms and conditions (the **Conditions**) of the Covered Bonds which will be incorporated by reference into, and (as completed by the Applicable Final Terms in relation to a Tranche of Covered Bonds or, in relation to an Exempt Covered Bond (as defined below) the Applicable Pricing Supplement)) apply to each A$ Registered Covered Bond, Global Covered Bond (as defined below) and each Definitive Covered Bond, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer(s) at the time of issue but, if not so permitted and agreed, such Definitive Covered Bond will have endorsed thereon or attached thereto such Conditions. The Applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Covered Bond and Definitive Covered Bond or, if this Covered Bond is an A$ Registered Covered Bond or a Covered Bond which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation (an **Exempt Covered Bond**), the Applicable Final Terms (or the relevant provisions thereof) are set out in Part A of the Pricing Supplement, in the case of an A$ Registered Covered Bond, entered into the register, or in the case of any other Exempt Covered Bond, attached to or endorsed on this Covered Bond and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Covered Bond. References to the **Applicable Final Terms** are, unless otherwise stated, (i) to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Covered Bond or (ii) where this Covered Bond is an Exempt Covered Bond (including an A$ Registered Covered Bond), to Part A (or the relevant provisions thereof) of the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Covered Bond or, in the case of an A$ Registered Covered Bond, entered into the register. The expression **Prospectus Regulation** means Regulation (EU) 2017/1129.

This Covered Bond is one of a Series (as defined below) of Covered Bonds issued by Bank of Queensland Limited (**BOQ** and the **Issuer**) constituted by a trust deed (such trust deed as modified and/or supplemented and/or restated from time to time, the **Bond Trust Deed**) dated on or about 4 May 2017 (the **Programme Date**) made between, amongst others, the Issuer, Perpetual Corporate Trust Limited ABN 99 000 341 533 as covered bond guarantor (the **Covered Bond Guarantor**), B.Q.L. Management Pty Limited as trust manager (the **Trust Manager**) and BNY Trust Company of Australia Limited as bond trustee (in such capacity, the **Bond Trustee**, which expression will include any successor as Bond Trustee).

Save as provided for in Conditions 9 and 14, references herein to the **Covered Bonds** will be references to the Covered Bonds of this Series and will mean:

(a) in relation to any Covered Bonds represented by a global covered bond (a **Global Covered Bond**), units of the lowest Specified Denomination in the Specified Currency;

(b) any Global Covered Bond;

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

(d) any Definitive Covered Bonds in registered form (**Registered Definitive Covered Bonds**) (whether or not issued in exchange for a Global Covered Bond in registered form); and

(e) any A$ Registered Covered Bonds.

The Covered Bonds (other than the A$ Registered Covered Bonds) and the Coupons (as defined below) have the benefit of a principal agency agreement (such principal agency agreement as amended and/or supplemented and/or restated from time to time, the **Principal Agency Agreement**) dated the Programme Date and made between the Issuer, the Covered Bond Guarantor, the Trust Manager, the Bond Trustee and The Bank of New York Mellon, London Branch, as issuing and principal paying agent (in such capacity, the **Principal Paying**

Agent, which expression will include any successor Principal Paying Agent) and the other paying agents appointed pursuant to the Principal Agency Agreement (together with the Principal Paying Agent, the **Paying Agents**, which expression will include any additional or successor paying agents), The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar (in such capacity, the **Registrar**, which expression will include any successor registrar) and The Bank of New York Mellon, London Branch as transfer agent (in such capacity, a **Transfer Agent** and together with the Registrar, the **Transfer Agents**, which expression will include any additional or successor transfer agents). The Applicable Final Terms may specify any other agency agreement that applies to Covered Bonds and Coupons issued by the Issuer.

A$ Registered Covered Bonds also have the benefit of The ASX Austraclear Registry and IPA Services Agreement (such agreement as amended and/or supplemented and/or restated from time to time, the **A$ Registry Agreement** and, together with the Principal Agency Agreement, the **Agency Agreements**) dated on or about the Programme Date and made between BOQ as Issuer, the Covered Bond Guarantor, the Bond Trustee and Austraclear Services Limited ABN 28 003 284 419 (**Austraclear Services)** as A$ registrar (in such capacity, the **A$ Registrar**). If a calculation agent is required for the purpose of calculating any amount or making any determination under any A$ Registered Covered Bonds, such appointment will be notified in the Applicable Final Terms (the person so specified, the **Calculation Agent**). The Issuer or, following the occurrence of an Issuer Event of Default and the service of an Issuer Acceleration Notice and a Notice to Pay, the Covered Bond Guarantor (acting at the direction of the Trust Manager) may terminate the appointment of the Calculation Agent, appoint additional or other Calculation Agents or elect to have no Calculation Agent. Where no Calculation Agent is appointed the calculation of interest, principal and other payments in respect of A$ Registered Covered Bonds will be made by the Issuer or, following the occurrence of an Issuer Event of Default and the service of an Issuer Acceleration Notice and a Notice to Pay, the Trust Manager (references herein to the Calculation Agent will include the Issuer or the Trust Manager, when acting as Calculation Agent in accordance with the foregoing).

As used herein, **Agents** will mean each Paying Agent, each Transfer Agent, each Registrar and the A$ Registrar, **Principal Paying Agent** will mean, in relation to a Tranche or Series of Covered Bonds (other than the A$ Registered Covered Bonds), the Principal Paying Agent or such other paying agent as the Applicable Final Terms for that Tranche or Series may specify, **Registrar** will mean, in relation to a Tranche or Series of Covered Bonds (other than A$ Registered Covered Bonds), the Registrar or such other registrar as the Applicable Final Terms for that Tranche or Series may specify, **A$ Registrar** will mean, in relation to a Tranche or Series of A$ Registered Covered Bonds, the A$ Registrar or such other A$ registrar as the Applicable Final Terms for that Tranche or Series may specify, **Transfer Agent** will mean, in relation to a Tranche or Series of Covered Bonds, the Transfer Agent or such other transfer agent as the Applicable Final Terms for that Tranche or Series may specify and **Calculation Agent** will mean, in relation to a Tranche or Series of A$ Registered Covered Bonds, the Calculation Agent as the Applicable Final Terms for that Tranche or Series may specify.

Interest-bearing Bearer Definitive Covered Bonds have (unless otherwise indicated in the Applicable Final Terms) interest coupons (**Coupons**) and, if indicated in the Applicable Final Terms, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons will, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Registered Covered Bonds (which include Registered Global Covered Bonds and/or Registered Definitive Covered Bonds as the case may be), Global Covered Bonds and A$ Registered Covered Bonds do not have Coupons or Talons attached on issue.

The Bond Trustee acts as trustee for the holders for the time being of the Covered Bonds (the **Covered Bondholders**, which expression will, in relation to any Covered Bonds represented by a Global Covered Bond, be construed as provided below), the holders of the Coupons (the **Couponholders**, which expression will, unless the context otherwise requires, include the holders of the Talons), and for holders of each other Series of Covered Bonds in accordance with the provisions of the Bond Trust Deed.

As used herein, **Tranche** means Covered Bonds which are identical in all respects (including as to listing or admission to trading) and **Series** means a Tranche of Covered Bonds together with any further Tranche or

Tranches of Covered Bonds which are: (i) expressed to be consolidated and form a single series; and (ii) identical in all respects (including as to listing or admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Covered Bond Guarantor has, in the Bond Trust Deed, irrevocably and unconditionally guaranteed the due and punctual payment of Guaranteed Amounts in respect of the Covered Bonds as and when the same become due for payment on certain dates in accordance with the Bond Trust Deed (**Due for Payment**), but only after service of a Notice to Pay on the Covered Bond Guarantor following an Issuer Event of Default and service by the Bond Trustee of an Issuer Acceleration Notice on the Issuer or the occurrence of a Covered Bond Guarantor Event of Default and service by the Bond Trustee of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor.

The security for the obligations of the Covered Bond Guarantor under the Covered Bond Guarantee and the other Programme Documents to which it is a party has been created in and pursuant to, and on the terms set out in, a security agreement governed by the law applying in the State of New South Wales, Australia (such security as amended and/or supplemented and/or restated from time to time, the **Security Deed**) dated 4 May 2017 and made between the Covered Bond Guarantor, the Issuer, the Trust Manager, the Bond Trustee, P.T. Limited ABN 67 004 454 666 (the **Security Trustee**) and certain other Secured Creditors.

These Conditions include summaries of, and are subject to, the provisions of the Bond Trust Deed, the Security Deed and the Agency Agreements (as applicable).

Copies of the Bond Trust Deed, the Security Deed, the Definitions Schedule (as defined below), the Agency Agreements and each of the other Programme Documents are available for inspection free of charge during normal business hours at the registered office for the time being of the Bond Trustee being at the Programme Date at Level 2, 1 Bligh Street, Sydney, NSW, 2000 and at the specified office of the Principal Paying Agent, the Registrar and the Transfer Agent.

Copies of the Applicable Final Terms for all Covered Bonds of each Series (including in relation to unlisted Covered Bonds of any Series) are obtainable during normal business hours at the specified office of the Paying Agents, the Registrar and Transfer Agent. If the Covered Bonds are to be admitted to trading on the regulated market of the London Stock Exchange, the Applicable Final Terms will be published on the website of the London Stock Exchange through a regulatory information service. If this Covered Bond is an Exempt Covered Bond, the Applicable Pricing Supplement will only be obtainable by a Covered Bondholder holding one or more Covered Bonds and such Covered Bondholder must produce evidence satisfactory to the Issuer and the Bond Trustee or, as the case may be, the relevant Agent as to its holding of Covered Bonds and identity. The Covered Bondholders and the Couponholders are deemed to have notice of, are bound by, and are entitled to the benefit of, all the provisions of, and definitions contained in, the Bond Trust Deed, the Security Deed, the Definitions Schedule (as defined below), the relevant Agency Agreements, each of the other Programme Documents and the Applicable Final Terms which are applicable to them and to have notice of the Final Terms (or, in the case of Exempt Covered Bonds, the Pricing Supplement) relating to each other Series.

Except where the context otherwise requires, capitalised terms used and not otherwise defined in these Conditions will bear the meanings given to them in the Bond Trust Deed, the Applicable Final Terms and/or the BOQ Covered Bond Trust Definitions Schedule made between the parties to the Programme Documents on 4 May 2017 (the **Definitions Schedule**) (as the same may be amended and/or supplemented and/or restated from time to time), a copy of each of which may be obtained as described above. In the event of inconsistency between the Bond Trust Deed and the Definitions Schedule, the Bond Trust Deed will prevail and in the event of inconsistency between the Bond Trust Deed and the Applicable Final Terms, the Applicable Final Terms will prevail.

1. Form, Denomination and Title

The Covered Bonds are in bearer form or in registered form as specified in the Applicable Final Terms and, in the case of Definitive Covered Bonds (being Bearer Definitive Covered Bond(s) and/or, as the context may require, Registered Definitive Covered Bond(s)), serially numbered, in the Specified Currency and the Specified Denomination(s). Covered Bonds of one Specified Denomination may not be exchanged for Covered Bonds of another Specified Denomination and Bearer Covered Bonds may not be exchanged for Registered Covered Bonds or A$ Registered Covered Bonds and vice versa.

This Covered Bond may be a Fixed Rate Covered Bond or a Floating Rate Covered Bond, depending upon the Interest Basis shown in the Applicable Final Terms, and subject, in each case, to confirmation from the Rating Agencies that the then current credit ratings of any outstanding Series of Covered Bonds will not be adversely affected by the issuance of this Covered Bond.

If this Covered Bond is a Bearer Definitive Covered Bond, it is issued with Coupons and, if applicable, Talons attached. Subject as set out below, title to the Bearer Covered Bonds and Coupons will pass by delivery, title to the Registered Covered Bonds will pass upon registration of transfers in accordance with the provisions of the Principal Agency Agreement and title to the A$ Registered Covered Bonds will pass upon registration of transfers in accordance with these Conditions.

The Issuer, the Covered Bond Guarantor, each of the Agents and the Bond Trustee will (except as otherwise permitted in the Bond Trust Deed and these Conditions or as ordered by a court of competent jurisdiction or as required by law or applicable regulations) deem and treat the bearer of any Bearer Covered Bond or Coupon and the registered holder of any Registered Covered Bond or A$ Registered Covered Bond as the absolute owner thereof (notwithstanding any notice to the contrary and whether or not it is overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Covered Bond, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Covered Bonds is represented by a Global Covered Bond held on behalf of, or, as the case may be, registered in the name of a common depositary for Euroclear Bank S.A./N.V. (**Euroclear**) and/or Clearstream Banking, S.A. (**Clearstream, Luxembourg**) each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of such Covered Bonds (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Covered Bonds standing to the account of any person will be conclusive and binding for all purposes save in the case of manifest error and any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including, without limitation, Euroclear's EUCLID or Clearstream's Creation on-line system) in accordance with its usual procedures and in which the holder of a particular nominal amount of the Covered Bonds is clearly identified with the amount of such holding) will be treated by the Issuer, the Covered Bond Guarantor, the Paying Agents, the Security Trustee 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 in accordance with and subject to the terms of the relevant Global Covered Bond and the expression **Covered Bondholder** and related expressions will be construed accordingly. Covered Bonds which are represented by a Global Covered Bond will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be.

For so long as any of the A$ Registered Covered Bonds are lodged in the clearance and settlement system operated by Austraclear Ltd ABN 94 002 060 773 (**Austraclear** and such system being the **Austraclear System**) in accordance with the regulations and procedures established by Austraclear to govern the use of the Austraclear System (such regulations and procedures being the **Austraclear**

Regulations) each person (other than Austraclear Ltd) who is for the time being shown in the records of Austraclear as the holder of such A$ Registered Covered Bonds (in which regard any certificate or other document issued by the Austraclear System or the A$ Registrar as to such A$ Registered Covered Bonds standing to the account of any person will be conclusive and binding for all purposes save in the case of manifest error and any such certificate or other document may comprise any form of statement or print out of electronic records provided by Austraclear or the A$ Registrar in accordance with its usual procedures and in which the holder of the A$ Registered Covered Bonds is clearly identified with the amount of such holding) will (except as otherwise permitted in the Bond Trust Deed and these Conditions or as ordered by a court of a competent jurisdiction or as required by applicable law or regulations) be treated by the Issuer, the Covered Bond Guarantor and the Bond Trustee as the holder of such A$ Registered Covered Bonds for all purposes other than with respect to the payment of principal or interest or other amounts of such Covered Bonds and for the purpose of voting, giving consents and making requests in relation to such A$ Registered Covered Bonds and the expression **Covered Bondholder** and related expressions will be construed accordingly. For so long as any of the A$ Registered Covered Bonds are lodged in the Austraclear System, beneficial interests in A$ Registered Covered Bonds will be transferable only in accordance with the Austraclear Regulations. Where Austraclear Ltd is recorded in the A$ Register as the holder of an A$ Registered Covered Bond, each person in whose Security Record (as defined in the Austraclear Regulations) an A$ Registered Covered Bond is recorded is deemed to acknowledge in favour of the A$ Registrar, the Issuer and Austraclear Ltd that:

(a) the A$ Registrar's decision to act as the registrar of that A$ Registered Covered Bond is not a recommendation or endorsement by the A$ Registrar or Austraclear Ltd in relation to that A$ Registered Covered Bond, but only indicates that the A$ Registrar considers that the holding of the A$ Registered Covered Bonds is compatible with the performance by it of its obligations as A$ Registrar under the A$ Registry Agreement; and

(b) the holder of the A$ Registered Covered Bond does not rely on any fact, matter or circumstance contrary to paragraph (a) above.

For so long as the Covered Bonds are represented by a Global Covered Bond and the relevant clearing systems so permit, the Covered Bonds will be tradeable only in the minimum authorised denomination of €100,000 and higher integral multiples of €1,000, notwithstanding that no definitive Covered Bonds will be issued with a denomination above €199,000.

References to the Austraclear System, Euroclear and/or Clearstream, Luxembourg will, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the Applicable Final Terms or as may otherwise be approved by the Issuer, the Principal Paying Agent (other than in respect of any A$ Registered Covered Bonds) and the Bond Trustee.

2. Transfers of Registered Covered Bonds and A$ Registered Covered Bonds

(a) Transfers of interests in Registered Global Covered Bonds

Transfers of beneficial interests in Registered Covered Bonds in global form (the **Registered Global Covered Bonds**) will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Covered Bond will, subject to compliance with all applicable legal and regulatory restrictions, be exchangeable for Covered Bonds in definitive form or for a beneficial interest in another Registered Global Covered Bond only in the authorised denominations set out in the Applicable Final Terms and only in accordance with the rules and operating procedures for the time

being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Principal Agency Agreement.

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Registered Global Covered Bond to a transferee in the United States or who is a U.S. person will only be made pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States and, in each case, in accordance with any applicable securities laws of any State of the United States or any other applicable jurisdiction.

(b) Transfers of Registered Covered Bonds in definitive form

Subject as provided in Condition 2(f) below, upon the terms and subject to the conditions set forth in the Principal Agency Agreement, a Registered Covered Bond in definitive form may be transferred in whole or in part (in the authorised denominations set out in the Applicable Final Terms). In order to effect any such transfer: (i) the holder or holders must: (A) surrender the Registered Covered Bond for registration of the transfer of the Registered Covered Bond (or the relevant part of the Registered Covered Bond) at the specified office of the relevant Registrar or the relevant Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing; and (B) complete and deposit such other certifications as may be required by the relevant Registrar or, as the case may be, the relevant Transfer Agent; and (ii) the relevant Registrar or, as the case may be, the relevant Transfer Agent must be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the relevant Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 3 to the Principal Agency Agreement). Subject as provided above, the relevant Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Covered Bond in definitive form of a like aggregate nominal amount to the Registered Covered Bond (or the relevant part of the Registered Covered Bond) transferred. In the case of the transfer of part only of a Registered Covered Bond in definitive form, a new Registered Covered Bond in definitive form in respect of the balance of the Registered Covered Bond not transferred will be so authenticated and delivered or (at the risk of the transferor) sent by uninsured mail to the address specified by the transferor.

(c) Transfers of A$ Registered Covered Bonds

Title to the A$ Registered Covered Bonds passes when details of the transfer are entered in the A$ Register. The A$ Register will be closed for the purpose of determining entitlements to payments of interest and principal at 5.00pm in the place where the A$ Register is kept on the eighth calendar day before the relevant date for payment, or such other date specified in or determined in accordance with the Applicable Final Terms for that purpose (the **A$ Record Date**).

A$ Registered Covered Bonds may be transferred in whole but not in part. Application for the transfer of A$ Registered Covered Bonds not entered into the Austraclear System or any alternative clearing system must be made by the lodgement of a transfer form with the A$ Registrar at its specified office. Each transfer form must be duly completed, accompanied by any evidence the A$ Registrar may require to establish that the transfer form has been duly executed and signed by the transferor and the transferee.

If a Covered Bondholder transfers some but not all of the Covered Bonds it holds and the transfer form does not identify the specific Covered Bonds transferred, the A$ Registrar may choose which Covered Bonds registered in the name of the Covered Bondholder have been transferred. However, the Principal Amount Outstanding of the Covered Bonds registered as transferred must equal the Principal Amount Outstanding of the Covered Bonds expressed to be transferred in the transfer form.

For so long as any of the A$ Registered Covered Bonds are lodged in the Austraclear System, beneficial interests in A$ Registered Covered Bonds will be transferable only in accordance with the Austraclear Regulations.

(d) Registration of transfer upon partial redemption

In the event of a partial redemption of Covered Bonds under Condition 6, the Issuer will not be required to register the transfer of any Registered Covered Bond or A$ Registered Covered Bond, or part of a Registered Covered Bond or an A$ Registered Covered Bond, called for partial redemption.

(e) Costs of registration

Covered Bondholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer, the A$ Registrar, any Registrar or any Transfer Agent may require the payment of a sum sufficient to cover any Taxes including stamp duty, GST or other governmental charge that may be imposed in relation to the registration.

(f) Exchanges and transfers of Registered Covered Bonds generally

Holders of Registered Covered Bonds in definitive form may exchange such Covered Bonds for interests in a Registered Global Covered Bond of the same type at any time.

(g) Definitions

In the Conditions, the following expressions will have the following meanings:

Distribution Compliance Period means the period that ends 40 days after the completion of the distribution of the relevant Tranche of Covered Bonds, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant Lead Manager (in the case of a syndicated issue); and

Securities Act means the United States Securities Act of 1933, as amended.

3. Status of the Covered Bonds and the Covered Bond Guarantee

(a) Status of the Covered Bonds

The Covered Bonds and any relevant Coupons constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* without any preference or priority among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (other than any obligation preferred by mandatory provisions of applicable law).

*Section 13A(3) of the Banking Act 1959 of Australia (the **Australian Banking Act**) provides that if an authorised deposit taking institution (**ADI**) (of which the Issuer is one) becomes unable to meet its obligations or suspends payment, the assets of the ADI in Australia are to be available to meet the ADI's liabilities in the following order:*

*(i) first, the ADI's liabilities (if any) to the Australian Prudential Regulation Authority (**APRA**) in respect of the rights APRA has against the ADI to be paid amounts equal to the amount*

*which the holder of a protected account is entitled to receive from APRA under Division 2AA of Part II of the Australian Banking Act (the **Financial Claims Scheme**);*

(ii) *second, the ADI's debts (if any) to APRA in respect of APRA's costs incurred in relation to the exercise of its powers and the performance of its functions relating to the ADI in connection with the Financial Claims Scheme;*

(iii) *third, the ADI's liabilities (if any) in Australia in relation to protected accounts that accountholders keep with the ADI;*

(iv) *fourth, the ADI's debts (if any) to the Reserve Bank of Australia (the **RBA**);*

(v) *fifth, the ADI's liabilities (if any) under an industry support contract that is certified under section 11CB of the Australian Banking Act; and*

(vi) *sixth, the ADI's other liabilities (if any) in the order of their priority apart from section 13A(3) of the Australian Banking Act.*

*Section 86 of the Reserve Bank Act 1959 of Australia (the **Reserve Bank Act**) provides that, in a winding up of an ADI, debts due to the RBA by an ADI such as the Issuer shall, subject to section 13A(3) of the Australian Banking Act, have priority over all other debts of such ADI.*

Section 16 of the Australian Banking Act provides that in a winding up of an ADI the costs (including costs in the nature of remuneration and expenses) of APRA of being in control of the ADI's business or of having an administrator in control of the ADI's business will, subject to section 13A(3) of the Australian Banking Act, have priority over all other unsecured debts.

The Issuer's indebtedness under the Covered Bonds will not be a protected account for the purposes of the Financial Claims Scheme in Division 2AA of Part II of the Australian Banking Act and will not be a deposit liability of the Issuer for the purposes of the Australian Banking Act and is not guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction. For the purposes of section 13A(3) of the Australian Banking Act the Issuer's indebtedness under the Covered Bonds will rank as another liability under paragraph (vi) above. If the Issuer becomes unable to meet its obligations or suspends payment, its assets in Australia are to be available to meet its indebtedness evidenced by the Covered Bonds only after the liabilities referred to in section 13A(3)(a) - (e) have been met.

(b) ***Status of the Covered Bond Guarantee***

The payment of Guaranteed Amounts in respect of the Covered Bonds when the same become Due for Payment has been unconditionally and irrevocably guaranteed by the Covered Bond Guarantor (the **Covered Bond Guarantee**) as set out in the Bond Trust Deed. However, the Covered Bond Guarantor will have no obligation under the Covered Bond Guarantee to pay any Guaranteed Amounts until the service of a Notice to Pay by the Bond Trustee on the Covered Bond Guarantor which the Bond Trustee is required to serve following the occurrence of an Issuer Event of Default and service by the Bond Trustee on the Issuer of an Issuer Acceleration Notice or, if earlier, following the occurrence of a Covered Bond Guarantor Event of Default and service by the Bond Trustee of a Covered Bond Guarantee Acceleration Notice.

The obligations of the Covered Bond Guarantor under the Covered Bond Guarantee are direct, absolute and (following service of an Issuer Acceleration Notice and Notice to Pay or a Covered Bond Guarantee Acceleration Notice), unconditional obligations of the Covered Bond Guarantor, which are secured as provided in the Security Deed and limited recourse to the Covered Bond Guarantor as described in Condition 17.

Any payment made by the Covered Bond Guarantor under the Covered Bond Guarantee will (unless such obligation has been discharged as a result of the payment of Excess Proceeds to the Bond Trustee pursuant to Condition 9) discharge *pro tanto* the obligations of the Issuer in respect of such payment under the Covered Bonds and Coupons except where such payment has been declared void, voidable or otherwise recoverable in whole or in part and recovered from the Bond Trustee or the Covered Bondholders.

4. Interest

(a) Interest on Fixed Rate Covered Bonds

Each Fixed Rate Covered Bond bears interest on its Principal Amount Outstanding from (and including) the **Interest Commencement Date** at the rate(s) per annum equal to the Rate(s) of Interest payable, subject as provided in these Conditions, in arrear on the Interest Payment Date(s) in each year up to (and including) the date specified in the Applicable Final Terms. If a Notice to Pay is served on the Covered Bond Guarantor, the Covered Bond Guarantor will pay Guaranteed Amounts in equivalent amounts to those described in the preceding sentence under the Covered Bond Guarantee in respect of the Covered Bonds on the Original Due for Payment Dates or, if applicable, the Extended Due for Payment Date.

If the Covered Bonds are in definitive form, except as provided in the Applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the fixed coupon amount specified in the Final Terms (the **Fixed Coupon Amount**). Payments of interest on any Interest Payment Date will, if so specified in the Applicable Final Terms, amount to the broken amount so specified in the relevant Final Terms (the **Broken Amount**).

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Covered Bonds in definitive form where a Fixed Coupon Amount or Broken Amount is specified in the Applicable Final Terms, interest will be calculated in respect of any period by applying the Rate of Interest to:

(i) in the case of Fixed Rate Covered Bonds which are A$ Registered Covered Bonds, the Principal Amount Outstanding of the A$ Registered Covered Bond;

(ii) in the case of Fixed Rate Covered Bonds which are represented by a Global Covered Bond, the aggregate outstanding nominal amount of the Fixed Rate Covered Bonds represented by such Global Covered Bond; or

(iii) in the case of Fixed Rate Covered Bonds in definitive form, the Calculation Amount;

and in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Covered Bond in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Covered Bond will be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in relation to any Covered Bond for a period of time (from, and including, the first day of such period to, but excluding, the last day of such period) (whether or not constituting a Fixed Interest Period or an Accrual Period, a **Calculation Period**) in accordance with this Condition 4(a):

(i) if **Actual/Actual (ICMA)** is specified in the Applicable Final Terms:

(A) in the case of Covered Bonds where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the Applicable Final Terms) that would occur in one calendar year; or

(B) in the case of Covered Bonds where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;

(ii) if **30/360** is specified in the Applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360; and

(iii) if **RBA Bond Basis** or **Australian Bond Basis** is specified in the Applicable Final Terms means one divided by the number of Interest Payment Dates in a year or, where the Calculation Period does not constitute a Fixed Interest Period, the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of:

(A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and

(B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365).

In these Conditions:

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

Original Due for Payment Date means, in respect of the payment of Guaranteed Amounts, prior to the occurrence of a Covered Bond Guarantor Event of Default and following the delivery of a Notice to Pay on the Covered Bond Guarantor, the date on which the Scheduled Payment Date in respect of such Guaranteed Amounts occurs or, if later, the day which is two Business Days following the date of service of a Notice to Pay on the Covered Bond Guarantor in respect of such Guaranteed Amounts and the Scheduled Payment Date falling on the Final Maturity Date of such Series of Covered Bonds as if such date had been the Extended Due for Payment Date.

Principal Amount Outstanding means in respect of a Covered Bond on any day the principal amount of that Covered Bond on the relevant Issue Date thereof less principal amounts received by the relevant Covered Bondholder in respect thereof on or prior to that day.

sub-unit means, with respect to any currency other than Euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to Euro, Euro 0.01.

(b) Interest on Floating Rate Covered Bonds

(i) Interest Payment Dates

Each Floating Rate Covered Bond bears interest on its Principal Amount Outstanding from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(A) the Specified Interest Payment Date(s) in each year specified in the Applicable Final Terms; or

(B) if no Specified Interest Payment Date(s) is/are specified in the Applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the Applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Conditions, the expression **Interest Period** will mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If a Business Day Convention is specified in the Applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(C) in any case where Specified Periods are specified in accordance with Condition 4(b)(i)(B) above, the **Floating Rate Convention**, such Interest Payment Date: (i) in the case of (x) above, will be the last day that is a Business Day in the relevant month and the provisions of (B) below will apply *mutatis mutandis*; or (ii) in the case of (y) above, will be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date will be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date will be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

(D) the **Following Business Day Convention**, such Interest Payment Date will be postponed to the next day which is a Business Day; or

(E) the **Modified Following Business Day Convention**, such Interest Payment Date will be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date will be brought forward to the immediately preceding Business Day; or

(F) the **Preceding Business Day Convention**, such Interest Payment Date will be brought forward to the immediately preceding Business Day.

In these Conditions, **Business Day** means a day which is:

I. a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Sydney and, if the Covered Bonds are not A$ Registered Covered Bonds, in London and any Additional Business Centre specified in the Applicable Final Terms; and

II. either (1) in relation to any sum payable in a Specified Currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre) and which if the Specified Currency is Australian Dollars will be Sydney or (2) in relation to any Covered Bonds denominated or payable in Euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor thereto (the **TARGET2 System**) is open.

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Covered Bonds will be determined in the manner specified in the Applicable Final Terms.

(A) ISDA Determination for Floating Rate Covered Bonds

Where ISDA Determination is specified in the Applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the Applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (ii), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent or other party responsible for the calculation of the Rate of Interest as specified in the Applicable Final Terms (and references in this Condition 4(b)(ii)(A) to "Principal Paying Agent" shall be construed accordingly) or, in respect of the A$ Registered Covered Bonds, the Calculation Agent or other person specified in the Applicable Final Terms under an interest rate swap transaction if the Principal Paying Agent or, in respect of the A$ Registered Covered Bonds, the Calculation Agent or that other person were acting as calculation agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Covered Bonds (the **ISDA Definitions**) and under which:

(1) the Floating Rate Option is as specified in the Applicable Final Terms;

(2) the Designated Maturity is the period specified in the Applicable Final Terms; and

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

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

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

(B) Screen Rate Determination for Floating Rate Covered Bonds not referencing Compounded Daily SONIA

(1) Where Screen Rate Determination is specified in the Applicable Final Terms as the manner in which the Rate of Interest is to be determined, and unless the Reference Rate in respect of the relevant Series of Floating Rate Covered Bonds is specified in the Applicable Final Terms as being "Compounded Daily SONIA", the Rate of Interest for each Interest Period will, subject as provided below, be either:

I. the offered quotation (if there is only one quotation on the Relevant Screen Page); or

II. the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards or, in the case of A$ Registered Covered Bonds only, rounded if necessary to the fourth decimal place, with 0.00005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which either: (i) in the case of A$ Registered Covered Bonds, appears or appear, as the case may be, on the Relevant Screen Page as at 10.30 a.m. (Sydney time) (or at such other time at which such rate customarily appears on that page) (**BBSW Publication Time**) in the case of BBSW on the Interest Determination Date in question plus or minus the Margin (if any), all as determined by the Calculation Agent; or (ii) otherwise, appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR, or Hong Kong time, in the case of HIBOR, or Singapore time, in the case of SIBOR) or as at 10.15 a.m. Toronto time in the case of BA-CDOR or as at 10.45 a.m. Auckland time (or at such other time at which such rate customarily appears on that page) (**BKBM Publication Time**) in the case of BKBM or as at 12.00 a.m. Oslo time, in the case of NIBOR, on the Interest Determination Date in question plus or minus the Margin (if any), all as determined by the Principal Paying Agent or other party responsible for the calculation of the Rate of Interest as specified in the Applicable Final Terms (and references in this Condition 4(b)(ii)(B) to "Principal Paying Agent" shall be construed

accordingly). If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) will be disregarded by the Calculation Agent or the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

(2) If:

I. in the case of BBSW, the Relevant Screen Page is not available or if the Reference Rate does not appear on the Relevant Screen Page by 10.45 a.m. in the Relevant Financial Centre (or such other time that is 15 minutes after the then prevailing BBSW Publication Time in the Relevant Financial Centre) then the Rate of Interest shall be determined in good faith by the Issuer on the Interest Determination Date having regard to comparable indices then available and such Rate of Interest shall be notified to the Principal Paying Agent as soon as practicable after its determination;

II. in the case of BKBM, the Relevant Screen Page is not available or if the Reference Rate does not appear on the Relevant Screen Page by 11.00 a.m. in the Relevant Financial Centre (or such other time that is 15 minutes after the then prevailing BKBM Publication Time in the Relevant Financial Centre) then the Rate of Interest shall be determined in good faith by the Issuer on the Interest Determination Date having regard to the rates otherwise bid and offered at or around 11.00am in the Relevant Financial Centre (or such other time that is 15 minutes after the then prevailing BKBM Publication Time in the Relevant Financial Centre) on the Interest Determination Date by participants in the BKBM trading window for New Zealand bank bills having a tenor closest to the relevant Interest Period and such Rate of Interest shall be notified to the Principal Paying Agent as soon as practicable after its determination; or

III. otherwise, the Relevant Screen Page is not available or if, in the case of Condition 4(b)(ii)(B)(1)I, no such offered quotation appears or, in the case of Condition 4(b)(ii)(B)(1)II, fewer than three of the offered quotations appear, in each case as at the Relevant Time, the Principal Paying Agent shall request each of the Reference Banks to provide the Principal Paying Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Relevant Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Principal Paying Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of such offered quotations plus or minus (as indicated in the Applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent.

(3) If on any Interest Determination Date one only or none of the Reference Banks provides the Principal Paying Agent with such an offered quotation as provided in Condition 4(b)(ii)(B)(2)III, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Principal Paying Agent determines as being the arithmetic mean (rounded as provided above) of the rates, as communicated to (and at the request of) the Principal Paying Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Relevant Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the

Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the Hong Kong inter-bank market (if the Reference Rate is HIBOR) or the Toronto inter-bank market (if the Reference Rate is BA-CDOR) or the Singapore inter-bank market (if the Reference Rate is SIBOR) or the Oslo inter-bank market (if the Reference Rate is NIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Principal Paying Agent with such offered rates, either (as directed by the Issuer) the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Relevant Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Principal Paying Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the Hong Kong inter-bank market (if the Reference Rate is HIBOR) or the Toronto inter-bank market (if the Reference Rate is BA-CDOR) or the Singapore inter-bank market (if the Reference Rate is SIBOR) or the Oslo inter-bank market (if the Reference Rate is NIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 4(b)(ii)(B), the Rate of Interest shall be that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to the relevant Interest Period in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as applicable) relating to that last preceding Interest Period). For the purposes of these Conditions:

Interest Determination Date shall mean the date specified as such in the Final Terms or if none is so specified:

(i) if the Reference Rate is LIBOR (other than Sterling or Euro LIBOR), the second London business day prior to the start of each Interest Period;

(ii) if the Reference Rate is Sterling or Euro LIBOR, HIBOR, BA-CDOR or BBSW, the first day of each Interest Period;

(iii) if the Reference Rate is EURIBOR, the second day on which the TARGET2 System is open prior to the start of each Interest Period;

(iv) if the Reference Rate is SIBOR, the second Singapore business day prior to the start of each Interest Period;

(v) if the Reference Rate is BKBM, the first day of each Interest Period; or

(vi) if the Reference Rate is NIBOR, the second Oslo business day prior to the start of each Interest Period.

Reference Banks shall mean (i) in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market; (ii) in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market; (iii) in the case of a determination of HIBOR, four major banks in the Hong Kong inter-bank market; (iv) in the case of a determination of BA-CDOR, four Canadian Schedule 1 chartered banks; (v) in the case of a determination of SIBOR, four major banks in the

Singapore inter-bank market; and (vi) in the case of a determination of NIBOR, four major banks in the Oslo inter-bank market, in each case selected by the Issuer or as specified in the Applicable Final Terms.

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

Relevant Financial Centre shall mean London, in the case of a determination of LIBOR, Brussels, in the case of a determination of EURIBOR, Hong Kong, in the case of a determination of HIBOR, Toronto, in the case of a determination of BA-CDOR, Sydney, in the case of a determination of BBSW, Singapore, in the case of a determination of SIBOR, Auckland, in the case of a determination of BKBM and Oslo, in the case of a determination of NIBOR as specified in the Applicable Final Terms.

If the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph, the Rate of Interest will be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

If the Reference Rate from time to time in respect of Floating Rate Covered Bonds is specified in the Applicable Final Terms as being other than BBSW, LIBOR, EURIBOR, HIBOR, BA-CDOR, SIBOR, BKBM or NIBOR, the Rate of Interest in respect of such Covered Bonds will be determined as provided in the Applicable Final Terms.

(C) Screen Rate Determination for Floating Rate Covered Bonds referencing Compounded Daily SONIA

(1) Where "Screen Rate Determination" is specified in the Applicable Final Terms as the manner in which the Rate of Interest is to be determined and the Reference Rate is specified in the Applicable Final Terms as being "Compounded Daily SONIA", the Rate of Interest for an Interest Period will, subject as provided below, be Compounded Daily SONIA with respect to such Interest Period plus or minus (as indicated in the Applicable Final Terms) the Margin (if any).

Compounded Daily SONIA means, with respect to an Interest Period, the rate of return of a daily compound interest investment during the Observation Period corresponding to such Interest Period (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) as calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded if necessary to the nearest fourth decimal place, with 0.00005 being rounded upwards):

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{SONIA_{i\text{-}pLBD}\times n_i}{365}\right)-1\right]\times\frac{365}{d}$$

where:

d is the number of calendar days in the relevant Interest Period;

d_o is the number of London Banking Days in the relevant Interest Period;

i is a series of whole numbers from one to d_o, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in the relevant Interest Period;

London Banking Day or LBD means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

n_i, for any London Banking Day "i", means the number of calendar days from (and including) such London Banking Day "i" up to (but excluding) the following London Banking Day;

Observation Period means the period from (and including) the date falling "*p*" London Banking Days prior to the first day of the relevant Interest Period to (but excluding) the date falling "*p*" London Banking Days prior to the Interest Payment Date (or, if applicable, the relevant payment date if the Covered Bonds become payable on a date other than an Interest Payment Date) for such Interest Period;

p is the number of London Banking Days by which an Observation Period lags the corresponding Interest Period, being the number of London Banking Days specified as the "SONIA Lag Period (*p*)" in the Applicable Final Terms (or, if no such number is so specified, five London Banking Days);

the **SONIA reference rate**, in respect of any London Banking Day (**LBD_x**), is a reference rate equal to the daily Sterling Overnight Index Average (**SONIA**) rate for such LBD_x as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page (or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors) on the London Banking Day immediately following such LBD_x; and

$SONIA_{i\text{-}pLBD}$ means the SONIA reference rate for the London Banking Day (being a London Banking Day falling in the relevant Observation Period) falling "*p*" London Banking Days prior to the relevant London Banking Day "i".

(2) If, in respect of any London Banking Day in the relevant Observation Period, the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) determines that the applicable SONIA reference rate has not been made available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, then the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms, as applicable) shall determine the SONIA reference rate in respect of such London Banking Day as being:

(A) (i) the Bank of England's Bank Rate (the **Bank Rate**) prevailing at 5.00 p.m. (or, if earlier, close of business) on such London Banking Day; plus (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five London Banking Days on which a SONIA reference rate has been published, excluding the highest spread (or, if there is more than one

highest spread, one only of those highest spreads) and the lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate; or

(B) if the Bank Rate under (A)(i) above is not available at the relevant time, either (i) the SONIA reference rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding London Banking Day on which the SONIA reference rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) or (ii) if this is more recent, the latest rate determined under (A)(i) above.

(3) In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions, the Rate of Interest shall be:

(A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to the relevant Interest Period, in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as applicable) relating to that last preceding Interest Period); or

(B) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Covered Bonds for the first scheduled Interest Period had the Covered Bonds been in issue for a period equal in duration to the first scheduled Interest Period but ending on (and excluding) the Interest Commencement Date (and applying the Margin and, if applicable, any Maximum Rate of Interest and/or Minimum Rate of Interest, applicable to the first scheduled Interest Period).

(iii) (4) If the relevant Series of Covered Bonds becomes due and payable in accordance with Condition 9, the final Rate of Interest shall be calculated for the period from (and including) the previous Interest Payment Date to (but excluding) the date on which the Covered Bonds become so due and payable, and such Rate of Interest shall continue to apply to the Covered Bonds for so long as interest continues to accrue thereon as provided in Condition 4(c) and the Bond Trust Deed.

(iv) Minimum Rate of Interest and/or Maximum Rate of Interest

If the Applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period will be such Minimum Rate of Interest.

If the Applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period will be such Maximum Rate of Interest.

(v) Determination of Rate of Interest and calculation of Interest Amounts

The Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) and the Calculation Agent, in the case of Floating Rate Covered Bonds which are A$ Registered Covered Bonds, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Principal Paying Agent (or such other party as aforesaid) and the Calculation Agent, in the case of Floating Rate Covered Bonds which are A$ Registered Covered Bonds, will calculate the amount of interest payable on the Floating Rate Covered Bonds (each an **Interest Amount**) for the relevant Interest Period. Each Interest Amount will be calculated by applying the Rate of Interest to:

(A) in the case of Floating Rate Covered Bonds which are A$ Registered Covered Bonds, the Principal Amount Outstanding of the A$ Registered Covered Bond;

(B) in the case of Floating Rate Covered Bonds which are represented by a Global Covered Bond, the aggregate outstanding nominal amount of the Covered Bonds represented by such Global Covered Bond; or

(C) in the case of Floating Rate Covered Bonds in definitive form, the Calculation Amount,

and, in each case multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Covered Bond in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Covered Bond will be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

If "Interest Amounts Non-Adjusted" is specified in the Applicable Final Terms then notwithstanding the bringing forward or postponement (as applicable) of an Interest Payment Date as a result of the application of the Business Day Convention set out in the Applicable Final Terms, the Interest Amount in respect of the relevant Interest Period and each subsequent Interest Period will be calculated as stated above on the basis of the original Interest Payment Dates without adjustment in accordance with the applicable Business Day Convention.

Day Count Fraction means, in respect of the calculation of an amount of interest for any Interest Period:

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

(B) if **Actual/365 (Fixed**) is specified in the Applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(C) if **Actual/365 (Sterling**) is specified in the Applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(D) if **Actual/360** is specified in the Applicable Final Terms, the actual number of days in the Interest Period divided by 360;

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

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

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

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30;

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30; and

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

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30;

"D2" is the calendar day, expressed as a number, immediately following the last day of the Interest Period, unless (i) that day is the last day of February but not the due date for redemption or (ii) such number would be 31, in which case D2 will be 30.

(vi) Linear Interpolation

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the Applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the Applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the Applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Principal Paying Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

Designated Maturity means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(vii) Notification of Rate of Interest and Interest Amounts

(1) Except where the Reference Rate is specified in the Applicable Final Terms as being "Compounded Daily SONIA", the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) and the Calculation Agent, in the case of Floating Rate Covered Bonds which are A$ Registered Covered Bonds, will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Bond Trustee and to any stock exchange (provided that the Issuer has provided the Principal Paying Agent and Calculation Agent with all necessary contact details) on which the relevant Floating Rate Covered Bonds are for the time being listed, quoted and/or traded or by which they have been admitted to listing and to be notified in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth Business Day (as defined in Condition 4(b)(i)). Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Any such amendment or alternative arrangements will be promptly notified to the Bond Trustee and each stock exchange (provided that the Issuer has provided the Principal Paying Agent and Calculation Agent with all necessary contact details) on which the relevant Floating Rate Covered Bonds are for the time being listed or by which they have been admitted to listing and to the Covered Bondholders in accordance with Condition 13.

(2) Where the Reference Rate is specified in the Applicable Final Terms as being "Compounded Daily SONIA", the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to (i) the Issuer and the Bond Trustee, and (ii) to any stock exchange on which the relevant Floating Rate Covered Bonds are for the time being listed and, in each case, to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the second London Banking Day (as defined in Condition 4(b)(ii)(C)(1) above) thereafter. Each Rate of Interest, Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the relevant Interest Period. Any such amendment or alternative arrangements will promptly be notified to the Bond Trustee and to any stock exchange on which the relevant Floating Rate Covered Bonds are for the time being listed and to the Covered Bondholders in accordance with Condition 13. *Determination or Calculation by Bond Trustee*

(viii) If for any reason at any relevant time after the Issue Date, the Principal Paying Agent or, as the case may be, the Calculation Agent defaults in its obligation to determine the Rate of Interest or the Principal Paying Agent or the Calculation Agent defaults in its obligation to calculate any Interest Amount in accordance with subparagraph (ii) above or as otherwise specified in the Applicable Final Terms, as the case may be, and in each case in accordance with paragraph (v) above, the Issuer may appoint an agent to determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it thinks fit to the foregoing provisions of this Condition, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the Applicable Final Terms), it deems fair and reasonable in all the circumstances or, as the case may be, the Issuer may appoint an agent to calculate the Interest Amount(s) in such manner as it deems fair and reasonable. In order to make any such determination or calculation, the Issuer may appoint and rely on a determination or calculation

by a calculation agent (which must be an investment bank or other suitable entity of international repute). Each such determination or calculation will be deemed to have been made by the Principal Paying Agent or the Calculation Agent, as the case may be.

(ix) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(b), whether by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms, as applicable) or the Calculation Agent or the Bond Trustee will (in the absence of wilful default, bad faith or manifest error or proven error) be binding on the Issuer, the Covered Bond Guarantor, the Principal Paying Agent, the Calculation Agent, the other Paying Agents, the Bond Trustee and all the Covered Bondholders and Couponholders and (in the absence of wilful default or bad faith or proven error) no liability to the Issuer the Covered Bond Guarantor, the Covered Bondholders or the Couponholders will attach to the Principal Paying Agent (or such other party as aforesaid) or the Calculation Agent or the Bond Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) Accrual of interest

Interest (if any) will cease to accrue on each Covered Bond (or in the case of the redemption of part only of a Covered Bond, that part only of such Covered Bond) on the due date for redemption thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused or default is otherwise made in the payment thereof, in which event interest will continue to accrue as provided in the Bond Trust Deed.

5. Payments

(a) Method of payment

Subject as provided below:

(i) payments in a Specified Currency other than Euro will be made by credit or electronic transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian Dollars, will be Sydney); and

(ii) payments in Euro will be made by credit or electronic transfer to a Euro account (or any other account to which Euro may be credited or transferred) specified by the payee or, at the option of the payee, by a Euro cheque.

Payments will be subject in all cases to (A) any fiscal or other laws and regulations applicable thereto in the place of payment but without prejudice to the provisions of Condition 7 and (B) any deduction or withholding required pursuant to an agreement described in Section 1471(b) of the Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof or any law implementing an intergovernmental approach thereto. References to Specified Currency will include any successor currency under applicable law.

(b) Presentation of Bearer Definitive Covered Bonds and Coupons

Payments of principal and interest (if any) in respect of Bearer Definitive Covered Bonds will (subject as provided below) be made in the manner provided in Condition 5(a) above only against presentation and surrender of Bearer Definitive Covered Bonds or Coupons, as the case may be, at any specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Fixed Rate Covered Bonds in definitive bearer form (other than Long Maturity Covered Bonds) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression will include Coupons falling to be issued on exchange of matured Talons), failing which an amount equal to the face value of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 7) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon amounts in respect of any Fixed Rate Covered Bond in definitive bearer form becoming due and repayable by the Issuer (in the absence of a Notice to Pay) or the Covered Bond Guarantor under the Covered Bond Guarantee prior to its Final Maturity Date (or, as the case may be, Extended Due for Payment Date), all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the due date for redemption of any Floating Rate Covered Bond or Long Maturity Covered Bond in definitive bearer form, all unmatured Coupons and Talons (if any) relating thereto (whether or not attached) will become void and no payment or, as the case may be, exchange for further Coupons will be made in respect thereof. A **Long Maturity Covered Bond** is a Fixed Rate Covered Bond (other than a Fixed Rate Covered Bond which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Covered Bond will cease to be a Long Maturity Covered Bond on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the Principal Amount Outstanding of such Covered Bond. If the date for redemption of any Bearer Definitive Covered Bond is not an Interest Payment Date, interest (if any) accrued in respect of such Covered Bond from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date will be payable only against surrender of the relevant Bearer Definitive Covered Bond.

(c) Payments in respect of Bearer Global Covered Bonds

Payments of principal and interest (if any) in respect of Covered Bonds represented by any Bearer Global Covered Bond will (subject as provided below) be made in the manner specified above in relation to Bearer Definitive Covered Bonds and otherwise in the manner specified in the relevant Global Covered Bond (against presentation or surrender, as the case may be, of such Global Covered Bond at the specified office of any Paying Agent outside the United States). On the occasion of each payment, a record of such payment made on such Bearer Global Covered Bond, distinguishing between any payment of principal and any payment of interest, will be made on such Bearer Global Covered Bond by the Paying Agent and such record will be *prima facie* evidence that the payment in question has been made.

(d) Payments in respect of Registered Covered Bonds

Payments of principal in respect of each Registered Covered Bond (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due,

endorsement) of the Registered Covered Bond at the specified office of the relevant Registrar or the Paying Agents. Such payments will be made by electronic transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Covered Bond appearing in the Register of holders of the Registered Covered Bonds maintained by the relevant Registrar at the close of business on the third Business Day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the principal amount of the Covered Bonds held by a holder is less than US$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, **Designated Account** means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, will be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means (in the case of payment in a Specified Currency other than Euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian Dollars will be Sydney) and (in the case of a payment in Euro) any bank which processes payments in Euro.

Payments of interest in respect of each Registered Covered Bond (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail to the holder (or the first named of joint holders) of the Registered Covered Bond appearing in the Register at the close of business on (i) in the case of Global Covered Bonds in registered form, the Business Day prior to the relevant due date and (ii) in the case of Registered Definitive Covered Bonds, the Business Day falling 15 days prior to the relevant due date (the **Record Date**) at the holder's address shown in the Register on the Record Date and at the holder's risk. Upon application of the holder to the specified office of the relevant Registrar not less than three Business Days before the due date for any payment of interest in respect of a Registered Covered Bond, the payment may be made by electronic transfer on the due date in the manner provided in the preceding paragraph. Any such application for electronic transfer will be deemed to relate to all future payments of interest (other than interest due on redemption) in respect of the Registered Covered Bonds which become payable to the holder who has made the initial application until such time as the relevant Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Covered Bond on redemption will be made in the same manner as payment of the principal in respect of such Registered Covered Bond.

Holders of Registered Covered Bonds will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Covered Bond as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses will be charged to such holders by the relevant Registrar in respect of any payments of principal or interest in respect of the Registered Covered Bonds.

None of the Issuer, the Covered Bond Guarantor, the Bond Trustee or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(e) Payments in respect of A$ Registered Covered Bonds

Payments of principal in respect of each A$ Registered Covered Bond will be made to the person who is the holder of the A$ Registered Covered Bond at 10.00 am in the place where the A$ Register in relation to the A$ Registered Covered Bonds is maintained on the due date.

Payments of interest in respect of each A$ Registered Covered Bond will be made to the person who is the holder of the A$ Registered Covered Bond at 4.00 pm in the place where the A$ Register in relation to the A$ Registered Covered Bonds is maintained on the A$ Record Date.

Payment of the interest due in respect of each A$ Registered Covered Bond on the redemption will be made in the same manner as payment of principal in respect of each A$ Registered Covered Bond.

If the A$ Registered Covered Bond is lodged in the Austraclear System, payments in respect of the A$ Registered Covered Bonds will be by transfer to the relevant account of the holder of the beneficial interest in the A$ Registered Covered Bond in accordance with the Austraclear Regulations.

If the A$ Registered Covered Bond is not lodged in the Austraclear System, payments in respect of the A$ Registered Covered Bonds will be made by crediting on the relevant due date, the amount due to the account previously notified by the holder of the A$ Registered Covered Bond to the Issuer and the A$ Registrar. If the holder of the A$ Registered Covered Bond has not notified the Issuer and the A$ Registrar of an account to which payments to it must be made by close of business in the place where the A$ Register is maintained on the A$ Record Date, the payments will be made by a cheque in Australian Dollars and mailed by uninsured prepaid ordinary mail on the AU Business Day immediately before the relevant due date to the holder (or the first named of joint holders) of the A$ Registered Covered Bond at the holder's address shown in the A$ Register on the A$ Record Date and at the holder's risk.

No payment of interest in respect of an A$ Registered Covered Bond will be made to an address in the United States or transferred to an account maintained by the holder of the A$ Registered Covered Bond in the United States.

Holders of A$ Registered Covered Bonds will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any A$ Registered Covered Bond as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses will be charged to such holders by the A$ Registrar in respect of any payments of principal or interest in respect of the A$ Registered Covered Bonds.

None of the Issuer, the Covered Bond Guarantor or the Bond Trustee will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the A$ Registered Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(f) General provisions applicable to payments

The holder of a Global Covered Bond (or, as provided in the Bond Trust Deed, the Bond Trustee) will be the only person entitled to receive payments in respect of Covered Bonds represented by such Global Covered Bond and the Issuer or, as the case may be, the Covered Bond Guarantor will be discharged by payment to, or to the order of, the holder of such Global Covered Bond (or the Bond Trustee, as the case may be) in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Covered Bonds represented by such Global Covered Bond must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer or the Covered Bond Guarantor to, or to the order of, the holder of such Global Covered Bond (or the Bond Trustee, as the case may be). No person other than the holder of the relevant Global Covered Bond (or, as provided in the Bond Trust Deed, the Bond Trustee) will have any claim against the Issuer or the Covered Bond Guarantor in respect of any payments due on that Global Covered Bond.

Notwithstanding the foregoing provisions of this Condition, payments of principal and/or interest in U.S. dollars in respect of the Bearer Covered Bonds will only be made at the specified office of a Paying Agent in the United States if:

(i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S.

dollars at such specified offices outside the United States of the full amount of interest on the Bearer Covered Bonds in the manner provided above when due;

(ii) payment of the full amount of such principal and interest at such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Trust Manager, adverse tax consequences to the Issuer or the Covered Bond Guarantor.

(g) Payment Day

If the date for payment of any amount in respect of any Covered Bond or Coupon is not a Payment Day (as defined below), the holder thereof will not be entitled to payment of the relevant amount due until the next following Payment Day and will not be entitled to any interest or other sum in respect of any such delay. In this Condition (unless otherwise specified in the Applicable Final Terms), **Payment Day** means any day which (subject to Condition 8) is:

(i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

(A) the relevant place of presentation;

(B) Sydney and, in the case of Covered Bonds that are not A$ Registered Covered Bonds, London; and

(C) any Additional Financial Centre specified in the Applicable Final Terms; and

(ii) either (1) in relation to any sum payable in a Specified Currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the places specified in Condition 5(g)(i) and which, if the Specified Currency is Australian Dollars, will be Sydney) or (2) in relation to any sum payable in Euro, a day on which the TARGET2 System is open.

(h) Interpretation of principal and interest

Any reference in these Conditions to principal in respect of the Covered Bonds will be deemed to include, as applicable:

(i) any additional amounts which may be payable with respect to principal under Condition 7 or under any undertakings or covenants given in addition thereto, or in substitution therefor, pursuant to the Bond Trust Deed;

(ii) the Final Redemption Amount of the Covered Bonds;

(iii) the Early Redemption Amount of the Covered Bonds;

(iv) the Optional Redemption Amount(s) (if any) of the Covered Bonds;

(v) any premium and any other amounts (other than interest) which may be payable under or in respect of the Covered Bonds; and

(vi) any Excess Proceeds which may be payable by the Bond Trustee under or in respect of the Covered Bonds.

Any reference in these Conditions to interest in respect of the Covered Bonds will be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7 or under any undertakings given in addition thereto, or in substitution therefor, pursuant to the Bond Trust Deed.

(i) Redenomination

Where redenomination is specified in the Applicable Final Terms as being applicable, the Issuer may, without the consent of the Covered Bondholders and the Couponholders, on giving prior written notice to the Bond Trustee, the Security Trustee, the Principal Paying Agent, the Registrar (in the case of Registered Covered Bonds), Euroclear and Clearstream, Luxembourg and at least 30 days' prior notice to the Covered Bondholders in accordance with Condition 13, elect that, with effect from the Redenomination Date specified in the notice, the Covered Bonds will be redenominated in Euro. In relation to any Covered Bonds where the Applicable Final Terms provides for a minimum Specified Denomination in the Specified Currency which is equivalent to at least Euro 100,000 and which are admitted to trading on a regulated market in the European Economic Area, it will be a term of any such redenomination that the holder of any Covered Bonds held through Euroclear and/or Clearstream, Luxembourg must have credited to its securities account with the relevant clearing system a minimum balance of Covered Bonds of at least Euro 100,000.

The election will have effect as follows:

(i) the Covered Bonds will be deemed to be redenominated in Euro in the denomination of Euro 0.01 with a nominal amount for each Covered Bond equal to the nominal amount of that Covered Bond in the Specified Currency, converted into Euro at the Established Rate, provided that, if the Issuer determines, in consultation with the Principal Paying Agent and the Bond Trustee, that the then market practice in respect of the redenomination in Euro of internationally offered securities is different from the provisions specified above, such provisions will be deemed to be amended so as to comply with such market practice and the Issuer will promptly notify the Covered Bondholders, the competent listing authority, stock exchange and/or market (if any) on or by which the Covered Bonds may be listed and/or admitted to trading and the Paying Agents of such deemed amendments;

(ii) save to the extent that an Exchange Notice has been given in accordance with paragraph (iv) below, the amount of interest due in respect of the Covered Bonds will be calculated by reference to the aggregate nominal amount of Covered Bonds presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment will be rounded down to the nearest Euro 0.01;

(iii) if Definitive Covered Bonds are required to be issued after the Redenomination Date, they will be issued at the expense of the Issuer in the denominations of Euro 100,000 and/or such higher amounts as the Principal Paying Agent may determine and notify to the Covered Bondholders and any remaining amounts less than Euro 100,000 will be redeemed by the Issuer and paid to the Covered Bondholders in Euro in accordance with Condition 6;

(iv) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Covered Bonds) will become void with effect from the date on which the Issuer gives notice (the **Exchange Notice**) that replacement Euro-denominated Covered Bonds and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Covered Bonds and Coupons so issued will also become

void on that date although those Covered Bonds and Coupons will continue to constitute valid exchange obligations of the Issuer. New Euro-denominated Covered Bonds and Coupons will be issued in exchange for Covered Bonds and Coupons denominated in the Specified Currency in such manner as the Principal Paying Agent may specify and as will be notified to the Covered Bondholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Covered Bonds;

(v) after the Redenomination Date, all payments in respect of the Covered Bonds and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in Euro as though references in the Covered Bonds to the Specified Currency were to Euro. Payments will be made in Euro by credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred) specified by the payee or, at the option of the payee, by a Euro cheque;

(vi) if the Covered Bonds are Fixed Rate Covered Bonds and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated:

(A) in the case of Covered Bonds represented by a Global Covered Bond, by applying the Rate of Interest to the aggregate outstanding nominal amount of the Covered Bonds represented by such Global Covered Bonds; and

(B) in the case of Definitive Covered Bonds, by applying the Rate of Interest to the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Covered Bond in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Covered Bond will be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding;

(vii) if the Covered Bonds are Floating Rate Covered Bonds or Variable Interest Covered Bonds, the Applicable Final Terms will specify any relevant changes to the provisions relating to interest; and

(viii) such other changes will be made to this Condition (and the Programme Documents) as the Issuer may decide, after consultation with the Principal Paying Agent and the Bond Trustee, and as may be specified in the notice, to conform it to conventions then applicable to instruments denominated in Euro.

(j) Definitions

In these Conditions, the following expressions have the following meanings:

Established Rate means the rate for the conversion of the relevant Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into Euro established by the Council of the European Union pursuant to Article 123 of the Treaty.

Euro means the lawful currency for the time being of the member states of the European Union that adopt the single currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty.

Rate of Interest means the rate of interest payable from time to time in respect of a Series of Covered Bonds, as determined in, or as determined in the manner specified in, the Applicable Final Terms.

Redenomination Date means any date for payment of interest under the Covered Bonds specified by the Issuer in the notice given to the Covered Bondholders pursuant to Condition 5(i)(i) and which falls on or after the date on which the country of the relevant Specified Currency first participates in the third stage of European economic and monetary union.

Treaty means the Treaty on the functioning of the European Community, as amended.

6. Redemption and Purchase

(a) Final redemption

Unless previously redeemed in full or purchased and cancelled as specified below, each Covered Bond will be redeemed by the Issuer at par (the **Final Redemption Amount**) in the relevant Specified Currency on the Final Maturity Date (as specified in the Applicable Final Terms).

Without prejudice to Condition 9:

(i) if, prior to the occurrence of the Conversion Event Date, the Issuer has failed to pay the Final Redemption Amount on the Final Maturity Date specified in the Applicable Final Terms (or after expiry of the grace period set out in Condition 9(a)(i)) and, following the service of a Notice to Pay on the Covered Bond Guarantor by no later than the date falling one Business Day prior to the Extension Determination Date, the Trust Manager determines that the Covered Bond Guarantor has insufficient moneys available under the Guarantee Priority of Payments to pay the Guaranteed Amounts corresponding to the Final Redemption Amount in full in respect of the relevant Series of Covered Bonds on the date falling on the earlier of (a) the date which falls two Business Days after service of such Notice to Pay on the Covered Bond Guarantor or, if later, the Final Maturity Date (or, in each case, after the expiry of the grace period set out in Condition 9(a)(i)) under the terms of the Covered Bond Guarantee and (b) the Extension Determination Date, then (subject as provided below) payment of the unpaid amount in respect of that Series of Covered Bonds by the Covered Bond Guarantor under the Covered Bond Guarantee will be deferred until the Extended Due for Payment Date (and that Series of Covered Bonds will become Pass-Through Covered Bonds). In such circumstances, the Trust Manager must direct the Covered Bond Guarantor to, and upon receiving such direction the Covered Bond Guarantor must, on the earlier of (a) and (b) above, under the Covered Bond Guarantee, apply the moneys (if any) available (after paying or providing for payment of higher ranking or *pari passu* amounts in accordance with the Guarantee Priority of Payments) rateably in part payment of an amount equal to the Final Redemption Amount of the relevant Series of Covered Bonds and will pay Guaranteed Amounts constituting the Scheduled Interest in respect of each such Covered Bond on such date. The obligation of the Covered Bond Guarantor to pay any amounts in respect of the balance of the Final Redemption Amount not so paid will be deferred as described above and such failure to pay by the Covered Bond Guarantor will not constitute a Covered Bond Guarantor Event of Default, provided that any amount representing the Final Redemption Amount due and remaining unpaid on the earlier of (a) and (b) above may also be paid by the Covered Bond Guarantor (at the direction of the Trust Manager) on any Interest Payment Date thereafter up to (and including) the Extended Due for Payment Date;

(ii) if, prior to the Conversion Event Date, (a) an Issuer Event of Default has occurred (x) in accordance with Condition 9(a) (other than in accordance with Condition 9(a)(i) as a result of a failure to pay the Final Redemption Amount in respect of a Series of Covered Bonds) and the Bond Trustee has served a Notice to Pay on the Covered Bond Guarantor or (y) in accordance with Condition 9(a)(i) as a result of a failure to pay the Final Redemption Amount in respect of a Series of Covered Bonds and such Series of Covered Bonds has been redeemed in full and (b) at such time there are no Pass-Through Covered Bonds then outstanding, then (subject as provided below) payment of the Final Redemption Amount in respect of the then Earliest Maturing Covered Bonds by the Covered Bond Guarantor under the Covered Bond Guarantee will be deferred until the Extended Due for Payment Date (and such Earliest Maturing Covered Bonds will become Pass-Through Covered Bonds). In such circumstances, the Trust Manager must direct the Covered Bond Guarantor to, and upon receiving such direction the Covered Bond Guarantor must on the next, and each following, Interest Payment Date, under the Covered Bond Guarantee, apply the moneys (if any) available on a Distribution Date (after paying or providing for payment of higher ranking or pari passu amounts in accordance with the Guarantee Priority of Payments) rateably in part payment of an amount equal to the Final Redemption Amount of the then Earliest Maturing Covered Bonds (and to such extent, the Final Redemption Amount will, for the purpose of the Guarantee Priority of Payments and all other purposes, be due) and will pay Guaranteed Amounts constituting the Scheduled Interest in respect of the then Earliest Maturing Covered Bonds on such Interest Payments Dates. The obligation of the Covered Bond Guarantor to pay any amounts in respect of the balance of the Final Redemption Amount not so paid on such Interest Payments Date for such Earliest Maturing Covered Bonds will be deferred as described above and such failure to pay by the Covered Bond Guarantor will not constitute a Covered Bond Guarantor Event of Default, provided that any amount representing the Final Redemption Amount remaining unpaid may also be paid by the Covered Bond Guarantor (at the direction of the Trust Manager) on any Interest Payment Date thereafter up to (and including) the Extended Due for Payment Date. Once the then Earliest Maturing Covered Bonds are repaid in full pursuant to this Condition 6(a)(ii), this Condition 6(a)(ii) will then apply to the next Earliest Maturing Covered Bonds; and

(iii) following the Conversion Event Date (subject as provided below), payment of the Final Redemption Amount in respect of all Series of Covered Bonds by the Covered Bond Guarantor under the Covered Bond Guarantee will be deferred until the Extended Due for Payment Date (and all Series of Covered Bonds will become Pass-Through Covered Bonds). The Covered Bond Guarantor (at the direction of the Trust Manager) must on the next, and each following Interest Payment Date for each Series of Covered Bonds, apply the moneys (if any) available for that Series of Covered Bonds on a Distribution Date (after paying or providing for payment of higher ranking or *pari passu* amounts in accordance with the Guarantee Priority of Payments) towards payment, in whole or part, of the Final Redemption Amount of that Series of Covered Bonds (and to such extent, the Final Redemption Amount will, for the purpose of the Guarantee Priority of Payments and all other purposes, be due) on such Interest Payment Date.

The Covered Bond Guarantor will pay Guaranteed Amounts constituting Scheduled Interest in respect of each Series of Pass-Through Covered Bonds on the basis set out in the Applicable Final Terms or, if not set out therein, in accordance with Condition 4, without prejudice to the Covered Bond Guarantor's obligation to pay any other Guaranteed Amount (i.e. other than the Final Redemption Amount) when Due for Payment.

The Issuer will confirm to the Principal Paying Agent or the A$ Registrar (in the case of A$ Registered Covered Bonds) as soon as reasonably practicable (a) and in any event at least four Business Days prior to the Final Maturity Date of a Series of Covered Bonds whether (x) payment will be made in full of the Final Redemption Amount in respect of that Series of Covered Bonds on that Final Maturity

Date or on the Extension Determination Date in respect of that Series of Covered Bonds or (y) the obligation to pay the Final Redemption Amount of that Series of Covered Bonds on their Final Maturity Date will be deferred until the Extended Due for Payment Date; (b) following the Conversion of a Series of Earliest Maturing Covered Bonds, that the obligation to pay the Final Redemption Amount in respect of such Earliest Maturing Covered Bonds on their Final Maturity Date will be deferred until the Extended Due for Payment Date; or (c) following the Conversion Event Date, that the obligation to pay the Final Redemption Amount in respect of all Series of Covered Bonds on their Final Maturity Date will be deferred until the Extended Due for Payment Date. Any failure by the Issuer to notify the Principal Paying Agent or the A$ Registrar (as the case may be) will not affect the validity or effectiveness of the extension.

The Trust Manager will notify the relevant Covered Bondholders (in accordance with Condition 13), the Rating Agencies, the Bond Trustee, the Security Trustee, the Principal Paying Agent and the relevant Registrar or the A$ Registrar (in the case of Registered Covered Bonds or A$ Registered Covered Bonds, as applicable) (i) prior to the occurrence of the Conversion Event Date but following the service of a Notice to Pay on the Covered Bond Guarantor as a result of the Issuer failing to pay the Final Redemption Amount on the Final Maturity Date specified in the Applicable Final Terms (or after expiry of the grace period set out in Condition 9(a)(i)), as soon as reasonably practicable, and in any event at least one Business Day prior to the earlier of (a) the date which falls two Business Days after service of a Notice to Pay on the Covered Bond Guarantor in the circumstances described above or, if later, the Final Maturity Date (or, in each case, after the expiry of the grace period set out in Condition 9(a)(i)) under the terms of the Covered Bond Guarantee and (b) the Extension Determination Date, of any determination by the Trust Manager in accordance with Condition 6(a)(i) of the inability of the Covered Bond Guarantor to pay in full the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of a Series of Covered Bonds pursuant to the Covered Bond Guarantee; (ii) prior to the occurrence of a Conversion Event Date, as soon as reasonably practicable following a Conversion of Earliest Maturing Covered Bonds in accordance with Condition 6(a)(ii); and (iii) as soon as reasonably practicable, of the occurrence of the Conversion Event Date. Any failure by the Trust Manager to notify such parties will not affect the validity or effectiveness of any extension in such circumstances nor give rise to any rights in any such party.

Any discharge of the obligations of the Issuer as a result of the payment of Excess Proceeds to the Bond Trustee will be disregarded for the purposes of determining the amounts to be paid by the Covered Bond Guarantor under the Covered Bond Guarantee in connection with this Condition 6(a).

For the purposes of these Conditions:

Conversion means, in respect of a Series of Covered Bonds, the conversion of that Series of Covered Bonds to Pass-Through Covered Bonds.

Conversion Event Date means the date on which an Amortisation Test Breach Notice is served on the Covered Bond Guarantor and the Issuer, following the service of a Notice to Pay on the Covered Bond Guarantor.

Earliest Maturing Covered Bonds means at any time, each Series of Covered Bonds that has or have the earliest Final Maturity Date as specified in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement) (ignoring any acceleration of amounts due under the Covered Bonds prior to the occurrence of a Covered Bond Guarantor Event of Default).

Extended Due for Payment Date means, in relation to any Series of Covered Bonds, the earlier of (a) the date which falls 31.5 years after the Final Maturity Date in relation to that Series of Covered Bonds; (b) the date which falls 31.5 years after the Conversion of that Series of Covered Bonds; and (c) the date which falls 31.5 years after the Conversion Event Date.

Extension Determination Date means, in respect of a Series of Covered Bonds to which Condition 6(a)(i) applies, the date falling two Business Days after the expiry of seven days starting on (and including) the Final Maturity Date of such Series of Covered Bonds.

Guarantee Priority of Payments means the guarantee priority of payments relating to the allocation and distribution of the Available Income Amount and the Available Principal Amount following service of a Notice to Pay on the Covered Bond Guarantor, but prior to service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor in accordance with clause 16.2 of the Establishment Deed.

Pass-Through Covered Bonds means:

(a) each Covered Bond of a Series in respect of which any amount has remained unpaid on the relevant Final Maturity Date;

(b) at any time following the occurrence of an Issuer Event of Default (i) in accordance with Condition 9(a) (other than in accordance with Condition 9(a)(i) as a result of a failure to pay the Final Redemption Amount in respect of a Series of Covered Bonds) and service of a Notice to Pay on the Covered Bond Guarantor or (ii) in accordance with Condition 9(a)(i) as a result of a failure to pay the Final Redemption Amount in respect of a Series of Covered Bonds where such Series of Covered Bonds has been redeemed in full, the then Earliest Maturing Covered Bonds; and

(c) immediately upon the Conversion Event Date, all Series of Covered Bonds.

Rating Agency means any one of Moody's Investors Service Pty Limited and Fitch Australia Pty Limited (together, the **Rating Agencies**) or their successors, to the extent they provide ratings in respect of the Covered Bonds.

(b) Redemption for taxation reasons

The Covered Bonds may be redeemed at the option of the Issuer in whole, or in part, at any time (if this Covered Bond is not a Floating Rate Covered Bond) or on any Interest Payment Date (if this Covered Bond is a Floating Rate Covered Bond), on giving not less than 30 nor more than 60 days' notice to the Bond Trustee and, in accordance with Condition 13, the Covered Bondholders (which notice will be irrevocable), if the Issuer satisfies the Bond Trustee immediately before the giving of such notice that, on the occasion of the next Interest Payment Date, the Issuer is or will be required to pay additional amounts as provided or referred to in Condition 7. Covered Bonds redeemed pursuant to this Condition 6(b) will be redeemed at their Early Redemption Amount referred to in Condition 6(f) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified in the Applicable Final Terms, the Issuer may, having (unless otherwise specified, in the Applicable Final Terms) given not less than 30 nor more than 60 days' notice to the Bond Trustee, (other than in the case of the redemption of Registered Covered Bonds) the Principal Paying Agent, (in the case of the redemption of Registered Covered Bonds or A$ Registered Covered Bonds) the relevant Registrar or the A$ Registrar (as applicable) and, in accordance with Condition 13, the Covered Bondholders (which notice will be irrevocable) redeem all or some only (as specified in the Applicable Final Terms) of the Covered Bonds then outstanding on any Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in the Applicable Final Terms together, if applicable, with interest accrued to (but excluding) the relevant Optional Redemption Date(s). Upon expiry of such notice, the Issuer will be bound to redeem the Covered Bonds accordingly. In the event of a redemption of some only of the Covered Bonds, such redemption must be for an amount being

the Minimum Redemption Amount (as specified in the Applicable Final Terms) or a Maximum Redemption Amount (as specified in the Applicable Final Terms). In the case of a partial redemption of Covered Bonds, the Covered Bonds to be redeemed (the **Redeemed Covered Bonds**) will be selected:

(i) in the case of Redeemed Covered Bonds represented by Definitive Covered Bonds, individually by lot;

(ii) in the case of Redeemed Covered Bonds represented by a Global Covered Bond, in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) (or any alternative or additional clearing system as may be specified in the Final Terms); and

(iii) in the case of Redeemed Covered Bonds which are A$ Registered Covered Bonds, on the basis that the Redeemed Covered Bonds must be a multiple of their Specified Denominations,

in each case, not more than 60 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Covered Bonds represented by Definitive Covered Bonds, a list of the serial numbers of such Redeemed Covered Bonds will be notified in accordance with Condition 13 not less than 30 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Covered Bonds represented by Definitive Covered Bonds will bear the same proportion to the aggregate nominal amount of all Redeemed Covered Bonds as the aggregate nominal amount of Definitive Covered Bonds outstanding bears to the aggregate nominal amount of the Covered Bonds outstanding, in each case on the Selection Dates, provided that such first mentioned nominal amount will, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Covered Bonds represented by a Global Covered Bond will be equal to the balance of the Redeemed Covered Bonds. No exchange of the relevant Global Covered Bond will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 6(c) and notice to that effect will be given by the Issuer to the Covered Bondholders in accordance with Condition 13 at least 30 days prior to the Selection Date.

(d) Redemption at the option of the Covered Bondholders (Investor Put)

If Investor Put is specified in the Applicable Final Terms, upon the holder of any Covered Bond giving the Issuer not less than 30 nor more than 60 days' written notice as specified in the Applicable Final Terms the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the Applicable Final Terms, such Covered Bond on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date

To exercise the right to require redemption of a Covered Bond the holder thereof must, if the Covered Bond is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition 6(d) accompanied by this Covered Bond. If this Covered Bond is represented by a Global Covered Bond held through Euroclear or Clearstream, Luxembourg to exercise the right to require redemption of this Covered Bond the holder of this Covered Bond must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg,

or any common depository, for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Covered Bond is represented by a Global Covered Bond, at the same time present or procure the presentation of the relevant Global Covered Bond to the Principal Paying Agent for notation accordingly. If this Covered Bond is an A$ Registered Covered Bond lodged in the Austraclear System, to exercise the right to require redemption of this Covered Bond the holder of the beneficial interest in this Covered Bond must, within the notice period, give notice to the A$ Registrar of such exercise in accordance with the Austraclear Regulations. If this Covered Bond is an A$ Registered Covered Bond held outside of the Austraclear System, to exercise a right to require redemption of this Covered Bondholder must, within the notice period, give notice to the Issuer and the A$ Registrar of such exercise in a form acceptable to the A$ Registrar together with any evidence the A$ Registrar may require to establish title of the Covered Bondholder to the relevant Covered Bond.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg or the Austraclear System, given by a holder of any Covered Bond pursuant to this Condition 6(d) will be irrevocable except where, prior to the due date of redemption, an Issuer Event of Default or a Covered Bond Guarantor Event of Default has occurred and is continuing and the Bond Trustee has declared the Covered Bonds to be due and payable pursuant to Condition 9, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 6(d) and instead request or direct the Bond Trustee to declare such Covered Bond forthwith due and payable pursuant to Condition 9.

(e) Redemption due to illegality

The Covered Bonds of all Series may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice as specified in the Applicable Final Terms to the Bond Trustee, the Principal Paying Agents, the Registrars and, in accordance with Condition 13, all the Covered Bondholders (which notice will be irrevocable), if the Issuer satisfies the Bond Trustee immediately before the giving of such notice that it has, or will before the next Interest Payment Date of any Covered Bond of any Series, become unlawful for the Intercompany Note Subscriber and/or the Demand Note Subscriber to subscribe for or continue to fund any Intercompany Note and/or the Demand Note held by the Intercompany Note Subscriber or the Demand Note Subscriber, as the case may be, issued by the Covered Bond Guarantor pursuant to the Intercompany Note Subscription Agreement or the Demand Note Subscription Agreement, as the case may be, as a result of any change in, or amendment to, the applicable laws or regulations or any change in the application or official interpretation of such laws or regulations, which change or amendment has become or will become effective before the next such Interest Payment Date.

Covered Bonds redeemed pursuant to this Condition 6(e) will be redeemed at their Early Redemption Amount referred to in Condition 6(f) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(f) Early Redemption Amount

For the purpose of Conditions 6(b) and 6(e) above and Condition 9, each Covered Bond will be redeemed at its Early Redemption Amount calculated as follows:

(i) in the case of a Covered Bond with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or

(ii) in the case of a Covered Bond with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Covered Bond is denominated, at the amount specified in, the Applicable Final

Terms or, if no such amount is so specified in the Applicable Final Terms, at its nominal amount.

(g) Purchases

The Issuer or any of its subsidiaries or the Covered Bond Guarantor (acting at the direction of the Trust Manager) may at any time purchase or otherwise acquire Covered Bonds (provided that, in the case of Bearer Definitive Covered Bonds, Coupons and Talons appertaining thereto are attached thereto or surrendered therewith) at any price and in any manner. If purchases are made by tender, tenders must be available to all the Covered Bondholders alike. Such Covered Bonds may be held, reissued, resold or, in respect of Covered Bonds other than A$ Registered Covered Bonds, at the option of the Issuer or the relevant subsidiary, surrendered to the relevant Registrar and/or the relevant Paying Agent, for cancellation (except that any Covered Bonds (other than A$ Registered Covered Bonds) purchased or otherwise acquired by the Covered Bond Guarantor must immediately be surrendered to the relevant Registrar and/or to any Paying Agent for cancellation).

(h) Cancellation

All Covered Bonds (other than A$ Registered Covered Bonds) which are redeemed in full will forthwith be cancelled (together with, in the case of Bearer Definitive Covered Bonds, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Covered Bonds so cancelled and any Covered Bonds purchased and surrendered for cancellation pursuant to Condition 6(g) above and cancelled (together with, in the case of Bearer Definitive Covered Bonds, Coupons and Talons cancelled therewith) will be forwarded to the Principal Paying Agent and cannot be held, reissued or resold.

(i) Certification on redemption under Condition 6(b) and 6(e)

Prior to the publication of any notice of redemption pursuant to Condition 6(b) or 6(e), the Issuer will deliver to the Bond Trustee a certificate signed by two Authorised Signatories (as defined in the Definitions Schedule) of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and the Bond Trustee will be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it will be conclusive and binding on all holders of the Covered Bonds and Couponholders.

7. Taxation

All payments of principal and interest (if any) in respect of the Covered Bonds and Coupons by or on behalf of the Issuer and all payments of Guaranteed Amounts by or on behalf of the Covered Bond Guarantor, as the case may be, must be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Australia or any political sub-division thereof or by any authority therein or thereof having power to tax unless such withholding or deduction is required by law or regulation or administrative practice.

If the Applicable Final Terms indicate that tax-gross up by the Issuer in accordance with this Condition 7 is applicable, in the event of such a withholding or deduction being made by the Issuer in respect of a payment made by it, the Issuer will pay such additional amounts as will be necessary in order that the net amounts received by the Covered Bondholders or Couponholders after such withholding or deduction will equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Covered Bonds or Coupons, as the case may be, in the absence of such withholding or deduction; except that the foregoing obligation to pay additional amounts will not apply to any such tax, assessment, governmental charge or duty:

(a) which is payable otherwise than by deduction or withholding from payments of principal and interest on such Covered Bond or Coupon;

(b) which is payable by reason of the Covered Bondholder or Couponholder or beneficial owner (or any one of them in case of principal or interest derived by two or more persons jointly) having, or having had, some personal or business connection with Australia (other than mere ownership of or receipt of payment under the Covered Bonds or Coupon or the fact that payments are, or for the purposes of taxation are deemed to be, from sources in, or secured in Australia);

(c) which is payable solely by reason of the Covered Bondholder's or Couponholder's or beneficial owner's failure to comply with any certification, identification or other reporting requirement concerning nationality, residence, identity, connection with taxing jurisdiction of the Covered Bondholder or Couponholder or other beneficial owner of such Covered Bond;

(d) which is payable by reason of a change in law that becomes effective more than thirty days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5(g));

(e) which is an estate, inheritance, gift, sales, transfer, personal property, stamp duty or similar tax, assessment or other charge;

(f) which is payable by reason of the Covered Bondholder or Couponholder or beneficial owner of such Covered Bond or Coupon being an associate of the Issuer or the Covered Bond Guarantor for the purposes of section 128F of the Tax Act;

(g) which is imposed or withheld as a consequence of a determination having been made under Part IVA of the Tax Act (or any modification or equivalent thereof) by the Commissioner of Taxation of the Commonwealth of Australia that withholding tax is payable in respect of a payment in circumstances where the payment would not have been subject to withholding tax in the absence of the scheme which was the subject of that determination;

(h) with respect to any payment of principal of or interest (including original issue discount) on the Covered Bonds and Coupons by the Issuer to any Covered Bondholder or Couponholder who is a fiduciary or partnership or other than the sole beneficial owner of any such payment to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or any other beneficial owner would not have been entitled to the additional amounts had such beneficiary, settlor, member or beneficial owner been the holder of such Covered Bonds and Coupons; or

(i) any combination of (a) through (h) above.

Notwithstanding any other provision of these Conditions, in no event will the Issuer or Covered Bond Guarantor be required to pay any additional amounts in respect of the Covered Bonds for, or on account of, any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

If the Applicable Final Terms indicate that tax gross-up by the Issuer in accordance with this Condition 7 is not applicable or do not indicate that Condition 7 is applicable, if any payments of principal and interest (if any) in respect of the Covered Bonds and Coupons by or on behalf of the Issuer are or become subject to any withholding or deduction, on account of any taxes, duties or other charges of

whatever nature, imposed or levied by or on behalf of Australia or by any other authority having power to tax, the Issuer will not be obliged to pay any additional amount as a consequence.

If any payments made by the Covered Bond Guarantor under the Covered Bond Guarantee are or become subject to any withholding or deduction, on account of any taxes, duties or other charges of whatever nature, imposed or levied by or on behalf of Australia or by any other authority having power to tax, the Covered Bond Guarantor will not be obliged to pay any additional amount as a consequence.

As used herein the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Bond Trustee or the Principal Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Covered Bondholders in accordance with Condition 13.

8. Prescription

The Covered Bonds (other than A$ Registered Covered Bonds), whether in bearer or registered form and Coupons will become void unless presented for payment within ten years (in the case of principal) and five years (in the case of interest) in each case from the Relevant Date (as defined in Condition 7) therefor, subject in each case to the provisions of Condition 5.

There will not be included in any Coupon sheet issued on exchange of a Talon, any Coupon the claim for payment in respect of which would be void pursuant to this Condition 8 or Condition 5 or any Talon which would be void pursuant to Condition 5.

9. Events of Default and Enforcement

(a) Issuer Events of Default

The Bond Trustee at its discretion may, and if so requested in writing by the holders of at least 25 per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds (which for this purpose or the purpose of any Extraordinary Resolution (as defined in Condition 14) referred to in this Condition 9(a) means the Covered Bonds of this Series together with the Covered Bonds of any other Series constituted by the Bond Trust Deed) then outstanding, as if they were a single Series (with the Principal Amount Outstanding of Covered Bonds not denominated in Australian Dollars converted into Australian Dollars at the relevant Covered Bond Swap Rate) or if so directed by an Extraordinary Resolution of the Covered Bondholders will, (but in the case of the happening of any of the events mentioned in subparagraph (ii), (iii), (iv), (v), (vii) or (viii) inclusive below, only if the Bond Trustee will have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Covered Bondholders of any Series) (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction) give notice (an **Issuer Acceleration Notice**) in writing to the Issuer (copied to the Covered Bond Guarantor) that as against the Issuer (but not, for the avoidance of doubt, as against the Covered Bond Guarantor under the Covered Bond Guarantee) each Covered Bond of each Series is, and each such Covered Bond will, unless such event will have been cured by the Issuer prior to the Issuer's receipt of the notice in writing from the Bond Trustee, thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Bond Trust Deed if any of the following events (each an **Issuer Event of Default**) will occur and be continuing:

(i) default by the Issuer in any payment when due of principal or interest on the Covered Bonds and the default continues for a period of seven days; or

(ii) the Issuer is in default in the performance, or is otherwise in breach, of any covenant or undertaking or other agreement of the Issuer in respect of the Covered Bonds (other than any

obligation for the payment of any amount due in respect of any of the Covered Bonds) and such default or breach continues for a period of 30 days after notice thereof has been given to the Issuer by the Bond Trustee requiring such default or breach to be remedied; or

(iii) it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under the Covered Bonds or any Programme Document; or

(iv) a distress, attachment, execution or other legal process is levied, enforced or sued out against or on the Issuer or against all or a material part of the assets of the Issuer and is not stayed, satisfied or discharged within 21 days; or

(v) the Issuer (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 step 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, except in any case referred to in (C) above for the purposes of a solvent reconstruction or amalgamation the terms of which have previously been approved by an Extraordinary Resolution of the Covered Bondholders; or

(vi) 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 approved by an Extraordinary Resolution of the Covered Bondholders) or an administrator is appointed to the Issuer by a provisional liquidator of the Issuer under section 436B of the Corporations Act; or

(vii) any present or future Security Interest on or over the assets of the Issuer becomes enforceable and any step (including the taking of possession or the appointment of a receiver, manager or similar officer which is not vacated or discharged within 14 days) is taken to enforce that Security Interest by reason of a default or event of default (howsoever described) having occurred; or

(viii) 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 9(a); or

(ix) an Asset Coverage Test Breach Notice has been served and has not been revoked (in accordance with the terms of the Programme Documents) on the next following Determination Date after service of such Asset Coverage Test Breach Notice on the Covered Bond Guarantor.

Notwithstanding any other provision of this Condition 9(a), no Issuer Event of Default in respect of the Covered Bonds shall occur solely on account of any failure by the Issuer to perform or observe any of its obligations in relation to, or the agreement or declaration of any moratorium with respect to, or the taking of any proceeding in respect of, any share, note or other security or instrument constituting Tier 1 Capital or Tier 2 Capital (as defined by APRA from time to time).

Upon the Covered Bonds becoming immediately due and repayable against the Issuer pursuant to this Condition 9(a), the Bond Trustee will forthwith serve a notice to pay (the **Notice to Pay**) on the Covered Bond Guarantor (copied to the Trust Manager) pursuant to the Covered Bond Guarantee and the Covered Bond Guarantor will be required to make payments of Guaranteed Amounts when the same will become Due for Payment in accordance with the terms of the Covered Bond Guarantee.

Following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice, the Bond Trustee may or must take such proceedings or other action or step against the Issuer in accordance with Condition 9(c).

The Bond Trust Deed provides that all moneys received by the Bond Trustee following the occurrence of an Issuer Event of Default and the delivery of an Issuer Acceleration Notice and Notice to Pay, from the Issuer or any receiver, manager, liquidator, administrator, controller, statutory manager or other similar official appointed in relation to the Issuer following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice and a Notice to Pay (the **Excess Proceeds**), must be paid by the Bond Trustee on behalf of the Covered Bondholders of the relevant Series to the Covered Bond Guarantor, as soon as practicable, and must be held by the Covered Bond Guarantor in the GIC Account and the Excess Proceeds must thereafter form part of the Charged Property and must be used by the Covered Bond Guarantor in the same manner as all other moneys from time to time standing to the credit of the GIC Account pursuant to the Security Deed and the Establishment Deed. Any Excess Proceeds received by the Bond Trustee will discharge *pro tanto* the obligations of the Issuer in respect of the Covered Bonds and Coupons (as applicable and to the extent of the amount so received and subject to restitution of the same if such Excess Proceeds will be required to be repaid by the Covered Bond Guarantor) (but will be deemed not to have done so for the purposes of subrogation rights of the Covered Bond Guarantor contemplated by the Bond Trust Deed). However, the obligations of the Covered Bond Guarantor under the Covered Bond Guarantee are (following service of an Issuer Acceleration Notice and a Notice to Pay or if earlier, Service of a Covered Bond Guarantee Acceleration Notice) unconditional and irrevocable and the receipt by or on behalf of the Bond Trustee of any Excess Proceeds will not reduce or discharge any of such obligations.

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

(b) Covered Bond Guarantor Events of Default

The Bond Trustee at its discretion may, and if so requested in writing by the holders of at least 25 per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds (which for this purpose and the purpose of any Extraordinary Resolution referred to in this Condition 9(b) means the Covered Bonds of this Series together with the Covered Bonds of any other Series constituted by the Bond Trust Deed) then outstanding as if they were a single Series (with the Principal Amount Outstanding of Covered Bonds not denominated in Australian Dollars converted into Australian Dollars at the relevant Covered Bond Swap Rate) or if so directed by an Extraordinary Resolution of all the Covered Bondholders will, (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), but in the case of the happening of any of the events described in paragraph (ii) below, only if the Bond Trustee will have certified in writing to the Issuer and the Covered Bond Guarantor that such event is, in its opinion, materially prejudicial to the interests of the Covered Bondholders of any Series, give notice (the **Covered Bond Guarantee Acceleration Notice**) in writing to the Issuer and to the Covered Bond Guarantor (copied to the Trust Manager), that (x) each Covered Bond of each Series is, and each Covered Bond of each Series will as against the Issuer (if not already due and repayable against it following the service of an Issuer Acceleration Notice in accordance with Condition 9(a)), thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest and (y) all amounts payable by the Covered Bond Guarantor under the Covered Bond Guarantee will thereupon immediately become due and payable at the Guaranteed Amount corresponding to the Early Redemption Amount for each Covered Bond of each Series together with accrued interest, in each case as provided in the Bond Trust Deed and thereafter the Security will become enforceable if any of the following events (each a **Covered Bond Guarantor Event of Default**) will occur and be continuing:

(i) default is made by the Covered Bond Guarantor for a period of seven days or more in the payment of any Guaranteed Amounts when Due for Payment in respect of the Covered Bonds of any Series except in the case of the payments of a Guaranteed Amount when Due for Payment under Condition 6(a) where the Covered Bond Guarantor will be required to make payments of Guaranteed Amounts which are Due for Payment on the dates specified therein; or

(ii) default is made by the Covered Bond Guarantor in the performance or observance of any other obligation, condition or provision binding on it (other than any obligation for the payment of Guaranteed Amounts in respect of the Covered Bonds of any Series) under the Bond Trust Deed, the Security Deed or any other Programme Document to which the Covered Bond Guarantor is a party (other than the Programme Agreement or any Subscription Agreement) and, except where such default is or the effects of such default are, in the opinion of the Bond Trustee, not capable of remedy when no such continuation and notice as is hereinafter mentioned will be required, such default continues for 14 days (or such longer period as the Bond Trustee may permit) after written notice thereof has been given by the Bond Trustee to the Covered Bond Guarantor requiring the same to be remedied; or

(iii) an Insolvency Event occurs in respect of the Covered Bond Guarantor in its personal capacity (but not in its capacity as trustee of any trust) and the Covered Bond Guarantor is not replaced as trustee of the Trust by the Trust Manager in accordance with the Establishment Deed within 60 days of the Insolvency Event occurring; or

(iv) the Covered Bond Guarantee is not, or is claimed by the Covered Bond Guarantor not to be, in full force and effect.

Following the occurrence of a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor each of the Bond Trustee and the Security Trustee may or must take such proceedings or steps in accordance with the first and third paragraphs, respectively, of Condition 9(c) and the Covered Bondholders will have a claim against the Covered Bond Guarantor, under the Covered Bond Guarantee, for an amount equal to the Early Redemption Amount for each Covered Bond of each Series together with accrued interest and any other amount due under the Covered Bonds (other than additional amounts payable under Condition 7) as provided in the Bond Trust Deed in respect of each Covered Bond.

(c) Enforcement

The Bond Trustee may at any time, at its discretion and without further notice, following service of an Issuer Acceleration Notice (in the case of the Issuer) or, if earlier, following service of a Covered Bond Guarantee Acceleration Notice (in the case of the Covered Bond Guarantor) take such proceedings or other action or step as it may think fit against or in relation to the Issuer and/or the Covered Bond Guarantor, as the case may be, and/or any other person as it may think fit to enforce the provisions of the Bond Trust Deed, the Covered Bonds and the Coupons or any other Programme Document, but it will not be bound to take any such enforcement proceedings or other action or step in relation to the Bond Trust Deed, the Covered Bonds or the Coupons or any other Programme Document unless (i) it has been so directed by an Extraordinary Resolution of the Covered Bondholders of all Series then outstanding (with the Covered Bonds of all Series taken together as a single Series and converted into Australian Dollars at the relevant Covered Bond Swap Rate as stated above) or so requested in writing by the holders of not less than 25 per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series then outstanding (with the Covered Bonds of all Series taken together as a single Series and converted into Australian Dollars at the relevant Covered Bond Swap Rate as stated above) and (ii) it has been indemnified and/or secured and/or prefunded to its satisfaction.

In exercising any of its powers, trusts, authorities and discretions the Bond Trustee will only have regard to the interests of the Covered Bondholders of all Series equally and will not have regard to the interests of any other Secured Creditors.

The Bond Trustee may at any time, following service of a Covered Bond Guarantee Acceleration Notice at its discretion and without further notice, direct or instruct the Security Trustee to take such steps or proceedings against the Covered Bond Guarantor and/or any other person as it may think fit to enforce the provisions of the Security Deed or any other Programme Document and may, at any time after the Security has become enforceable, direct and instruct the Security Trustee to take such steps as it may think fit to enforce the Security.

In the event that the Bond Trustee is:

(i) requested by the Security Trustee; or

(ii) required by the holders of the Covered Bonds,

to provide the Security Trustee with instructions, the Bond Trustee will do so (save where expressly provided otherwise):

(A) in the case of paragraph (i) above only, in its absolute discretion subject to and in accordance with the Bond Trust Deed; or

(B) in the case of both paragraph (i) or (ii) above, if so requested in writing by the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Covered Bonds then outstanding (with the Covered Bonds of all Series taken together as a single Series and, if the nominal amount of the Covered Bonds is not denominated in Australian Dollars, converted into Australian Dollars at the relevant Covered Bond Swap Rate) or directed by an Extraordinary Resolution of the holders of the Covered Bonds then outstanding (with the Covered Bonds of all Series taken together as a single Series and, if the nominal amount of the Covered Bonds is not denominated in Australian Dollars, converted into Australian Dollars at the relevant Covered Bond Swap Rate),

subject in each case to the Bond Trustee being indemnified and/or secured and/or prefunded to its satisfaction prior to giving any instructions to the Security Trustee. The Bond Trustee will be entitled to request the Covered Bondholders (voting as aforesaid) to direct it in relation to any matter in relation to which the Security Trustee has requested instructions. The Bond Trustee has no obligation to monitor the performance of the Security Trustee and has no liability to any person for the performance or non-performance of the Security Trustee. In no circumstance will the Bond Trustee be required to indemnify, secure or prefund the Security Trustee.

In exercising any of its powers, trusts, authorities and discretions under this paragraph each of the Bond Trustee and the Security Trustee will only have regard to the interests of the Covered Bondholders of all Series equally and will not have regard to the interests of any other Secured Creditors.

No Covered Bondholder or Couponholder will be entitled to proceed directly against the Issuer or the Covered Bond Guarantor or to take any action with respect to the Bond Trust Deed, the Covered Bonds, the Coupons, the Security or to directly enforce the provisions of any other Programme Document, unless the Bond Trustee or the Security Trustee, as applicable, having become bound so to proceed, fails so to do within a reasonable time and such failure is continuing in which event any Covered Bondholder or Couponholder may, on giving an indemnity and/or prefunding and/or security satisfactory to the Bond Trustee, in the name of the Bond Trustee (but not otherwise) himself institute such proceedings and/or prove in the winding-up, administration or liquidation of the Issuer or the

Covered Bond Guarantor to the same extent and in the same jurisdiction (but not further or otherwise than the Bond Trustee would have been entitled to do so in respect of the Covered Bonds and Coupons and/or the Bond Trust Deed).

10. Replacement of Covered Bonds, Coupons and Talons

Should any Covered Bond (other than any A$ Registered Covered Bond), Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent in London (in the case of Bearer Covered Bonds or Coupons) or the specified office of the relevant Registrar or Transfer Agent (in the case of Registered Covered Bonds), or any other place approved by the Bond Trustee of which notice has been given in accordance with Condition 13 upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Covered Bonds (other than A$ Registered Covered Bonds), Coupons or Talons must be surrendered before replacements will be issued.

11. Principal Paying Agent, Paying Agents, Registrar, A$ Registrar and Transfer Agent

The names of the initial Principal Paying Agent, the other initial Paying Agents, the initial Registrar, the A$ Registrar, the initial Transfer Agent and their initial specified offices are set out below.

In the event of the appointed office of any such bank being unable or unwilling to continue to act as the Principal Paying Agent, or failing duly to determine the Rate of Interest, if applicable, or to calculate the Interest Amounts for any Interest Period, the Issuer will appoint the London office of such other bank as may be approved by the Bond Trustee to act as such in its place. The Principal Paying Agent may not resign its duties or be removed from office without a successor having been appointed as stated above.

In the event of the appointed A$ Registrar being unable or unwilling to continue to act as the A$ Registrar, or failing duly to comply with the A$ Registry Agreement, the Issuer will appoint such other registrar and/or paying agent as may be approved by the Bond Trustee to act as such in its place. The A$ Registrar may not resign its duties or be removed from office without a successor having been appointed as stated above.

The Issuer is entitled, with the prior written approval of the Bond Trustee (not to be unreasonably withheld), to vary or terminate the appointment of any Paying Agent, Registrar or A$ Registrar and/or appoint additional or other Paying Agents, Registrars or A$ Registrars and/or approve any change in the specified office through which any Paying Agent, Registrar or A$ Registrar acts, provided that:

(a) there will at all times be a Principal Paying Agent, a Registrar and, so long as any A$ Registered Covered Bonds are outstanding, an A$ Registrar; and

(b) so long as any of the Covered Bonds are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Covered Bonds) and a Transfer Agent (in the case of Registered Covered Bonds) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or as the case may be, other relevant authority.

In addition, the Issuer will, when necessary appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5(f). Notice of any such variation, termination, appointment or change will be given by the Issuer to the Covered Bondholders as soon as reasonably practicable in accordance with Condition 13.

In acting under the Agency Agreements, the Agents act solely as agents of the Issuer and the Covered Bond Guarantor (to the extent applicable) and do not assume any obligation to, or relationship of agency or trust with, any Covered Bondholders or Couponholders. Each Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

12. Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Bearer Covered Bond to which it appertains) a further Talon, subject to the provisions of Condition 8.

13. Notices

All notices regarding the Bearer Covered Bonds will be valid if published in a leading English language daily newspaper of general circulation in London. It is expected that any such newspaper publication will be made in the *Financial Times* in London. The Issuer will also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Bearer Covered Bonds are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers or where published in such newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Bond Trustee approves.

All notices regarding the Registered Covered Bonds will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Covered Bonds are admitted to trading on a stock exchange and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any Definitive Covered Bonds are issued, there may, so long as the Covered Bonds are represented in their entirety by any Global Covered Bonds held on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such mailing the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the Covered Bondholders and, in addition, for so long as any Covered Bonds are listed on a stock exchange or admitted to trading by any other relevant authority and the rules of that stock exchange, or as the case may be, other relevant authority so require, such notice or notices will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice will be deemed to have been given to the Covered Bondholders on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

All notices regarding the A$ Registered Covered Bonds will be deemed to be validly given if sent by pre-paid post or (if posted to an address overseas) by airmail to, or left at the address of, the holders (or the first named of joint holders) at their respective addresses recorded in the A$ Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any A$ Registered Covered Bonds are admitted to trading on a stock exchange and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. For so long as the A$

Registered Covered Bonds are lodged in the Austraclear System there may be substituted for such, publication in the *Australian Financial Review* or *The Australian* or mailing the delivery of the relevant notice to Austraclear for communication by it to the holders of beneficial interests in the A$ Registered Covered Bonds and, in addition, for so long as any A$ Registered Covered Bonds are listed on a stock exchange or admitted to trading by any other relevant authority and the rules of that stock exchange, or as the case may be, other relevant authority so require, such notice or notices will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice will be deemed to have been given to the holders of beneficial interests in the A$ Registered Covered Bonds on the day on which the said notice was given to Austraclear.

Notices to be given by any Covered Bondholder (other than in relation to A$ Registered Covered Bonds) to the Issuer will be in writing and given by lodging the same, together (in the case of any Covered Bond in definitive form) with the relative Covered Bond or Covered Bonds, with the Principal Paying Agent (in the case of the Bearer Covered Bonds), or the Registrar (in the case of Registered Covered Bonds). Whilst any of the Covered Bonds are represented by a Global Covered Bond, such notice may be given by any holder of a Covered Bond to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose. Notices to be given by any Covered Bondholder in respect of A$ Registered Covered Bonds to the Issuer will be in writing and must be (i) sent by pre-paid post or (if posted to an address overseas) by airmail to; or (ii) left at the address of, the Issuer and will be deemed to have been given on the fourth day after mailing or on the day of delivery, respectively.

14. Meetings of Covered Bondholders, Modification, Waiver and Substitution

Covered Bondholders, Couponholders and other Secured Creditors should note that the Issuer, the Covered Bond Guarantor and (other than in relation to A$ Registered Covered Bonds) the Principal Paying Agent may without their consent or the consent of the Bond Trustee or the Security Trustee agree to modify any provision of any Final Terms which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provisions of law.

The Bond Trust Deed contains provisions for convening meetings of the Covered Bondholders of any Series to consider any matter affecting their interests, including the modification of these Conditions or the provisions of the Bond Trust Deed. The quorum at any such meeting in respect of the Covered Bonds of any Series for passing an Extraordinary Resolution (other than in respect of a Series Reserved Matter) is one or more persons holding or representing not less than a clear majority of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series for the time being outstanding, or at any adjourned meeting one or more persons being or representing the Covered Bondholders of such Series whatever the Principal Amount Outstanding of the Covered Bonds of such Series so held or represented, except that at any meeting the business of which includes any Series Reserved Matter, the quorum for any such meeting will be one or more persons holding or representing not less than two-thirds of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series for the time being outstanding or at any adjourned meeting, the business of which includes any Series Reserved Matter, the quorum will be one or more persons holding or representing not less than one third of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series for the time being outstanding. The expression Extraordinary Resolution when used in these Conditions means: (a) a resolution passed at a meeting of the Covered Bondholders duly convened and held in accordance with the Bond Trust Deed by a majority consisting of not less than three-fourths of the persons voting thereat upon a show of hands or if a poll is duly demanded by a majority consisting of not less than three fourths of the votes cast on such poll; or (b) a resolution in writing signed by or on behalf of Covered Bondholders holding not less than three-fourths in Principal Amount Outstanding of the Covered Bonds then outstanding, which resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Covered Bondholders; or (c) a resolution passed by way of electronic consents given by holders through the

relevant clearing system(s) (in a form satisfactory to the Bond Trustee) by or on behalf of the Covered Bondholders of not less than three-fourths in Principal Amount Outstanding for the time being outstanding of the Covered Bonds (of the relevant Series or all Series, as applicable). An Extraordinary Resolution passed at any meeting of the Covered Bondholders of a Series will, subject as provided below, be binding on all the Covered Bondholders of such Series, whether or not they are present at the meeting, and on all Couponholders in respect of such Series of Covered Bonds. Pursuant to the Bond Trust Deed, the Bond Trustee may convene a single meeting of the holders of Covered Bonds of more than one Series if in the opinion of the Bond Trustee there is no conflict between the respective interests of such Covered Bondholders, in which event the provisions of this paragraph will apply thereto *mutatis mutandis*.

Notwithstanding the provisions of the immediately preceding paragraph, any Extraordinary Resolution to direct the Bond Trustee to accelerate the Covered Bonds pursuant to Condition 9 or to give a Covered Bond Guarantee Acceleration Notice pursuant to Condition 9 or to direct the Bond Trustee or the Security Trustee or to direct the Bond Trustee to direct the Security Trustee to take any enforcement action or to direct the Bond Trustee to determine that any Issuer Event of Default, Potential Issuer Event of Default, Covered Bond Guarantor Event of Default or Potential Covered Bond Guarantor Event of Default will not be treated as such for the purposes of the Bond Trust Deed (each a **Programme Resolution**) and will only be capable of being passed at a single meeting of the Covered Bondholders of all Series then outstanding. Any such meeting to consider a Programme Resolution may be convened by the Issuer, the Covered Bond Guarantor or the Bond Trustee or by the Covered Bondholders of any Series. The quorum at any such meeting for passing a Programme Resolution is one or more persons holding or representing at least a clear majority of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series for the time being outstanding or at any adjourned such meeting one or more persons holding or representing Covered Bonds whatever the Principal Amount Outstanding of the Covered Bonds of any Series so held or represented. A Programme Resolution passed at any meeting of the Covered Bondholders of all Series will be binding on all the Covered Bondholders of all Series, whether or not they are present at the meeting, and on all related Couponholders.

In connection with any meeting of the holders of Covered Bonds of more than one Series where such Covered Bonds are not denominated in Australian Dollars, the Principal Amount Outstanding of the Covered Bonds of any Series not denominated in Australian Dollars must be converted into Australian Dollars at the relevant Covered Bond Swap Rate.

The Bond Trustee may (and in the case of any modification contemplated by clause 21.1(c) of the Bond Trust Deed, the Bond Trustee must), without the consent or sanction of any of the Covered Bondholders of any Series, the related Couponholders and without the consent or sanction of the other Secured Creditors (other than any Secured Creditor who is party to the relevant document), at any time and from time to time, concur with the Issuer, the Covered Bond Guarantor (acting on the directions of the Trust Manager) or any other party and/or direct the Security Trustee to concur with the Issuer, the Covered Bond Guarantor (acting at the direction of the Trust Manager) or any other party in making:

(a) any modification (other than in relation to a Series Reserved Matter) to the Covered Bonds of one or more Series, the related Coupons or any Programme Document which in the opinion of the Bond Trustee is not materially prejudicial to the interests of the Covered Bondholders of any Series;

(b) any modification to the Covered Bonds of one or more Series, the related Coupons or any Programme Document which is in the opinion of the Bond Trustee of a formal, minor or technical nature, or in the opinion of the Bond Trustee is made to correct a manifest error or to comply with mandatory provisions of law (and for this purpose the Bond Trustee may disregard whether any such modification relates to a Series Reserved Matter); or

(c) any modification contemplated by clause 21.4 of the Bond Trust Deed.

In forming an opinion as to whether a modification is of a formal, minor or technical nature or is being made to correct a manifest error or to comply with mandatory provisions of law or is contemplated by clause 21.4 of the Bond Trust Deed, the Bond Trustee may have regard to any evidence it considers reasonable to rely on including (without any obligation to rely on any of the following) (i) a certificate from the Issuer (a) stating the intention of the parties to the relevant Programme Documents; (b) stating that such modification is required to reflect such intention; and (c) confirming that nothing has been said to, or by, initial or subsequent investors or other parties which is any way inconsistent with the stated intention; and (ii) a Rating Affirmation Notice.

Notwithstanding the above the Bond Trustee will not be obliged to agree to any amendment, which, in the sole opinion of the Bond Trustee, would have the effect of (i) exposing the Bond Trustee, to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the protections, of the Bond Trustee, in the Bond Trust Deed, the other Programme Documents and/or the Conditions.

The Bond Trustee may without the consent or sanction of any of the Covered Bondholders of any Series, the related Couponholders and without the consent of any other Secured Creditor and without prejudice to its rights in respect of any subsequent breach, Issuer Event of Default, Potential Issuer Event of Default, Covered Bond Guarantor Event of Default or Potential Covered Bond Guarantor Event of Default from time to time and at any time but only if in so far as in its opinion the interests of the Covered Bondholders of any Series will not be materially prejudiced thereby, waive or authorise, or direct the Security Trustee to waive or authorise, any breach or proposed breach by the Issuer or the Covered Bond Guarantor or any other person of any of the covenants or provisions contained in the Bond Trust Deed, the other Programme Documents or the Conditions or determine that any Issuer Event of Default, Potential Issuer Event of Default, Covered Bond Guarantor Event of Default or Potential Covered Bond Guarantor Event of Default will not be treated as such for the purposes of the Bond Trust Deed, PROVIDED ALWAYS THAT the Bond Trustee must not exercise any powers conferred on it in contravention of any express direction given by Extraordinary Resolution or by a request under Condition 9(a) or 9(b) but so that no such direction or request will affect any waiver, authorisation or determination previously given or made. Any such waiver, authorisation or determination may be given or made on such terms and subject to such conditions (if any) as the Bond Trustee may determine, will be binding on the Covered Bondholders, the related Couponholders and, if, but only if, the Bond Trustee requires, must be notified by the Issuer or the Covered Bond Guarantor (acting at the direction of the Trust Manager) (as the case may be) to the Covered Bondholders in accordance with Condition 13 as soon as practicable thereafter.

Subject to as provided below, the Bond Trustee will be bound to waive or authorise, or direct the Security Trustee to waive or authorise, any breach or proposed breach by the Issuer or the Covered Bond Guarantor or any other person of any of the covenants or provisions contained in the Bond Trust Deed, the other Programme Documents or the Conditions or determine that any Issuer Event of Default, Potential Issuer Event of Default, Covered Bond Guarantor Event of Default or Potential Covered Bond Guarantor Event of Default will not be treated as such for the purposes of the Bond Trust Deed if it is: (i) in the case of such waiver or authorisation, (a) so directed by an Extraordinary Resolution of the Covered Bondholders of the relevant one or more Series (with the Covered Bonds of all such Series taken together as a single Series in the circumstances provided in the Bond Trust Deed and, if applicable, converted into Australian Dollars at the relevant Covered Bond Swap Rate); or (b) requested to do so in writing by the holders of not less than 25 per cent. of the Principal Amount Outstanding of the Covered Bonds of the relevant one or more Series (with the Covered Bonds of all such Series taken together as a single Series in the circumstances provided in the Bond Trust Deed and, if applicable, converted into Australian Dollars at the relevant Covered Bond Swap Rate); or (ii), in the case of any such determination, (a) so directed by an Extraordinary Resolution of the Covered Bondholders of all Series then outstanding with the Covered Bonds of all Series taken together as a

single Series and, if applicable, converted into Australian Dollars at the relevant Covered Bond Swap Rate) or (b) requested to do so in writing by the holders of not less than 25 per cent. of the Principal Amount Outstanding of the Covered Bonds of all Series then outstanding (with the Covered Bonds of all Series taken together as a single Series and, if applicable, converted into Australian Dollars as stated above), and at all times then only if it is indemnified and/or secured and/or pre-funded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

The Security Trustee may, without the consent of the Covered Bondholders and/or Couponholders of any Series and without the consent of the other Secured Creditors (other than any Secured Creditor who is party to the relevant document) and without prejudice to their rights in respect of any subsequent breach, Issuer Event of Default, Potential Issuer Event of Default, Covered Bond Guarantor Event of Default or Potential Covered Bond Guarantor Event of Default from time to time and at any time, but only if (for so long as any Covered Bonds are outstanding) it is instructed by the Bond Trustee in accordance with the Bond Trust Deed or (if no Covered Bonds are outstanding) it is instructed by the Majority Secured Creditors, authorise or waive any breach or proposed breach of any of the covenants or provisions contained in the Covered Bonds of any Series, the Security Deed or any Programme Document or determine that any Issuer Event of Default, Potential Issuer Event of Default, Covered Bond Guarantor Event of Default or Potential Covered Bond Guarantor Event of Default will not be treated as such for the purposes of the Security Deed. Any such authorisation or waiver or modification will be binding on the Covered Bondholders and/or Couponholders and the other Secured Creditors and, unless the Bond Trustee and the Security Trustee otherwise agree, will be notified by the Issuer or the Covered Bond Guarantor (or the Trust Manager on its behalf) (as the case may be) to the Covered Bondholders in accordance with Condition 13 and each Rating Agency as soon as practicable thereafter.

Any such modification, waiver, authorisation or determination will be binding on all the Covered Bondholders of all Series of Covered Bonds for the time being outstanding, the related Couponholders and the other Secured Creditors, and unless the Bond Trustee otherwise agrees, any such modification must be notified by the Issuer, to the Covered Bondholders of all Series of Covered Bonds in accordance with Condition 13 and to the Rating Agencies as soon as practicable thereafter.

Where in connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Bond Trustee and the Security Trustee are required to have regard to the general interests of the Covered Bondholders of each Series as a class (but must not have regard to any interests arising from circumstances particular to individual Covered Bondholders or Couponholders whatever their number) and, in particular but without limitation, must not have regard to the consequences of any such exercise for individual Covered Bondholders, the related Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Bond Trustee and the Security Trustee will not be entitled to require, nor will any Covered Bondholder or Couponholder be entitled to claim, from the Issuer, the Covered Bond Guarantor, the Bond Trustee, the Security Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Covered Bondholders and/or Couponholders, except to the extent already provided for in Condition 7 and/or in any undertaking or covenant given in addition to, or in substitution for, Condition 7 pursuant to the Bond Trust Deed.

Notwithstanding any other provision of any Programme Document but subject to clause 21.3 of the Bond Trust Deed, the Bond Trustee will be obliged to concur in and effect any modifications to the Programme Documents that are requested by the Covered Bond Guarantor or the Trust Manager to: (a) accommodate the accession of a new Servicer, new Swap Provider, new Trust Manager, new Account Bank, new Cover Pool Monitor or new Agent to the Programme provided that (i) each of the Swap Providers have certified to the Bond Trustee and the Security Trustee that they consent to such

modification of those documents to which they are a party (such consent not to be unreasonably withheld); (ii) two Authorised Signatories of the Trust Manager have certified to the Bond Trustee and the Security Trustee in writing that such modifications are required in order to accommodate the addition of the new Servicer, new Swap Provider, new Trust Manager, new Account Bank, new Cover Pool Monitor or new Agent to the Programme; and (iii) two Authorised Signatories of the Trust Manager have certified to the Security Trustee and the Bond Trustee that all other conditions precedent to the accession of the new Servicer, new Swap Provider, new Trust Manager, new Account Bank, or new Cover Pool Monitor or new Agent to the Programme set out in the Programme Documents have been satisfied at the time of the accession; (b) accommodate the removal of any one of the Rating Agencies from the Programme or the addition of any Rating Agency, provided that (i) at all times, there are at least two rating agencies rating the Programme and any Covered Bonds then outstanding; and (ii) in respect of the removal of any one of the Rating Agencies from the Programme only (A) the Issuer has provided at least 30 calendar days' notice to the Covered Bondholders of the proposed modification effecting the removal in the manner provided in Condition 13 and by publication on Bloomberg on the "Company News" screen relating to the Covered Bonds; and (B) Covered Bondholders holding, in aggregate, at least 10 per cent. of the Principal Amount Outstanding of the Covered Bonds of all Series then outstanding (with the Covered Bonds of all Series taken together as a single Series and, if the nominal amount of the Covered Bonds is not denominated in Australian Dollars, converted into Australian Dollars at the relevant Swap Rate) have not notified the Bond Trustee in writing (or otherwise in accordance with the then current practice of any relevant Clearing System through which such Covered Bonds may be held) within the notification period referred to in paragraph (b)(ii)(A) above that such Covered Bondholders do not consent to the proposed modification effecting the removal; (c) take into account any new covered bonds ratings criteria of the Rating Agencies, or any changes or updates to, or any replacement of, the covered bonds ratings criteria of the Rating Agencies (including, without limitation, any manner in which a Rating Agency applies or construes any then existing covered bonds ratings criteria), subject to receipt by the Bond Trustee and the Security Trustee of a Rating Affirmation Notice from the Issuer and receipt by the Bond Trustee and the Security Trustee of a certificate signed by two Authorised Signatories of the Trust Manager each certifying to the Bond Trustee and the Security Trustee that such modifications are required in order to take into account any such new covered bonds ratings criteria of the Rating Agencies, or any such changes or updates to, or any replacement of, the covered bonds ratings criteria of the Rating Agencies; (d) allow a Swap Provider to transfer securities as Swap Collateral under a relevant Swap Agreement Credit Support Document, including to appoint a custodian to hold such securities in a custody account pursuant to a custody agreement; (e) enable N Covered Bonds to be issued under the Programme subject to receipt by the Bond Trustee and the Security Trustee of a certificate signed by two Authorised Signatories of the Issuer and a certificate of an Authorised Signatory of the Trust Manager, each certifying to the Bond Trustee and the Security Trustee that the requested amendments are to be made solely for the purpose of the issuance of N Covered Bonds and that the requested amendments are not, in the opinion of the Issuer or the Trust Manager, materially prejudicial to the interests of any Covered Bondholders or any Secured Creditor; (f) ensure compliance of the Programme, the Issuer or a Swap Provider (as applicable) with, or ensure that the Programme, the Issuer or a Swap Provider (as applicable) may benefit from (including if a Regulatory Event occurred or was likely to occur), any existing, amended or new legislation, regulation, directive, prudential standard or prudential guidance note of any regulatory body (including APRA) in relation to covered bonds or a Swap subject to receipt by the Bond Trustee and the Security Trustee of a certificate signed by two Authorised Signatories of the Trust Manager each certifying to the Bond Trustee and the Security Trustee that such modifications are required in order to comply with or benefit from such legislation, regulation, directive, prudential standard or prudential guidance note. For the purposes of providing a certificate to the Bond Trustee and the Security Trustee under this paragraph (f) relating to modifications in connection with a Swap, the Trust Manager may rely on a certification by an Authorised Signatory of the relevant Swap Provider; (g) permit the acquisition (which, without limitation, may be initially in equity only) by the Covered Bond Guarantor from the Seller of Mortgage Loan Rights originated by an entity other than the Seller and to enable the Covered Bond Guarantor to protect or perfect its title to such Mortgage Loan Rights, provided that such Mortgage Loan Rights

comply with the Eligibility Criteria at the time of their acquisition by the Covered Bond Guarantor and the Issuer is reasonably satisfied following discussions with the Rating Agencies that the ratings then assigned by the Rating Agencies to any Covered Bonds or the Programme will not be subject to a downgrade, withdrawal or qualification; or (h) accommodate the accession of BOQ Specialist Bank Limited as a new Seller to the Programme provided that (i) the Trust Manager has certified to the Security Trustee and the Bond Trustee in writing that such modifications are required in order to accommodate the addition of BOQ Specialist Bank Limited as a new Seller to the Programme; and (ii) the Trust Manager has certified to the Security Trustee and the Bond Trustee in writing that all other conditions precedent to the accession of BOQ Specialist Bank Limited as a new Seller to the Programme set out in the Programme Documents have been satisfied at the time of the accession.

In the case of a modification falling within paragraph (b)(ii) of the immediately preceding paragraph, if Covered Bondholders holding, in aggregate, at least 10 per cent. of the Principal Amount Outstanding of the Covered Bonds of all Series then outstanding (with the Covered Bonds of all Series taken together as a single Series and, if the nominal amount of the Covered Bonds is not denominated in Australian Dollars, converted into Australian Dollars at the relevant Swap Rate) have notified the Bond Trustee in writing (or otherwise in accordance with the then current practice of any relevant Clearing System through which such Covered Bonds may be held) within the notification period referred to in paragraph (b)(ii)(A) above that they do not consent to the proposed modification effecting the removal (an **Objected Modification**), then such Objected Modification will not be made unless the foregoing provisions of this Condition 14 are satisfied with respect to such Objected Modification. Objections made in writing other than through the relevant Clearing System must be accompanied by evidence to the Bond Trustee's satisfaction (having regard to prevailing market practices) of the relevant Covered Bondholder's holding of the Covered Bonds.

Substitution

The Bond Trust Deed provides that the Bond Trustee may, without the consent or sanction of the Covered Bondholders or Couponholders agree, to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Covered Bonds, Coupons and the Bond Trust Deed of another company, being a subsidiary of the Issuer subject to (a) the Bond Trustee being satisfied that the interests of the Covered Bondholders will not be materially prejudiced by the substitution and (b) certain other conditions set out in the Bond Trust Deed being complied with.

The Bond Trust Deed provides that in connection with any scheme of amalgamation or reconstruction of the Issuer not involving the bankruptcy or insolvency of the Issuer and (A) where the Issuer does not survive the amalgamation or reconstruction or (B) where all or substantially all of the assets and business of the Issuer will be disposed of to, or succeeded to, by another entity (whether by operation of law or otherwise), the Bond Trustee will, if requested by the Issuer, be obliged, without the consent or sanction of the Covered Bondholders or Couponholders, at any time to agree to the substitution in the place of the Issuer (or of the previous substitute) as principal debtor under the Bond Trust Deed (the **Substituted Debtor**) being the entity with and into which the Issuer amalgamates or the entity to which all or substantially all of the business and assets of the Issuer is transferred, or succeeded to, pursuant to such scheme of amalgamation or reconstruction (whether by operation of law or otherwise), subject to, *inter alia*:

(a) the Substituted Debtor entering into a supplemental trust deed or some other form of undertaking in form and manner satisfactory to the Bond Trustee agreeing to be bound by the Bond Trust Deed with any consequential amendments which the Bond Trustee may deem appropriate as fully as if the Substituted Debtor had been named in the Bond Trust Deed as principal debtor or guarantor in place of the Issuer;

(b) the Substituted Debtor acquiring or succeeding to pursuant to such scheme of amalgamation or reconstruction all or substantially all of the assets and business of the Issuer; and

(c) confirmations being received by the Bond Trustee from each Rating Agency that the substitution will not adversely affect the current rating of the Covered Bonds.

Any such supplemental trust deed or undertaking will, if so expressed, operate to release the Issuer or the previous substitute as stated above from all of its obligations as principal debtor under the Bond Trust Deed.

Any substitution pursuant to this Condition 14 will be binding on the Covered Bondholders and the Couponholders and, unless the Bond Trustee agrees otherwise, will be notified by the Issuer to the Covered Bondholders not later than 14 days after any such substitution in accordance with Condition 13.

It will be a condition of any substitution pursuant to this Condition 14 that the Covered Bond Guarantee will remain in place or be modified to apply *mutatis mutandis* and continue in full force and effect in relation to any Substituted Debtor.

For the purposes of this Condition 14:

Potential Issuer Event of Default means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute an Issuer Event of Default;

Potential Covered Bond Guarantor Event of Default means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute a Covered Bond Guarantor Event of Default; and

Series Reserved Matter in relation to Covered Bonds of a Series means: (i) reduction or cancellation of the amount payable or, where applicable, modification of the method of calculating the amount payable or modification of the date of payment or, where applicable, modification of the method of calculating the date of payment in respect of any principal or interest in respect of the Covered Bonds; (ii) alteration of the currency in which payments under the Covered Bonds and Coupons are to be made, other than pursuant to Condition 5(i); (iii) alteration of the quorum or majority required to pass an Extraordinary Resolution; (iv) any amendment to the Covered Bond Guarantee or the Security Deed (other than any amendment that Bond Trustee determines is not materially prejudicial to the interests of the Covered Bondholders of any Series or any amendment which is of a formal, minor or technical nature or is in the opinion of the Bond Trustee made to correct a manifest error or proven error or to comply with mandatory provisions of law); (v) except in accordance with Condition 6(h) or the provision relating to substitution in this Condition 14, the sanctioning of any scheme or proposal for the exchange or sale of the Covered Bonds for or the conversion of the Covered Bonds into, or the cancellation of the Covered Bonds in consideration of, shares, stock, Covered Bonds, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, bonds, Covered Bonds, debentures, debenture stock and/or other obligations and/or securities as stated above and partly for or into or in consideration of cash and for the appointment of some person with power on behalf of the Covered Bondholders to execute an instrument of transfer of the Registered Covered Bonds held by them in favour of the persons with or to whom the Covered Bonds are to be exchanged or sold respectively; and (vi) alteration of the proviso to paragraph 5 or paragraph 6 of Schedule 4 to the Bond Trust Deed or the alteration of this definition.

15. Indemnification of the Bond Trustee and the Security Trustee and the Bond Trustee and Security Trustee contracting with the Issuer and/or the Covered Bond Guarantor

If, in connection with the exercise of its powers, trusts, authorities or discretions the Bond Trustee is of the opinion that the interests of the Covered Bondholders of any one or more series would be materially prejudiced thereby, the Bond Trustee will not exercise such power, trust, authority or discretion without the approval of such Covered Bondholders of the relevant Series by Extraordinary Resolution or by a direction in writing of such Covered Bondholders of at least 25 per cent. of the Principal Amount Outstanding of Covered Bonds of the relevant Series then outstanding or as otherwise required under the Programme Documents.

The Bond Trust Deed and the Security Deed contain provisions for the indemnification of the Bond Trustee and the Security Trustee and for their relief from responsibility, including provisions relieving them from taking any action unless indemnified and/or secured and/or prefunded to their satisfaction.

The Bond Trust Deed and the Security Deed also contain provisions pursuant to which each of the Bond Trustee and Security Trustee, respectively, is entitled, *inter alia*: (i) to enter into business transactions with the Issuer, the Covered Bond Guarantor and/or any of their respective Subsidiaries and affiliates and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer, the Covered Bond Guarantor and/or any of their respective Subsidiaries and affiliates; (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Covered Bondholders or Couponholders or the other Secured Creditors and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Bond Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of any Mortgage Loan Rights, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons whether or not on behalf of the Bond Trustee. The Bond Trustee will not be responsible for: (i) supervising the performance by the Issuer or any other party to the Programme Documents of their respective obligations under the Programme Documents and the Bond Trustee will be entitled to assume, until it has written notice to the contrary, that all such persons are properly performing their duties; (ii) considering the basis on which approvals or consents are granted by the Issuer or any other party to the Programme Documents under the Programme Documents; (iii) monitoring the Mortgage Loan Rights then forming part of the Assets of the Trust, including whether the Asset Coverage Test is satisfied or otherwise or the Legislated Collateralisation Test is satisfied or otherwise or the Amortisation Test is satisfied or otherwise; or (iv) monitoring whether a Mortgage Loan is an Eligible Mortgage Loan. The Bond Trustee will not be liable to any Covered Bondholder or other Secured Creditor for any failure to make or to cause to be made on its behalf the searches, investigations and enquiries which would normally be made by a prudent secured creditor in relation to the Security and have no responsibility in relation to the legality, validity, sufficiency and enforceability of the Security and the Programme Documents.

The Security Trustee will not be responsible: (i) for any liability whatsoever for acting in accordance with any resolution of the Covered Bondholders; (ii) for the notification of the happening or continuance of a Covered Bond Guarantor Event of Default to the Secured Creditors; (iii) for any examination or enquiry into, nor be liable for any defect or failure in, the title of the Covered Bond Guarantor to any Charged Property; (iv) under any liability whatsoever for any failure to take action in respect of a breach by the Covered Bond Guarantor of its duties as trustee of the Trust or in respect of a Covered Bond Guarantor Event of Default of which it is not actually aware; (v) for the form or contents of any Programme Document and will not be liable as a result of or in connection with any inadequacy, invalidity or unenforceability of any provision of any Programme Documents except insofar that it applies to the Security Trustee or to any representation and warranty given by the

Security Trustee; and (vi) for supervising or monitoring the performance by the Issuer or any other party to the Programme Documents of their respective obligations under the Programme Documents and the Security Trustee will be entitled to assume, until it has written notice to the contrary, that all such persons are properly performing their duties.

The Bond Trustee may refrain from taking any action or exercising any right, power, authority or discretion vested in it relating to the transactions contemplated in the Programme Documents until it has been indemnified and/or secured and/or prefunded to its satisfaction against any and all actions, charges, claims, costs, damages, demands, expenses, liabilities, losses and proceedings which might be sustained by it as a result and will not be required to do anything which may cause it to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its rights, powers, authorities or discretions if it has reasonable grounds for believing that repayment of such funds or adequate indemnity, security or prefunding against such liability is not assured to it.

The Security Trustee may refrain from taking steps (other than the steps in relation to the enforcement of the Security) under the Security Deed or any of the other Programme Documents or exercise any of its powers, rights, trusts, authorities, duties, functions or discretions (including to require anything to be done, form any opinion or view, make any determination or give any notice, consent, waiver or approval) under or pursuant to the Security Deed or any other Programme Document to which the Security Trustee is a party without first taking instructions from the Bond Trustee (so long as there are any Covered Bonds outstanding) (provided that the Security Trustee is not required to seek instructions from the Bond Trustee in relation to the release of Security (as set out in the Security Deed) or any investments in Authorised Investments) or (if there are no Covered Bonds outstanding) the Majority Secured Creditors; and the Security Trustee has been indemnified and/or secured to its satisfaction as aforesaid and provided always that the Security Trustee will not be bound to take any enforcement proceedings which may, in the opinion of the Security Trustee in its absolute discretion, result in the Security Trustee failing to receive any payment to which it is or would be entitled.

16. Further Issues

The Issuer will be at liberty from time to time without the consent of the Covered Bondholders or the Couponholders to create and issue further Covered Bonds having terms and conditions the same as the Covered Bonds of any Series or the same in all respects save for the amount and date of the first payment of interest thereon, issue date and/or purchase price and so that the same will be consolidated and form a single Series with the outstanding Covered Bonds of such Series.

17. Non-petition and limited recourse

Only the Security Trustee (acting on the directions of (for so long as there any Covered Bonds outstanding) the Bond Trustee or (where no Covered Bonds are outstanding) the Majority Secured Creditors) may pursue the remedies available under the general law or under the Security Deed to enforce the Security and no Transaction Party will be entitled to proceed directly against the Covered Bond Guarantor to enforce the Security. In particular, each Transaction Party (other than the Security Trustee, and in respect of certain rights, the Bond Trustee) has agreed with the Covered Bond Guarantor and the Security Trustee that, except to the extent provided for in the Programme Documents, it will not: (i) take any steps for the purpose of recovering any Secured Obligations; or (ii) enforcing any rights arising out of the Programme Documents against the Covered Bond Guarantor or procuring the winding up of the Trust, unless the Security Trustee, once bound to take any steps or proceedings to enforce the Security pursuant to the Security Deed, fails to do so within a reasonable time and such failure is continuing, in which case such Secured Creditors will be entitled to take such steps or proceedings as it deems necessary (other than presentation of a petition for the winding-up of the Trust).

The Covered Bond Guarantor enters into the Programme Documents only in its capacity as trustee of the Trust and in no other capacity. A liability arising under or in connection with the Programme Documents is limited to and can be enforced against the Covered Bond Guarantor only to the extent to which it can be satisfied out of the property of the Trust out of which the Covered Bond Guarantor is actually indemnified for the liability. This limitation of the Covered Bond Guarantor's liability applies despite any other provision of the Programme Documents and extends to all liabilities and obligations of the Covered Bond Guarantor in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to the Programme Documents.

The parties other than the Covered Bond Guarantor may not sue the Covered Bond Guarantor in any capacity other than as trustee of the Trust, including to seek the appointment of a receiver (except in relation to property of the Trust), a liquidator, an administrator or any similar person to the Covered Bond Guarantor or prove in any liquidation, administration or arrangement of or affecting the Covered Bond Guarantor (except in relation to property of the Trust).

The provisions of this Condition 17 will not apply to any obligation or liability of the Covered Bond Guarantor to the extent that it is not satisfied because under the Programme Documents or by operation of law there is a reduction in the extent of the Covered Bond Guarantor's indemnification out of the assets of the Trust, as a result of the Covered Bond Guarantor's fraud, negligence or wilful default.

It is acknowledged that the parties are each responsible under the Programme Documents for performing a variety of obligations relating to the Trust. No act or omission of the Covered Bond Guarantor (including any related failure to satisfy its obligations or breach of representation or warranty under the Programme Documents) will be considered fraud, negligence or wilful default of the Covered Bond Guarantor for the purpose of the preceding paragraph to the extent to which the act or omission was caused or contributed to by any failure by any party or any other person to fulfil its obligations relating to the Trust or by any other act or omission of any party, the Servicer, the Seller, the Cover Pool Monitor or any other person.

No attorney, agent, receiver or receiver and manager appointed in accordance with the Programme Documents has authority to act on behalf of the Covered Bond Guarantor in a way which exposes the Covered Bond Guarantor to any personal liability and no act or omission of any such person will be considered fraud, negligence or wilful default of the Covered Bond Guarantor for the purpose of the preceding paragraph.

The Covered Bond Guarantor is not obliged to do or refrain from doing anything under the Programme Documents (including incur any liability) unless the Covered Bond Guarantor's liability is limited in the same manner as set out above.

Notwithstanding any other provisions of the Programme Documents, each party to the Programme Documents (other than the Security Trustee) agrees with and acknowledges to the Security Trustee that the Security Trustee enters into each Programme Document to which it is a party only in its capacity as trustee of the Security Trust and in no other capacity and that the Security Trustee will have no liability under or in connection with the Programme Documents (whether to the Secured Creditors, the Covered Bond Guarantor or any other person) other than to the extent to which the liability is able to be satisfied out of the property of the Security Trust from which the Security Trustee is actually indemnified for the liability. This limitation will not apply to a liability of the Security Trustee to the extent that it is not satisfied because, under the Programme Documents or by operation of law, there is a reduction in the extent of the Security Trustee's indemnification as a result of the Security Trustee's fraud, negligence or wilful default. Nothing in this Condition 17 or any similar provision in any other Programme Document limits or adversely affects the powers of the Security Trustee, any receiver or attorney in respect of the Charge or the Charged Property, in relation to the Trust.

To the extent permitted by law, no recourse under any obligation, covenant, or agreement of any person contained in the Programme Documents may be had against any shareholder, officer, agent or director of such person as such, by the enforcement of any assessment or by any legal proceeding, by virtue of any statute or otherwise; it being expressly agreed and understood that the Programme Documents are corporate obligations of each person expressed to be a party thereto and no personal liability will attach to or be incurred by the shareholders, officers, agents or directors of such person as such, or any of them, under or by reason of any of the obligations, covenants or agreements of such person contained in the Programme Documents, or implied therefrom, and that any and all personal liability for breaches by such person of any of such obligations, covenants or agreements, either under any applicable law or by statute or constitution, of every such shareholder, officer, agent or director is expressly waived by each person expressed to be a party thereto as a condition of and consideration for execution of the Programme Documents.

18. Contracts (Rights of Third Parties) Act 1999

No person will have any right to enforce any term or condition of this Covered Bond under the Contracts (Rights of Third Parties) Act 1999.

19. Governing Law

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

USE OF PROCEEDS

The net proceeds from each issue of Covered Bonds will be used by the Issuer to maintain a prudential level of liquidity and to finance the Australian commercial business operations of the Issuer.

BANK OF QUEENSLAND LIMITED

BOQ is a full service financial institution whose primary function is gathering deposits and lending. It is listed on the ASX and regulated by APRA as an authorised deposit-taking institution (**ADI**). BOQ is included in the ASX 100 index.

During BOQ's long history, it has evolved from a Queensland focussed, retail branch-based bank to a national diversified financial services business with a focus on niche commercial lending segments, highly specialised bankers, and branches run by small business owners who are anchored in their communities.

BOQ operates nationwide, through specialist bankers and digital channels, a network of branches throughout Australia including both owner managed and corporate branches, accredited brokers and contact centres.

BOQ has a portfolio of brands in niche segments which form the basis of its multi brand strategy as set out below. BOQ's business operations are conducted through the Retail Banking and Business Banking divisions, supported by the Group functions.

BOQ's Retail Banking

BOQ is the retail banking arm of the BOQ Group and is comprised of branches across Australia offering a range of banking products including Owner-Managed branches (**OMB**) run by local Owner-Mangers. Virgin Money Australia (**VMA**) is a digital first retail financial services, which provides a wide range of financial products as an alternative to the big banks. BOQ acquired VMA in 2013 and it operates as a standalone brand within the BOQ Group.

Business Banking

BOQ Business is a relationship led business with specialist bankers providing client solutions across Small Business, Agribusiness, Corporate Banking, Property Finance, healthcare & Retirement and Tourism, Leisure & Hospitality. BOQ Finance is a wholly owned subsidiary of BOQ specialising in asset finance and leasing solutions BOQ Finance is a mid-market financier which has been operating in the Australian and New Zealand markets for more than 45 years. BOQ Specialist delivers distinctive banking solutions to niche market segments including medical, dental and veterinary professionals. BOQ acquired the business (previously Investec Professional Finance) from Investec Bank (Australia) Limited in 2014. BOQ Specialist operates as a niche brand within BOQ's Business Bank.

BOQ's registered office is located at Level 6, 100 Skyring Terrace, Newstead, Queensland 4006 and its telephone number is +61 7 3212 3333.

Strategic priorities and value drivers

BOQ's purpose is 'creating prosperity for our customers, shareholders and people through empathy, integrity, and by making a difference.' This is reinforced by BOQ's ambition 'to be known as the bold challenger bank with multi-brands that are digitally enabled with a personal touch.' The purpose is the foundation for BOQ's refreshed strategy delivered during 2020 which aims to deliver exceptional customer experience through specialised bankers to create long term shareholder value. The strategy was informed by BOQ's key differentiators: unique brands with proud history, an innovative digital offering and loyalty programme, deeply anchored in local communities with a strong customer focus and highly specialised industry expertise. BOQ continues to work towards a distinctive approach for its customers and people, a comprehensive digital transformation and a focus on delivering sustainable profitable growth and attractive returns.

BOQ's corporate strategy is based on 5 strategic pillars focused on customers, people and shareholders as set out below.

Our empathetic culture sets us apart is about providing a superior customer experience, helping customers into their homes, helping them save, and making their banking intuitive. BOQ's focus is to provide customers with enhanced experiences, and build the capability of its people, to set BOQ apart from its competitors and provide BOQ with a competitive advantage.

Distinctive brands servicing attractive niche customer segments is about BOQ's focus on niche areas. The portfolio of brands encompassing BOQ, VMA, BOQ Business, BOQ Specialist, and BOQ Finance provides it with the ability to target complementary segments through niche offerings. BOQ's strategy also includes a focus on the small and medium enterprise (**SME**) segment, supported by specialised bankers with strong relationship banking skills, SME capability across the owner managed branches, industry expertise delivered through BOQ Specialist and asset finance capability in the BOQ Finance business line.

Digital bank of the future with a personal touch is about digital underpinning BOQ's business transformation. BOQ aims to deliver a comprehensive digital transformation which will utilise cloud based technologies to build a next generation core platform to support its growth. The digital transformation is directed at enabling BOQ to leverage data and analytics to provide differentiated experiences for the customer at the digital front end, and to drive efficiencies across the business lines.

In addition to BOQ's digital transformation, the strategy also encompasses BOQ building a digital bank under the VMA brand as phase 1. This forms the basis for the BOQ Group's future digital banking platform.

Simple and intuitive business, with strong execution capability focuses on the transformation program to reduce the product set, streamline processes, and leveraging technology to seek to improve the customer experience, drive efficiencies, and reduce costs. The strategy includes a key focus on the home buying transformation program which incorporates an uplift in culture and capability, optimisation of BOQ's distribution channels, and simplification of process, products, and systems. The strategy includes a significant transformation agenda, and enhancing BOQ's execution capability is critical to the success of delivering this program of work.

Strong financial and risk positions, with attractive returns is aimed at BOQ's growth being underpinned by a strong balance sheet, liquidity and a robust risk and regulatory compliance framework.

Responding to COVID-19

BOQ responded quickly to the evolving COVID-19 circumstances to ensure the stability of the BOQ business through the maintenance of strong levels of capital and liquidity, while providing support to employees to ensure the ongoing operations of BOQ.

In response to the COVID-19 pandemic BOQ worked swiftly and decisively to establish the Banking Relief Package for customers impacted by COVID-19 and announced a number of financial support measures for both small business and retail customers across its brands. Examples of such financial support measures include the following assistance packages:

- *Business Banking Relief Package* which offered small business customers a deferred repayment period of up to six months on small business loans;
- *Personal Banking Relief Package* which enabled BOQ's retail customers to either defer their mortgage repayments for up to six months or switch to interest only repayments for up to twelve months;
- *Australian Government SME Guarantee Scheme* whereby the Australian Government will provide a 50 per cent. guarantee to lenders, such as BOQ, to support unsecured loans to small and medium sized businesses to meet their cash flow needs up to a maximum size of A$250,000 with a six month repayment holiday; and
- A number of other product changes providing customers with support to manage their cash flow needs during the pandemic such as fee relief and reduced interest rates on some products.

For further details about specific risks associated with the volatility, uncertainty and disruption caused by the evolving COVID-19 pandemic, see section "*Risk Factors - Credit Risk - The Coronavirus (COVID-19) pandemic*".

Other developments

On 14 October 2020, BOQ announced that it had entered into an agreement to sell St Andrew's Insurance business (**St Andrew's**) to Farmcove Investment Holdings (**Farmcove**) for total proceeds of A$23 million (**Transaction**).

The Transaction is expected to result in an indicative post-tax statutory loss on sale of approximately A$27 million to A$30 million and be broadly neutral to BOQ's CET1 ratio. Completion of the Transaction is subject to certain conditions, including regulatory approval from APRA. Dependent upon the timing of regulatory approvals, completion is expected to occur before the end of financial year of 2021.

On 22 February 2021, BOQ announced that it had entered into an agreement to acquire 100% of Members Equity Bank Limited (ACN 070 887 679) for cash consideration of A$1.325bn (**Acquisition**). The Acquisition was funded by an underwritten capital raising of A$1.35bn. Completion of the Acquisition is targeted to occur before the end of financial year of 2021 subject to regulatory approval pursuant to the Financial Sector (Shareholdings Act) 1998 (Cth).

There are risks associated with undertakings potential divestments, such as the Transaction, and acquisitions, such as the Acquisition. See further "*Risk Factors - Strategic risk - Mergers, acquisitions and divestments*".

On 20 April 2021, BOQ released a clarificatory ASX Announcement which provided amended Earnings per Share (**EPS**) and Weighted Average Number of Shares (**WANOS**) figures for the half year ended 29 February 2020, the year ended 31 August 2020 and the half year ended 28 February 2021 from those reported in the 2021 Half Year Report which is incorporated by reference in this Prospectus. The EPS and the WANOS figures have been amended in accordance with AASB 133 Earnings per share accounting standards resulting in EPS increasing from those reported in the 2021 Half Year Report.

Directors and Company Secretary of BOQ

As at the date of this Prospectus there are no existing or potential conflicts of interests between any duties owed to BOQ by its Directors or the Company Secretary and the private interests or external duties of those Directors or the Company Secretary. The 2020 Annual Report set out key management personnel disclosures, which are incorporated by reference and form part of this Prospectus.

The Directors of BOQ, the business address of each of whom should be regarded for the purposes of this Prospectus as Level 6, 100 Skyring Terrace, Newstead, Queensland 4006, and their respective principal outside activities, where significant, are at the date of this Prospectus as follows:

Directors

The Directors of BOQ as at the date of this Prospectus are:

Name, qualifications and independence status	**Experience, special responsibilities and other Directorships**
Patrick Allaway BA/LLB Chairman Non-Executive Independent Director	Mr Allaway was appointed as a Non-Executive Director of BOQ in May 2019 and was appointed Chairman in October 2019. Mr Allaway has extensive senior executive, non-executive, and corporate advisory experience across the financial services, property, media and retail sectors. Mr. Allaway's executive career was in financial services with Citibank and Swiss Bank Corporation (now UBS) working in Sydney, New York, Zurich and London. Mr. Allaway was Managing Director SBC Capital Markets & Treasury with direct responsibility for a global business. Mr. Allaway brings over 30 years' experience in financial services across financial markets, capital markets, and corporate advisory. This included an advisory role in the media sector, responding to

	considerable digital disruption. Mr Allaway has over 15 years Non-Executive Director experience and was formerly a Non-Executive Director of Macquarie Goodman Industrial Trust, Metcash Limited, Fairfax Media, Woolworths South Africa, David Jones, and Country Road Group. Mr Allaway Chaired the Audit & Risk Committees for Metcash, David Jones, and Country Road Group. Mr. Allaway is currently a non-executive Director of Allianz Australia and Dexus Funds Management Limited. He has also recently been appointed to the Adobe International Advisory Board. He is the Chair of both BOQ's Investment Committee and Nomination & Governance Committee and is a member of BOQ's Transformation & Technology, People, Culture & Remuneration, Audit and Risk Committees.
George Frazis B. Eng (Hons), MBA Managing Director & Chief Executive Officer	Mr Frazis was appointed as Managing Director & Chief Executive Officer of BOQ on 5 September 2019. Mr Frazis has had a long history in banking and finance, having worked in the industry for the past 17 years. Most recently, he was Chief Executive of Westpac Group's Consumer Bank. Prior to that Mr Frazis was Chief Executive Officer, St. George Banking Group and Chief Executive, Westpac New Zealand Limited. Mr Frazis has held senior executive roles at National Australia Bank, Commonwealth Bank of Australia, as well as Air New Zealand. He started his career as an officer in the Royal Australian Air Force.
Bruce Carter B Econ, MBA, FAICD, FICA Non-Executive Independent Director	Mr Carter was appointed a Director of BOQ on 27 February 2014. Mr Carter was a founding Managing Partner of Ferrier Hodgson South Australia, a corporate advisory and restructuring business, and has worked across a number of industries and sectors in the public and private sectors. He has been involved with a number of state government-appointed restructures and reviews including chairing a task force to oversee the government's involvement in major resource and mining infrastructure projects. Mr Carter had a central role in a number of key government economic papers including the Economic Statement on South Australian Prospects for Growth, the Sustainable Budget Commission, and the Prime Minister's 2012 GST Distribution Review. Mr Carter has worked with all the major financial institutions in Australia. Before Ferrier Hodgson, Mr Carter was at Ernst & Young for 14 years including four years as Partner in Adelaide. During his time at Ernst & Young, he worked across the London, Hong Kong, Toronto and New York offices. Mr Carter is the Chair of Australian Submarine Corporation and Aventus Capital Limited and Genesee & Wyoming Inc. Mr Carter was recently appointed as a Non-Executive Director of Crown Resorts Limited. Mr Carter is Chair of the Risk Committee and a member of the Audit, Transformation & Technology, Investment, People, Culture & Remuneration and Nomination & Governance Committees.
Karen Penrose B.Comm, CPA, FAICD	Ms Penrose was appointed a Director of BOQ on 26 November 2015. Ms Penrose is an experienced non-executive director and banker. As a banker, Ms Penrose has 20 years' experience leading businesses within

Non-Executive Independent Director	Commonwealth Bank of Australia and HSBC and over eight years in accounting and finance roles. Ms Penrose has particular expertise in the financial services, health, property, resources and energy sectors. Ms Penrose is a Non-Executive Director of Vicinity Centres Limited, Ramsay Health Care Limited and Estia Health Limited. Ms Penrose was formerly a Non-Executive Director of AWE Limited, Spark Infrastructure Group, Landcom and Future Generation Global Investment Company Limited. She is a member of Chief Executive Women. Ms Penrose is Chair of the Audit Committee and is a member of each of the People, Culture & Remuneration, Risk, Investment, Transformation & Technology and Nomination & Governance Committees.
John Lorimer B Com Non-Executive Independent Director	Mr Lorimer was appointed a Director of BOQ on 29 January 2016. Mr Lorimer has spent more than 30 years in financial services and held executive roles in Australia, Asia and Europe. Mr Lorimer's most recent executive roles were in the United Kingdom where he was Group Head of Finance and then Group Head of Regulatory Risk and Compliance for Standard Chartered Bank. He also held a number of management positions in the retail bank of Citigroup and served as the Chairman of CAF Bank Limited (a subsidiary of Charities Aid Foundation based in the United Kingdom). He is a Non-Executive Director of Bupa Australia Pty Ltd, Bupa Aged Care Holdings Pty Ltd and Chairman of Bupa (Asia) Ltd. Mr Lorimer is a member of the Transformation & Technology, Risk, Audit, People, Culture & Remuneration and Nomination & Governance Committees.
Warwick Negus B Bus, M Com, SF Fin Non-Executive Independent Director	Mr Negus was appointed a Director of BOQ on 22 September 2016. Mr Negus brings more than 30 years of finance industry experience in Asia, Europe and Australia. His most recent executive roles include Chief Executive Officer of 452 Capital, Chief Executive Officer of Colonial First State Global Asset Management and Goldman Sachs Managing Director in Australia, London and Singapore. He was also a Vice President of Bankers Trust Australia and a Director of the University of NSW (UNSW) Foundation and FINSIA. Mr Negus is Chair of Pengana Capital Group and a Non-Executive Director of Washington H Soul Pattinson & Co Ltd, Virgin Australia Pty Ltd and Terrace Tower Group. He is a member of the Council of UNSW and Chair of UNSW Global Limited. Mr Negus is Chair of the People, Culture & Remuneration Committee and a member of the Audit, Risk, Transformation & Technology, Investment and Nomination & Governance Committees.
Kathleen Bailey-Lord BA (Hons), MAMP, FAICD Non-Executive Independent Director	Ms Bailey-Lord was appointed as a Non-Executive Director of BOQ in May 2019. Ms Bailey-Lord is an experienced company director and corporate advisor. Ms Bailey-Lord is currently a Non-Executive Director of QBE Insurance (AUSPAC), Melbourne Water and Monash College. Ms Bailey-Lord has 20 years of senior executive experience across Australia, New Zealand and Asia. Ms Bailey-Lord has led businesses

	through complex and transformational change, often leveraging digital solutions to enable new business models. Ms Bailey-Lord's experience spans the technology industry at IBM, financial services at ANZ Bank, professional services and marketing/media. Ms Bailey-Lord sits on the AICD Victorian Council and the AICD Technology, Governance and Innovation Panel (pro-bono roles). She is a member of Chief Executive Women. Ms Bailey-Lord is a member of the Transformation & Technology, People, Culture & Remuneration, Risk, Audit and Nomination & Governance Committees.
Mickie Rosen BA, Economics, MBA Non-Executive Independent Director	Ms Rosen was appointed as a Non-Executive Director of BOQ on 4 March 2021. Ms Rosen has three decades of strategy, operating and advisory experience across media, technology and e-commerce. She has built and led global businesses for iconic brands such as Yahoo, Fox, and Disney, as well as early stage companies including Hulu and Fandango. Until recently, Ms Rosen served on the board of Pandora Media and was the President of Tribune Interactive, the digital arm of Tribune Publishing and was concurrently the President of the Los Angeles Times. Ms Rosen is also a Non-Executive Director of Nine Entertainment Co. Ms Rosen commenced her career with McKinsey & Company, is based on the West Coast of the United States of America and holds an MBA from Harvard Business School. Ms Rosen is a member of the Transformation & Technology, Risk, People, Culture & Remuneration, Audit and Nomination & Governance Committees.

Michelle Tredenick retired as a Director of BOQ on 8 December 2020 at the conclusion of the 2020 Annual General Meeting.

Company Secretary

Nicholas Allton, Group General Counsel and Company Secretary

BA, LLB(hons), LLM, GAICD

Nicholas Allton joined the BOQ Group as Group General Counsel and Company Secretary in February 2021. He has responsibility for the Group's Legal and Company Secretary functions.

Nicholas has more than 27 years' experience across Financial Services, including 11 years in private practice for top-tier Australian, English and US firms. Prior to joining BOQ, Nicholas held the role of Group General Counsel and Company Secretary at MLC and spent 15 years working across a number of senior roles within the Macquarie Group. Throughout his career, Nicholas has been a thought leader and trusted adviser on a broad range of matters including strategic legal, governance, regulatory and other non-financial risk issues.

Fiona Daly, Company Secretary

LLB, LLM, AGIA, ACIS, MAICD

Ms Daly joined BOQ in October 2018 and was appointed joint company secretary on 30 April 2019. Ms Daly commenced her career as a corporate lawyer at Phillips Fox (now DLA Piper) before joining Allens. Prior to working for BOQ, Ms Daly held senior legal and regulatory roles including as senior legal counsel, global regulatory affairs manager and joint company secretary at Energy Developments, an international energy company.

Organisational Structure

BOQ's controlled entities are set out in Note 6.5 to the 2020 consolidated financial statements, which are incorporated by reference and form part of this Prospectus.

Shareholding Details

As at 14 April 2021 the following shareholding details applied:

Eight largest ordinary shareholders:

	Shareholder	*No. of ordinary shares*	*%*
1	*HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED*	108,695,608	17.00
2	*J P MORGAN NOMINEES AUSTRALIA PTY LIMITED*	63,997,203	10.01
3	*CITICORP NOMINEES PTY LIMITED*	58,410,766	9.13
4	*NATIONAL NOMINEES LIMITED*	38,188,181	5.97
5	*WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED*	9,294,197	1.45
6	*BNP PARIBAS NOMS PTY LTD*	7,473,384	1.17
7	*BNP PARIBAS NOMINEES PTY LTD*	6,874,650	1.07
8	*HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED*	6,283,183	0.98
	Total	299,217,172	46.78

THE BOQ COVERED BOND TRUST

The Trust

The BOQ Covered Bond Trust (**Trust**) is a special purpose trust established by the Establishment Deed dated 24 April 2017, under the laws applying in the State of New South Wales. Perpetual Corporate Trust Limited is the trustee of the Trust.

The Covered Bond Guarantor's principal office is at Level 18, 123 Pitt Street, Sydney NSW 2000, Australi The telephone number of the Covered Bond Guarantor's principal office is +61 2 9229 9000.

The Covered Bond Guarantor is dependent on the Trust Manager and the Servicer (among others) to provide certain management and administrative services to it, on the terms of the Establishment Deed and the other Programme Documents.

The Trust was established for purposes relating only to the Covered Bonds, including (without limitation):

(a) the acquisition, management and sale of, amongst other things, Mortgage Loan Rights;

(b) the borrowing of moneys to fund the acquisition of such assets;

(c) the hedging of risks associated with such assets and such funding;

(d) the acquisition, management and sale of Substitution Assets and Authorised Investments;

(e) the giving of guarantees;

(f) the granting of security; and

(g) any purpose which is ancillary or incidental to any of the purposes set out in paragraphs (a) to (f) above.

The Trust has not engaged since its establishment, and will not engage whilst the Covered Bonds, any Intercompany Notes or the Demand Note remain outstanding, in any material activities other than activities incidental to the purposes for which it was established, activities contemplated under the Programme Documents to which it is or will be a party and other matters which are incidental or ancillary to the foregoing.

The beneficial interest in the Trust will be represented by:

- ten Capital Units; and
- one Income Unit.

The initial holder of the ten Capital Units will be BOQ.

The initial holder of the one Income Unit will be BOQ.

Perpetual Corporate Trust Limited

Perpetual Corporate Trust Limited was appointed trustee of the Trust on 24 April 2017 pursuant to the Establishment Deed establishing the Trust.

Perpetual Corporate Trust Limited was incorporated in New South Wales on 27 October 1960 as T.E.A. Nominees (N.S.W.) Ltd under the Companies Act, 1936 of New South Wales. The name was changed to Perpetual Corporate Trust Limited on 18 October 2006 and Perpetual Corporate Trust Limited now operates as

a limited liability public company under the Corporations Act. Perpetual Corporate Trust Limited is registered in New South Wales and its registered office is at Level 18, 123 Pitt Street, Sydney, Australia.

Perpetual Corporate Trust Limited is a wholly owned subsidiary of Perpetual Limited, a publicly listed company on the Australian Securities Exchange.

The principal activities of Perpetual Corporate Trust Limited are the provision of trustee and other commercial services. Perpetual Corporate Trust Limited has obtained an Australian Financial Services Licence under Part 7.6 of the Corporations Act (AFSL No. 392673). Perpetual Corporate Trust Limited and its related companies provide a range of services including custodial and administrative arrangements to the funds management, superannuation, property, infrastructure and capital markets. Perpetual Corporate Trust Limited and its related companies are leading trustee companies in Australia with in excess of A$500 billion under administration.

The name and function of each of the Directors of Perpetual Corporate Trust Limited are listed below. Unless otherwise stated, the business address of each Director is Level 18, 123 Pitt Street Sydney NSW 2000 Australia.

- Mark Smith, Director;
- Christopher Green, Director; and
- Richard McCarthy, Director.

As at the date of this Prospectus, there are no existing or potential conflicts of interest between any duties owed to Perpetual Corporate Trust Limited by its Directors and the private interests or external duties of those Directors.

Covered Bond Guarantor's Liability

The Covered Bond Guarantor enters into the Programme Documents only in its capacity as trustee of the Trust and in no other capacity. A liability arising under or in connection with the Programme Documents is limited to and can be enforced against the Covered Bond Guarantor only to the extent to which it can be satisfied out of Assets of the Trust out of which the Covered Bond Guarantor is actually indemnified for the liability. Subject to the paragraphs below, this limitation of the Covered Bond Guarantor's liability applies despite any other provision of the Programme Documents and extends to all liabilities and obligations of the Covered Bond Guarantor in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to a Programme Document.

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

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

It is acknowledged that the Transaction Parties are each responsible under the Programme Documents for performing a variety of obligations relating to the Trust. No act or omission of the Covered Bond Guarantor (including any related failure to satisfy its obligations or breach of representation or warranty under any Programme Document) will be considered fraud, negligence or wilful default of the Covered Bond Guarantor to the extent to which the act or omission was caused or contributed to by any failure by any Transaction Party

(other than the Covered Bond Guarantor) or any other person to fulfil its obligations relating to the Trust or by any other act or omission of any Transaction Party (other than the Covered Bond Guarantor) or any other person.

No attorney, agent, receiver or receiver and manager appointed in accordance with the Programme Documents has authority to act on behalf of the Covered Bond Guarantor in a way which exposes the Covered Bond Guarantor to any personal liability and no act or omission of any such person will be considered fraud, negligence or wilful default of the Covered Bond Guarantor.

The Covered Bond Guarantor is not obliged to do or refrain from doing anything under the Programme Documents (including incur any liability) unless the Covered Bond Guarantor's liability is limited in the same manner as set out in this section.

Security Trustee's Liability

Notwithstanding any other provision of the Programme Documents, the Security Trustee enters into the Programme Documents only in its capacity as trustee of the Security Trust and in no other capacity and the Security Trustee has no liability under or in connection with the Programme Documents (whether to the Secured Creditors, the Covered Bond Guarantor or any other person) other than to the extent to which the liability is able to be satisfied out of the property of the Security Trust from which the Security Trustee is actually indemnified for the liability. This limitation will not apply to a liability of the Security Trustee to the extent that it is not satisfied because, under the Programme Documents or by operation of law, there is a reduction in the extent of the Security Trustee's indemnification out of the Security Trust as a result of the Security Trustee's fraud, negligence or wilful default.

Fraud, Negligence and Wilful Default of the Covered Bond Guarantor or the Security Trustee

A reference to the "fraud", "negligence" or "wilful default" of the Covered Bond Guarantor or the Security Trustee means the fraud, negligence or wilful default of the Covered Bond Guarantor or the Security Trustee, as the case may be, and of its officers, employees, agents and any other person where the Covered Bond Guarantor or the Security Trustee, as the case may be, is liable for the acts or omissions of such other person under the terms of the relevant Programme Document.

A reference to "wilful default" in relation to the Covered Bond Guarantor or the Security Trustee means any intentional failure to comply, or intentional breach, by the defaulting party of any of its obligations under the Programme Documents, other than a failure or breach which:

- is in accordance with a lawful court order or direction or otherwise required by law; or
- is in accordance with a proper instruction or direction from any person (other than the defaulting party) permitted to give such instruction or direction to the defaulting party under the Programme Documents; or
- arose as a result of a breach by any person (other than the defaulting party) of any of its obligations under the Programme Documents and performance of the action (or non-performance of which gave rise to such breach) is a precondition to the defaulting party performing its obligations under the Programme Documents.

BANK OF QUEENSLAND LIMITED RESIDENTIAL MORTGAGE LOAN ORIGINATION, MORTGAGE LOAN FEATURES, SERVICING AND ENFORCEMENT

The Mortgage Loans assigned to the Covered Bond Guarantor pursuant to the Mortgage Sale Agreement wil consist of Mortgage Loans originated by the Seller. The origination process, types of Mortgage Loans, and thei servicing and enforcement, are summarised below. However, the origination guidelines and types of Mortgage Loans may change in the future. See also the sections "*Risk Factors – Risk Factors related to the Covered Bond Guarantor – The Seller's credit and origination policies may be revised from time to time, which may affect the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee*" and "*Risk Factors – Risk Factors related to the Covered Bond Guarantor – Covered Bondholders receive a limited description of the Mortgage Loan Rights*" in this Prospectus.

Origination Process

The Mortgage Loans to be assigned to the Covered Bond Guarantor by the Seller comprise a portfolio of variable and fixed rate mortgage loans which were originated by the Seller through loan applications from new and existing customers. All of the Seller's mortgage loan applications are sourced from the Seller's branch network, approved and accredited mortgage brokers, approved referral sources and business banking relationship managers.

Approval and Underwriting Process

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

Authorised roles within the Seller are provided with the authority and accountability designed to assist customers with the lending application and process. Staff occupying these roles are trained to have the necessary skills and knowledge designed to meet the full financial needs of customers with particular regard to lending products, sales and services, risk management and associated issues. Authorised roles include, but are not limited to, lending managers.

Applications scored as ‘refer’ and those that are not credit scored (incorporated entities/trusts) are assessed by an appropriately authorised staff member in a specialised credit decisioning team. The Retail Credit Risk Assessment Department is a centralised function which is independent from the origination of mortgage loans and the Senior Managers Retail Risk Assessment report to the Chief Risk Officer, BOQ Retail.

Credit Risk Assessment Mangers must be assessed prior to a personal credit approval authority delegation being approved. The credit risk assessment manager’s performance and approval authority is regularly monitored and reviewed by the Seller. This is intended to ensure that mortgage loans are approved by a credit risk assessment manger with the proper authority level and that the quality of the underwriting process by each individual lending officer is maintained.

Mortgage loans processed by the Seller may be either approved outright by being "auto-decisioned" by a credit scorecard system or, in certain circumstances, “auto-decisioned” and then referred for approval to a credit risk assessment manger or referred from the outset for approval to a credit risk assessment manager holding a personal credit approval authority. A mortgage loan will be approved or declined by a credit risk assessment manager holding the appropriate level of delegation and mortgage loans which have higher risk characteristics or do not meet the Seller’s normal lending criteria are assessed by a credit risk assessment manager with higher delegation.

Verification of application details

The verification process involves borrowers providing proof of identity, evidence of income and evidence of savings (where applicable). For an employed applicant, it includes confirming employment and income levels using evidence such as payslips, salary credits to transaction accounts or employer written confirmation. For a self-employed person or an incorporated entity as an applicant, the Seller obtains annual financial statements and tax assessments. Where applicants are refinancing debts from another financial institution, a check of recent statements of the existing mortgage loan(s) is made to determine the regularity of debt payments. The credit history of any existing borrowings from the Seller is also checked.

Assessing ability to repay

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

(a) *Credit scorecard*: In the majority of cases, a credit scorecard system automatically and consistently applies the Seller's credit assessment rules without relying on the credit experience of the inputting officer. The credit scorecard returns a decision to approve or refer an application. An application is referred by the system if certain risk factors, such as loan size or a negative net servicing position, are present which require the application to be assessed by an experienced credit risk assessment manager. The credit score determined by this system is based on historical performance data of the Seller's mortgage loan portfolio.

In addition, in certain circumstances, such as to comply with the Seller's internal approval policies, an application approved by the credit scorecard system can also be referred for approval to a credit risk assessment manager.

(b) *Credit approval authorities*: Mortgage loan applications which are not credit scored, which are referred by the credit scorecard system or which have been approved by the credit scorecard system but *identified* for referral, are assessed by a credit risk assessment manager. Credit risk assessment managers are allocated delegated approval authorities based on their level of experience and past performance. Mortgage loans which have certain risk characteristics, such as loan size or a negative net servicing position, are assessed by more experienced credit risk assessment managers. The Seller monitors the quality of lending decisions and conducts regular audits of approvals.

In addition to the processes described above, all mortgage loan applications are also subject to a credit history search of the applicant's credit file which is provided by Equifax (formerly known as Veda Advantage Ltd and previously as Baycorp Advantage Ltd).

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

Valuation of mortgaged property

For applications which are approved during the credit decision process, the maximum allowable loan-to-value ratio, being the ratio of the mortgage loan amount to the value of the mortgaged property, is calculated and an offer for finance is made conditional upon a satisfactory valuation of the mortgaged property and any other outstanding conditions being satisfied. The amount of the mortgage loan that will be approved for a successful applicant is based on an assessment of the applicant's ability to service the proposed mortgage loan and the loan-to-value ratio.

For the purposes of calculating the loan-to-value ratio, the value of a mortgaged property is determined at origination by (i) a registered valuer approved by the Seller (who is an accredited panel valuer); (ii) reference to an acceptable source document such as a contract for the purchase of the mortgaged property; (iii) an automated valuation model (AVM) to support contract purchase price or to confirm property value for a variation request or (iv) a Desktop valuation (undertaken by an accredited panel valuer) in certain circumstances. The risk criteria includes limits on the mortgage loan amount and the value and geographical location of the security property.

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

The Seller's formal mortgage loan offer with the mortgage loan security documentation is printed at the point of sale by the mortgage loan originator. After acceptance and execution, the documentation, together with a signed acknowledgement that all non-documentary conditions of approval have been met, is returned by the business unit to the lending services team authorising settlement and funding of the mortgage loan can proceed.

One of the conditions of settlement is that the borrower establish and maintain full replacement general home owner's insurance on the mortgaged property. However, there is no ongoing monitoring of the level of home owner's insurance maintained by borrowers.

The Seller's Product Types

Set out below is a summary of the Seller's mortgage loan product types. The products described below apply to both owner occupied and investment mortgage loans.

The Seller offers a variety of mortgage loan product types with various features and options that are summarised in this section. Market competition and economics may require that the Seller offer new product types or add features to a mortgage loan which are not described in this section.

The Seller's standard variable rate mortgage loan and fixed rate mortgage loan

These types of mortgage loans are the Seller's traditional standard mortgage products which consist of standard variable rate and fixed rate options. The standard variable rate product is not linked to any other variable rates in the market. However, it may fluctuate with market conditions. Borrowers may switch to a fixed interest rate at any time. Some of the mortgage loans will be subject to fixed rates for differing periods.

In addition, some of these mortgage loans have an interest rate which is discounted by a fixed percentage to the standard variable rate or fixed rate. These discounts are offered to members of certain professional groups, other high income individuals and borrowers who take out a “package” (i.e. a bundle of transaction and lending products which includes discounts and fee concessions) and/or meet certain loan size requirements.

BOQ offers fixed rate mortgage loan terms from one to five years providing certainty in terms of interest rates and repayments. These mortgage loans convert to the Clear Path Home Loan at the end of the agreed fixed rate period unless the borrower elects to fix the interest rate for a further period.

In addition to the carded or advertised rates on offer for products BOQ may offer customers either at origination of the mortgage loan or at any time after being established an additional discount to their interest rates.

Intro Rate Home Loan

This product provides a discounted rate of interest for the first two years and then switches to the Clear Path Home. The discount applied to the first two years and any subsequent ongoing discount may change from time

to time dependent on market conditions. This product provides maximum flexibility with repayment and redraw options as well as the full range of mortgage loan features including mortgage offset.

Clear Path Home Loan

This is the traditional borrowing option with interest rates fluctuating according to market changes. This product provides maximum flexibility with repayment and redraw options as well as the full range of mortgage loan features including mortgage offset.

Economy Home Loan

This is a low cost "no frills" mortgage loan for those borrowers looking for the flexibility of a variable rate mortgage loan without the extra features. Mortgage offset is not available.

Home Loan Privileges Package (HLPP)

This is a complete home loan and banking package with benefits and savings that last for the full term of the mortgage loan. Customers have the option of taking either a variable rate or fixed rate option, with discounted interest rate benefits applying to the variable option. The discount is tiered according to the customer's total borrowings with the eligibility restricted to borrowers with total borrowings greater than $150,000. In all other aspects, the mortgage loan products operate exactly the same as the standard products including with respect to repayment options. In all cases, fee savings apply to their mortgage loans, transaction accounts and credit cards.

Special Features of the Mortgage Loans

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

Substitution of Security

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

(a) substitute a different mortgaged property in place of the existing mortgaged property securing a mortgage loan; or

(b) release a mortgaged property from a mortgage.

If the Servicer's credit criteria are satisfied and another property is substituted for the existing security for the mortgage loan, the mortgage which secures the existing mortgage loan may be discharged without the borrower being required to repay the mortgage loan. The Servicer must obtain the consent of any relevant mortgage insurer to the substitution of security or a release of a mortgage where this is required by the terms of a mortgage insurance policy. See the section "Overview of the Principal Documents – Servicing Deed" in this Prospectus.

Redraws and Further Advances

Borrowers can elect to redraw prepaid principal on their mortgage loans which are variable rate loans. The redraw facility is subject to approval by the Seller and the outstanding principal balance of the mortgage loan after the redraw must not exceed the scheduled balance of that mortgage loan. Redraws can occur in either of the following ways:

(a) electronically via internet banking, where the amount available for redraw is controlled by the banking system (i.e. redraw is not permitted if the funds are not available); or

(b) manually – all these redraws are centrally administered and approved.

Any redraws made by a Borrower in respect of a Mortgage Loan will be a Further Advance for the purposes of the Trust. See the section "Overview of the Principal Documents – Mortgage Sale Agreement – Further Advances" in this Prospectus.

Repayment Holiday

A borrower is allowed a repayment holiday where the borrower has taken a principal and interest loan and has prepaid principal, creating a difference between the outstanding principal balance of the loan and the scheduled amortised principal balance of the mortgage loan. The borrower is not required to make any payments, including payments of interest, until the outstanding principal balance of the mortgage loan plus unpaid interest equals the scheduled amortised principal balance. The failure by the borrower to make payments during a repayment holiday will not cause the related mortgage loan to be considered delinquent.

Early Repayment

A borrower may incur a fee if an early repayment occurs on a fixed rate mortgage loan. A borrower may also incur break fees if an early repayment or partial prepayment of principal occurs on a fixed rate mortgage loan. However, at present fixed rate mortgage loans allow for partial prepayment by the borrower of up to A$5,000 in any 12 month period without any break fees being applicable.

Combination or "Split" Mortgage Loans

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

Interest Offset

The Seller offers borrowers certain interest offset products under which the interest accrued on the borrower's transaction account is offset against interest on the borrower's mortgage loan. The Seller does not actually pay interest to the borrower on the mortgage loan offset account, but simply reduces the amount of interest which is payable by the borrower under its mortgage loan. The borrower continues to make their scheduled mortgage payments with the result that the portion allocated to principal is increased by the amount of interest offset. For transaction accounts, the interest offset is only available for certain types of mortgage loans.

If, following a Perfection of Title Event, the Covered Bond Guarantor obtains legal title to a Mortgage Loan, the Seller will no longer be able to offer an interest offset arrangement for that Mortgage Loan.

Interest Only Periods

A borrower may also request to make payments of interest only on his or her mortgage loan. If the Servicer agrees to such a request in respect of a mortgage loan it does so conditional upon higher principal repayments or a bulk reduction of principal applying upon expiry of the interest only period so that the mortgage loan is repaid within its original term. The interest only period can be extended beyond the initial period provided the total interest only period for the life of the mortgage loan does not exceed 5 years (for owner occupier loans), and does not exceed 15 years (for investment loans).

Special Introductory Rates

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

Additional Features

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

Collection and Enforcement Procedures

Pursuant to the terms of the mortgage loans, borrowers must make the minimum repayment due under the terms and conditions of the mortgage loans, on or before each monthly instalment due date. A borrower may elect to make his or her repayments weekly or fortnightly so long as the equivalent of the minimum monthly repayment is received on or before the monthly instalment due date. Borrowers often select repayment dates to coincide with receipt of their salary or other income. In addition to payment to a branch by cash or cheque, mortgage loan repayments may be made by direct debit to a nominated bank account or direct credit from the borrower's salary by their employer.

A mortgage loan is subject to action in relation to arrears of payment whenever the monthly repayment is not paid by the monthly instalment due date. However, under the terms of the mortgage loans, borrowers may prepay amounts which are additional to their required monthly repayments. If a borrower subsequently fails to make some or all of a required monthly repayment, the servicing system will draw against any additional payments until the available funds have been utilised. The Servicer's collections system identifies all mortgage loan accounts which are in arrears and produces lists of those mortgage loans. The collection system allocates overdue loans to the Servicer's designated collection officers who take action in relation to the arrears.

Actions taken by the Servicer in relation to delinquent accounts will vary depending on a number of elements, including the following and, if applicable, with the input of a mortgage insurer:

(a) arrears history;

(b) equity in the property; and

(c) arrangements made with the borrower to meet overdue payments.

BOQ adopts the approach of identifying both vulnerable and at risk customers to ensure that customers who are experiencing a higher level of financial difficulty outside of their control are appropriately managed. There is also further follow up and a larger focus on educating customers around what has occurred, what needs to occur and what may occur should positive action not take place on the account.

If satisfactory arrangements cannot be made to rectify a delinquent mortgage loan, legal notices are issued and recovery action is initiated by the Servicer. This includes, if the Servicer obtains possession of the mortgaged property, ensuring that the mortgaged property supporting the mortgage loan still has adequate general home owner's insurance and that the upkeep of the mortgaged property is maintained. Recovery action is arranged by experienced collections and recoveries staff in conjunction with internal or external legal advisers. A number of sources of recovery are pursued including the following:

(i) voluntary sale by the mortgagor;

(ii) guarantees;

(iii) mortgagee sale;

(iv) claims on mortgage insurance; and

(v) action against the mortgagor/borrower personally.

The Servicer reports all actions that it takes on overdue mortgage loans to the relevant mortgage insurer where required in accordance with the terms of the mortgage insurance policies.

Collection and Enforcement Process

When a mortgage loan becomes delinquent a combination of contact methods will be used to follow up with the borrower seeking full and immediate clearance of all arrears. The type of contact methods may include SMS, reminder letters and phone calls. The timing of the follow up contact depends on the risk profile of the account, but generally contact is made between 4 and 15 days of the account becoming delinquent.

BOQ adopts the approach of identifying both vulnerable and at risk customers to ensure that customers who are experiencing a higher level of financial difficulty outside of their control are appropriately managed. There is also further follow up and a larger focus on educating customers around what has occurred, what needs to occur and what may occur should positive action not take place on the account.

If an arrangement has not been entered into to rectify the arrears, a Default Notice is issued advising the borrower that if the matter is not rectified within a period of 30 days, BOQ is entitled to commence enforcement proceedings without further notice. Generally, a Default Notice will be sent when the loan is the equivalent of three payments past due. Upon the expiry of the Default Notice, and if a payment arrangement has not been entered into, the file is reviewed for the issuance of a Statement of Claim for possession of the property in the relevant Australian court.

Once a borrower is served with a Statement of Claim, the borrower is given up to 28 days to file a defence to the Statement of Claim. Should a defence to the Statement of Claim not be filed the Servicer will then, apply to the court to have judgment entered in its favour for the outstanding debt. The Servicer will then apply to the court for a 'Warrant of Possession' whereby the court approves for the Servicer to take possession of the security. The Servicer awaits the eviction date to be set by the Sherrif and engages a property presenter to assist with obtaining possession of the security. Appraisals and valuations are ordered and a reserve price is set for sale by way of public auction, tender or private treaty. These time frames assume that the borrower has either taken no action or has not honoured any commitments made in relation to the delinquency to the satisfaction of the Servicer and the mortgage insurers.

It should also be noted that the Servicer's ability to exercise its power of sale on the mortgaged property is dependent upon the statutory restrictions of the relevant state or territory as to notice requirements. In addition, there may be factors outside the control of the mortgagee such as whether the mortgagor contests the sale and the market conditions at the time of sale. These issues may affect the length of time between the decision of the Servicer to exercise its power of sale and final completion of the sale. See also the section "*Risk Factors – Risk Factors related to the Covered Bond Guarantor – Enforcement of Mortgage Loans can involve substantial costs and delays and may not permit full recovery by the Servicer*" in this Prospectus.

The collection and enforcement procedures may change from time to time in accordance with business judgment and changes to legislation and guidelines established by the relevant regulatory bodies.

OVERVIEW OF THE PRINCIPAL DOCUMENTS

Bond Trust Deed

The Bond Trust Deed entered into between the Issuer, the Trust Manager, the Covered Bond Guarantor and the Bond Trustee on or about the Programme Date, is the principal agreement governing the Covered Bonds. The Bond Trust Deed contains provisions relating to:

(a) the constitution of the Covered Bonds and the terms and conditions of the Covered Bonds (as more fully set out under "*Terms and Conditions of the Covered Bonds*" below);

(b) the covenants of the Issuer and the Covered Bond Guarantor;

(c) the terms of the Covered Bond Guarantee (as described below);

(d) the enforcement procedures relating to the Covered Bonds and the Covered Bond Guarantee; and

(e) the appointment, powers and responsibilities of the Bond Trustee and the circumstances in which the Bond Trustee may resign or retire or be removed.

The Covered Bond Guarantee

The Covered Bond Guarantor has guaranteed to the Bond Trustee, for the benefit of Covered Bondholders, the prompt performance by the Issuer of its obligations to pay Guaranteed Amounts.

Following the occurrence of an Issuer Event of Default and the service by the Bond Trustee of an Issuer Acceleration Notice on the Issuer (copied to the Covered Bond Guarantor) and a Notice to Pay on the Covered Bond Guarantor (copied to the Trust Manager and the Security Trustee), the Covered Bond Guarantor must, as principal obligor, pay or procure to be paid on each Scheduled Payment Date (or on such later date provided for in the Bond Trust Deed) irrevocably and unconditionally to or to the order of the Bond Trustee (for the benefit of the Covered Bondholders), an amount equal to those Guaranteed Amounts which have become Due for Payment in accordance with the terms of the Bond Trust Deed (or which would have become Due for Payment but for any variation, release or discharge of the Guaranteed Amounts), but which have not been paid by the Issuer to the relevant Covered Bondholder and/or Couponholders on the relevant date for payment provided that no Notice to Pay will be so served on the Covered Bond Guarantor until an Issuer Acceleration Notice has been served by the Bond Trustee on the Issuer.

Following the occurrence of a Covered Bond Guarantor Event of Default and the service by the Bond Trustee of a Covered Bond Guarantee Acceleration Notice on the Issuer and the Covered Bond Guarantor (copied to the Trust Manager and the Security Trustee), in respect of the Covered Bonds of each Series which have become immediately due and repayable (or which would have become Due for Payment but for any variation, release or discharge of the Guaranteed Amounts), the Covered Bond Guarantor must, as principal obligor, pay or procure to be paid to or to the order of the Bond Trustee (for the benefit of itself and the Covered Bondholders), in the manner described in the Bond Trust Deed, the Guaranteed Amounts.

Notwithstanding any provision of any Programme Document (including without limitation the Bond Trust Deed) to the contrary, the Covered Bond Guarantor will only be required to make a payment, or procure a payment to be made, under the Covered Bond Guarantee to the extent that the Covered Bond Guarantor is required to make such payment in accordance with the Guarantee Priority of Payments.

Subject to the grace periods specified in Condition 9(b), failure by the Covered Bond Guarantor to pay the Guaranteed Amounts when Due for Payment will constitute a Covered Bond Guarantor Event of Default.

Covered Bond Guarantor not obliged to pay additional amounts

All payments of Guaranteed Amounts by or on behalf of the Covered Bond Guarantor must be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessment or governmental charges of whatever nature imposed or levied by or on behalf of Australia or any political sub-division thereof or by any authority therein or thereof having power to tax, unless such withholding or deduction is required by law or regulation or administrative practice of any jurisdiction. If any such withholding or deduction is required, the Covered Bond Guarantor will pay the Guaranteed Amounts net of such withholding or deduction and will account to the appropriate Tax Authority for the amount required to be withheld or deducted. The Covered Bond Guarantor will not be obliged to pay any additional amount to the Bond Trustee or any holder of Covered Bonds and/or Coupons in respect of the amount of such withholding or deduction.

See further "*Taxation*".

Covered Bond Guarantor as principal debtor and not merely as surety

The Covered Bond Guarantor has agreed that its obligations under the Bond Trust Deed (including in respect of the Covered Bond Guarantee) will be as if it were principal debtor and not merely as surety or guarantor and will be direct, absolute and (to the extent that such obligations extend to the Covered Bond Guarantee, following service of an Issuer Acceleration Notice and Notice to Pay or a Covered Bond Guarantee Acceleration Notice) unconditional obligations of the Covered Bond Guarantor, secured as provided in the Security Deed and limited in recourse against the Covered Bond Guarantor, irrespective of, and unaffected by, any invalidity, irregularity, illegality or unenforceability of, or defect in, any provisions of the Bond Trust Deed or any other Programme Document, or the absence of any action to enforce the same or the waiver, modification or consent by the Bond Trustee, any of the Covered Bondholders or Couponholders in respect of any provisions of the same or the obtaining of any judgment or decree against the Issuer or any action to enforce the same or any other circumstances which might otherwise constitute a legal or equitable discharge or defence of a guarantor.

Excess Proceeds

Following the occurrence of an Issuer Event of Default and the delivery of an Issuer Acceleration Notice and Notice to Pay, any Excess Proceeds will be paid by the Bond Trustee on behalf of the Covered Bondholders of the relevant Series to the Covered Bond Guarantor, as soon as practicable, and will be held by the Covered Bond Guarantor in the GIC Account and the Excess Proceeds will thereafter form part of the Charged Property and will be used by the Covered Bond Guarantor in the same manner as all other moneys from time to time standing to the credit of the GIC Account pursuant to the Security Deed and the Establishment Deed. Any Excess Proceeds received by the Bond Trustee and held by it or under its control will discharge *pro tanto* the obligations of the Issuer in respect of the Covered Bonds and Coupons (as applicable and to the extent of the amount so received and subject to restitution of the same if such Excess Proceeds will be required to be repaid by the Covered Bond Guarantor) (but will be deemed not to have so discharged the Issuer's obligations for the purposes of subrogation rights of the Covered Bond Guarantor contemplated by the Bond Trust Deed). However, the obligations of the Covered Bond Guarantor under the Covered Bond Guarantee are (following service of an Issuer Acceleration Notice and Notice to Pay or if earlier, service of a Covered Bond Guarantee Acceleration Notice) unconditional and irrevocable and the receipt by, or on behalf of, the Bond Trustee of any Excess Proceeds will not reduce or discharge any such obligations.

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

For the avoidance of doubt, any payments by the Covered Bond Guarantor to the Covered Bondholders out of the Excess Proceeds, will reduce the Guaranteed Amounts *pro tanto*.

The Bond Trust Deed (other than certain provisions of the Bond Trust Deed under which the Issuer covenants to the Bond Trustee to repay principal and to pay interest in respect of the Covered Bonds (but only in respect

of such provisions, to the extent that they relate to any A$ Registered Covered Bonds), certain provisions of the Bond Trust Deed constituting the A$ Covered Bonds and certain provisions of the Bond Trust Deed limiting recourse to the Covered Bond Guarantor and the Security Trustee) and any non-contractual obligations arising out of or in connection with it are governed by, and are construed in accordance with, English law. Those provisions of the Bond Trust Deed noted above which are not governed by English law, are governed by, and are construed in accordance with, the laws applying in the State of New South Wales, Australia.

Intercompany Note Subscription Agreement

Under the Intercompany Note Subscription Agreement, the Intercompany Note Subscriber has agreed to subscribe for intercompany notes to be issued by the Covered Bond Guarantor (each an **Intercompany Note**) in an aggregate amount equal to the Total Intercompany Note Commitment, when requested to do so by the Covered Bond Guarantor. Each Intercompany Note may be issued either in the relevant Specified Currency of the related Series or Tranche of Covered Bonds and in an amount equal to the Principal Amount Outstanding as at the Issue Date of that Series or Tranche of Covered Bonds or in Australian Dollars in an amount equal to the Australian Dollar Equivalent of the Principal Amount Outstanding of the related Series or Tranche of Covered Bonds as at the Issue Date.

The proceeds of the issue of an Intercompany Note may only be used by the Covered Bond Guarantor (if not denominated in Australian Dollars, upon exchange into Australian Dollars under the applicable Covered Bond Swap):

(a) in relation to the issue of a Series or Tranche of Covered Bonds, to fund (in whole or part) the Consideration for Mortgage Loan Rights to be purchased from the Seller in accordance with the terms of the Mortgage Sale Agreement;

(b) if Mortgage Loan Rights are purchased from the Seller in advance of an issue of a Series or Tranche of Covered Bonds using the proceeds from an issue of, or Increase in, the Demand Note, to repay the Demand Note in an amount equal to the Series or Tranche of Covered Bonds issued which relate to the Intercompany Notes; and/or

(c) to invest in Substitution Assets (in an amount not exceeding the prescribed limit) to the extent required to meet the Asset Coverage Test,

and thereafter the Covered Bond Guarantor may use such proceeds (if not denominated in Australian Dollars, upon exchange into Australian Dollars under the applicable Covered Bond Swap) (subject to complying with the Asset Coverage Test):

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

(ii) to make a repayment of the Demand Note in respect of the Senior Demand Note Component, provided that the Trust Manager has determined the principal amount outstanding of the Demand Note by calculating the Asset Coverage Test as at the Intercompany Note Issue Date having taken into account such repayment and the Trust Manager has confirmed that the Asset Coverage Test will continue to be met after giving effect to such repayment; and/or

(iii) to make a deposit of all or part of the proceeds into the GIC Account (including to fund the Reserve Fund up to an amount which ensures that the balance of the Reserve Fund does not exceed the Reserve Fund Required Amount).

The Issuer will not be relying on repayment of Intercompany Notes in order to meet its repayment obligations under the corresponding Covered Bonds. The Trust Manager must direct the Covered Bond Guarantor, and upon receiving such instructions, the Covered Bond Guarantor will pay amounts due in respect of each Intercompany Note in accordance with the Intercompany Note Subscription Agreement and the applicable Priority of Payments. Prior to the service of a Notice to Pay on the Covered Bond Guarantor, amounts due in respect of an Intercompany Note will be paid by the Covered Bond Guarantor (acting on the directions of the Trust Manager) to, or as directed by, the Intercompany Noteholder, on each Intercompany Note Interest Payment Date, subject to paying all higher ranking amounts in the Pre-Issuer Event of Default Income Priority of Payments or, as applicable, the Pre-Issuer Event of Default Principal Priority of Payments. Any failure by the Covered Bond Guarantor (acting on the directions of the Trust Manager) to pay any amounts due on an Intercompany Note will not affect the liability of the Issuer to pay the amount due on the corresponding Covered Bonds.

Any amounts owing by the Intercompany Note Subscriber (as issuer of a particular Series or Tranche of Covered Bonds (as the case may be)) to the Covered Bond Guarantor in respect of amounts paid by the Covered Bond Guarantor under the Covered Bond Guarantee in relation to the particular Series or Tranche of Covered Bonds or the purchase of the particular Series or Tranche of Covered Bonds by the Covered Bond Guarantor, as applicable, will be set-off automatically (and without any action being required by the Covered Bond Guarantor, the Trust Manager, the Intercompany Note Subscriber or the Security Trustee) against the principal amount outstanding of the Intercompany Note corresponding to the particular Series or Tranche of Covered Bonds together with any accrued but unpaid interest in relation to the Intercompany Note. The amount set-off will be the amount of the relevant payment made by the Covered Bond Guarantor under the Covered Bond Guarantee in relation to the relevant Covered Bonds or the Principal Amount Outstanding of any Covered Bonds purchased or otherwise acquired and cancelled in accordance with Condition 6(h) or Condition 6(i), as applicable, which amount will be applied to reduce the principal amount outstanding of the Intercompany Note corresponding to the Relevant Covered Bonds, any accrued but unpaid interest in relation to the Intercompany Note (in each case converted into Australian Dollars at the applicable Covered Bond Swap Rate where the Intercompany Note is not denominated in Australian Dollars) and any amounts due and payable in relation to the Demand Note, in the following order of priority:

(a) *first*, to reduce and discharge interest (including accrued interest) due and unpaid on the principal amount outstanding in relation to such Intercompany Note;

(b) *second*, to reduce and discharge the principal amount outstanding in relation to such Intercompany Note;

(c) *third*, to reduce and discharge any other amounts due and payable by the Covered Bond Guarantor to the Intercompany Note Subscriber under the Intercompany Note Subscription Agreement; and

(d) *fourth*, to reduce and discharge amounts due and payable by the Covered Bond Guarantor to the Demand Note Subscriber under the Demand Note Subscription Agreement.

This set-off will apply notwithstanding the Priorities of Payments.

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

Demand Note Subscription Agreement

Under the Demand Note Subscription Agreement, the Demand Note Subscriber has agreed to subscribe for a demand note to be issued by the Covered Bond Guarantor (the **Demand Note**) and thereafter to subscribe for increases in the principal amount outstanding of the Demand Note previously issued (each, an **Increase**) in an aggregate amount up to the Total Demand Note Commitment when requested to do so by the Covered Bond Guarantor. The Demand Note will be denominated in Australian Dollars. Interest on the Demand Note accrues from day to day and is to be calculated on actual days elapsed and a 365-day year. Such interest is payable in

arrears on each Distribution Date and accrues at a rate to be determined by the Demand Note Subscriber and the Trust Manager.

The balance of the Demand Note will fluctuate over time, as described below.

The proceeds of the issue of the Demand Note or an Increase in relation to the Demand Note may only be used by, or on behalf of, the Covered Bond Guarantor:

(a) as whole or partial consideration for the acquisition of Mortgage Loan Rights from the Seller on a Closing Date;

(b) to prevent or rectify a failure to meet the Asset Coverage Test;

(c) to rectify an Interest Rate Shortfall;

(d) to fund (in whole or in part) the repayment by the Covered Bond Guarantor of any outstanding Intercompany Notes issued by the Covered Bond Guarantor;

(e) to make a deposit to the Reserve Fund; or

(f) for any other purpose whatsoever as may be agreed from time to time between the Covered Bond Guarantor (acting at the direction of the Trust Manager) and the Demand Note Subscriber.

Unless otherwise agreed by the Demand Note Subscriber, the Demand Note Subscriber will not subscribe for the issue of, or an Increase in, the Demand Note following an Issuer Event of Default.

Senior Demand Note Component and Junior Demand Note Component

The Demand Note notionally comprises of two separate tranches, a Senior Demand Note Component and a Junior Demand Note Component (each as defined below).

If the Issuer has determined that a Regulatory Event has occurred or is likely to occur and the Issuer has so notified the Covered Bond Guarantor and the Trust Manager, then:

(a) The **Senior Demand Note Component** will be the amount by which the then principal amount outstanding of the Demand Note is greater than the principal amount outstanding of the Demand Note which is required to satisfy the Asset Coverage Test. If there is no such excess then the Senior Demand Note Component is equal to zero. In effect, the Senior Demand Note Component represents the voluntary over-collateralisation in the Trust over and above the over-collateralisation that is required to satisfy the Asset Coverage Test.

(b) The **Junior Demand Note Component** will be equal to the principal amount outstanding of the Demand Note less the Senior Demand Note Component. In effect, the Junior Demand Note Component represents the over-collateralisation that the Trust is required to hold to satisfy the Asset Coverage Test.

There is no Senior Demand Note Component unless the Issuer has made the determination described above and notified the Covered Bond Guarantor and Trust Manager accordingly.

Repayment of the Demand Note

The Covered Bond Guarantor must repay or otherwise satisfy the principal amount of the Demand Note in accordance with the applicable Priority of Payments and the terms of the Demand Note Subscription Agreement and the Establishment Deed.

Amounts due and payable by the Covered Bond Guarantor in respect of the Demand Note will be repaid or otherwise satisfied:

- if, and only if, the Issuer has determined and notified the Covered Bond Guarantor and the Trust Manager of the occurrence or likely occurrence of a Regulatory Event, in respect of the Senior Demand Note Component, only either:

    - by way of set-off by application of the proceeds of the issue of Intercompany Notes as described in "*–Intercompany Note Subscription Agreement – The proceeds of the issue of Intercompany Notes*" above which will be set-off as described below; or

    - by an *in specie* distribution of Mortgage Loan Rights to the Demand Noteholder except if there is an In Specie Failure in which case a payment pursuant to the applicable Priority of Payments is permissible; and

- otherwise, if the Issuer has not determined and notified the Covered Bond Guarantor and the Trust Manager of the occurrence or likely occurrence of a Regulatory Event or, if it has, in respect of the Junior Demand Note Component, by application of such amounts as are available under the Priorities of Payments. In addition, in respect of the Junior Demand Note Component, the Trust Manager may (at its discretion) direct the Covered Bond Guarantor to distribute any Mortgage Loan Rights forming part of the Trust in full *in specie* to satisfy any outstanding payment obligations to the Demand Noteholder.

Any *in specie* distribution will be without recourse to the Covered Bond Guarantor, the Trust Manager and the Security Trustee and without representation or warranty by the Covered Bond Guarantor, the Trust Manager or the Security Trustee. For the purposes of an *in specie* distribution the value of the relevant Mortgage Loan Rights to be distributed by the Covered Bond Guarantor or the Security Trustee will be determined by the Trust Manager (in the case of a distribution in accordance with the Pre-Issuer Event of Default Principal Priority of Payments or the Guarantee Priority of Payments) or the Security Trustee (in the case of a distribution in accordance with the Post-Enforcement Priority of Payments), by reference to the Current Principal Balance plus any accrued interest or arrears of interest in respect of the corresponding Mortgage Loans calculated as at the date of the *in specie* distribution and the Mortgage Loan Rights must be selected by the Trust Manager (in the case of a distribution in accordance with the Pre-Issuer Event of Default Principal Priority of Payments or the Guarantee Priority of Payments) or the Security Trustee (in the case of a distribution in accordance with the Post-Enforcement Priority of Payments) on a basis that is representative of the Mortgage Loan Rights then forming part of the Assets of the Trust.

The principal amount outstanding of the Demand Note (or relevant part of it) will be repaid or otherwise satisfied by the Covered Bond Guarantor on the Distribution Date falling immediately after a demand is made by the Demand Noteholder to the Covered Bond Guarantor unless on such day: (i) the Asset Coverage Test, as calculated by the Trust Manager, will not be satisfied after giving effect to such repayment and any other amounts to be paid pursuant to the applicable Priority of Payments on the next Distribution Date, in which case, only that portion of the amount of the Demand Note which could be repaid whilst remaining in compliance with the Asset Coverage Test will be due and payable on such day; or (ii) an Asset Coverage Test Breach Notice has been given on or prior to such day and has not been revoked.

If a Covered Bond Guarantee Acceleration Notice has been served, the principal amount of the Demand Note will be due and payable by the Covered Bond Guarantor in accordance with and subject to the Post-Enforcement Priority of Payments.

If the Covered Bonds of each Series and Tranche have been repaid in full and the Issuer has confirmed that no additional Covered Bonds will be issued under the Programme Documents, the principal amount of the Demand

Note will be due and payable by the Covered Bond Guarantor in accordance with and subject to the applicable Priority of Payments.

The principal amount of the Demand Note relating to an Interest Rate Shortfall Demand Note Funding will be due and payable by the Covered Bond Guarantor in accordance with and subject to the applicable Priority of Payments.

Repayment of amounts due and payable by the Covered Bond Guarantor in respect of the Demand Note will:

- if, and only if, the Issuer has determined and notified the Covered Bond Guarantor and the Trust Manager of the occurrence or likely occurrence of a Regulatory Event, in respect of the Senior Demand Note Component, rank senior to the amounts due and payable by the Covered Bond Guarantor to the Covered Bondholders and Couponholders under the Covered Bond Guarantee and to the Intercompany Noteholder under the Intercompany Notes, as applicable, under the Pre-Issuer Event of Default Priorities of Payment, the Guarantee Priority of Payments and the Post-Enforcement Priority of Payments unless there is an In Specie Failure, in which case such amounts will be subordinated; and

- otherwise, if the Issuer has not determined and notified the Covered Bond Guarantor and the Trust Manager of the occurrence or like occurrence of a Regulatory Event or, if it has, in respect of the Junior Demand Note Component only, be subordinated to the amounts due and payable by the Covered Bond Guarantor to the Covered Bondholders and Couponholders under the Covered Bond Guarantee and to the Intercompany Noteholder under the Intercompany Notes, as applicable, under the Pre-Issuer Event of Default Priorities of Payments, the Guarantee Priority of Payments and the Post-Enforcement Priority of Payments.

Any amounts owing by the Intercompany Note Subscriber (as Issuer of a particular Series or Tranche of Covered Bonds (as the case may be)) to the Covered Bond Guarantor in respect of amounts paid by the Covered Bond Guarantor under the Covered Bond Guarantee in relation the particular Series or Tranche of Covered Bonds or the purchase of the particular Series or Tranche of Covered Bonds by the Covered Bond Guarantor, as applicable, which are not set-off in accordance with the order of priority contained in the Intercompany Note Subscription Agreement (set out in "*Intercompany Note Subscription Agreement*" above) will be set-off automatically (and without any action being required by the Covered Bond Guarantor, the Trust Manager, the Intercompany Note Subscriber, the Demand Note Subscriber or the Security Trustee) against any amounts payable by the Covered Bond Guarantor in respect of the Demand Note or under the Demand Note Subscription Agreement in the following order of priority:

(a) *first*, to reduce and discharge interest (including accrued interest) due and unpaid on the principal amount outstanding of the Demand Note;

(b) *second*, to reduce and discharge the principal amount outstanding of the Demand Note; and

(c) *third*, to reduce and discharge any other amounts due and payable by the Covered Bond Guarantor to the Demand Note Subscriber under the Demand Note Subscription Agreement.

This set-off will apply notwithstanding the Priorities of Payments.

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

Mortgage Sale Agreement

Sale by the Seller of Mortgage Loan Rights

Mortgage Loan Rights have been, and will be, sold to the Covered Bond Guarantor from time to time on a fully serviced basis pursuant to the terms of the Mortgage Sale Agreement entered into on or about the Programme Date between BOQ (in its capacity as Seller, Issuer, Servicer and beneficiary of the BOQ Trust), the Covered Bond Guarantor (in its capacity as trustee of the Trust and as trustee of the BOQ Trust), the Trust Manager and the Security Trustee.

The types of Mortgage Loans forming part of the Assets of the Trust will vary over time provided that, at the time the relevant Mortgage Loan is sold to the Covered Bond Guarantor, the Mortgage Loan is an Eligible Mortgage Loan (as described below) on the relevant Cut-Off Date. Accordingly, Mortgage Loan Rights sold by the Seller to the Covered Bond Guarantor on a Closing Date may have characteristics that differ from Mortgage Loan Rights already forming part of the Assets of the Trust as at that date.

Prior to the occurrence of an Issuer Event of Default or a Covered Bond Guarantor Event of Default, the Covered Bond Guarantor will acquire Mortgage Loan Rights from the Seller in the circumstances described below:

(a) prior to the issue of any Covered Bonds in accordance with the Programme, the Covered Bond Guarantor may issue the Demand Note or request an Increase in the Demand Note from the Demand Note Subscriber, the proceeds of which may be applied by the Covered Bond Guarantor to acquire Mortgage Loan Rights from the Seller on the relevant Closing Date;

(b) in relation to the issue of Covered Bonds from time to time in accordance with the Programme, the Intercompany Note Subscriber will subscribe for an Intercompany Note issued by the Covered Bond Guarantor, the proceeds of which, together with (if applicable) any proceeds from the issue of, or an Increase in, the Demand Note and any Available Principal Amount available for that purpose, may be applied in whole or in part by the Covered Bond Guarantor to acquire Mortgage Loan Rights from the Seller on the relevant Issue Date;

(c) if at any time prior to the service of an Asset Coverage Test Breach Notice (which has not been deemed to have been revoked) and prior to the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice or the occurrence of a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice, part of the Available Principal Amount is available to be applied under paragraph (g)(i) of the Pre-Issuer Event of Default Principal Priority of Payments and the Trust Manager notifies the Seller and requests the Seller to offer to sell Mortgage Loan Rights to the Covered Bond Guarantor, the Seller will use all reasonable endeavours to offer to sell such Mortgage Loan Rights to the Covered Bond Guarantor and such Mortgage Loan Rights will be purchased by the Covered Bond Guarantor using that part of the Available Principal Amount;

(d) the Trust Manager is required to ensure that the Adjusted Aggregate Mortgage Loan Amount is maintained at all times in compliance with the Asset Coverage Test (as determined by the Trust Manager on each Determination Date but by reference to the Adjusted Aggregate Mortgage Loan Amount as at the last day of the immediately preceding Collection Period). If on any Determination Date the Adjusted Aggregate Mortgage Loan Amount (as at the last day of the immediately preceding Collection Period) is less than the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding (as at the last day of the immediately preceding Collection Period) of the Covered Bonds, the Seller will use all reasonable endeavours to offer to sell sufficient Mortgage Loan Rights to the Covered Bond Guarantor so the Asset Coverage Test is satisfied on the immediately following Determination Date; and

(e) if there is an Interest Rate Shortfall, and the Trust Manager notifies the Servicer and the Seller, having regard to the obligations of the Covered Bond Guarantor and the amount of that Interest Rate Shortfall, that further Mortgage Loan Rights should be offered by the Seller to the Covered Bond Guarantor pursuant to the Mortgage Sale Agreement to rectify the Interest Rate Shortfall, the Seller will use all

reasonable endeavours to offer to sell in accordance with the Mortgage Sale Agreement sufficient Mortgage Loan Rights to the Covered Bond Guarantor to ensure that there will not be an Interest Rate Shortfall on the next Determination Date.

The Seller will not be obliged to sell Mortgage Loan Rights to the Covered Bond Guarantor and the Covered Bond Guarantor will not be obliged to acquire such Mortgage Loan Rights as described in paragraphs (c), (d) and (e) above if, in the reasonable opinion of the Seller, the sale would materially adversely affect the business or financial condition of the Seller.

In exchange for the sale of the Mortgage Loan Rights to the Covered Bond Guarantor, the Seller will receive a payment of the Consideration for the Mortgage Loan Rights in accordance with the applicable Priority of Payments.

The Seller and the Covered Bond Guarantor may agree that all or part of the Consideration for any new Mortgage Loan Rights will be set-off against any amount payable on the relevant Closing Date by BOQ as Intercompany Note Subscriber and/or Demand Note Subscriber in accordance with the Intercompany Note Subscription Agreement and/or Demand Note Subscription Agreement. The Seller will be required to repurchase Mortgage Loan Rights sold to the Covered Bond Guarantor in the circumstances described under "*Repurchase by the Seller following breach of Representations and Warranties*" below.

Eligible Mortgage Loans

The Seller gives certain representations and warranties in respect of each Mortgage Loan, which include that the Mortgage Loan is an Eligible Mortgage Loan as at the relevant Cut-Off Date. An Eligible Mortgage Loan is a Mortgage Loan that satisfies the following conditions:

(a) it is repayable in Australian Dollars;

(b) it has a stated term remaining to maturity as at the Cut-Off Date not exceeding 30 years;

(c) it is freely capable of being dealt with by the Seller;

(d) it is secured by a mortgage over property in Australia which is either:

  (i) a first ranking mortgage; or

  (ii) a second ranking mortgage where there are two mortgages over the property and the registered first ranking mortgage is also being or has been acquired by the Covered Bond Guarantor;

(e) that as at the Cut-Off Date no payment due from the Borrower under the Mortgage Loan is in arrears by more than 30 days;

(f) the Mortgage Loan is secured by a Mortgage over Land which is residential property;

(g) the Mortgage Loan is not a construction loan;

(h) the Mortgage Loan is not secured by a Mortgage over Land which is vacant; and

(i) the Current Principal Balance does not exceed A$2,000,000.

On each Cut-Off Date, the Representations and Warranties (described below in "*Representations and Warranties*") will be given by the Seller in respect of the Mortgage Loan Rights sold by the Seller to the Covered Bond Guarantor on that Closing Date.

Transfer of Title to the Mortgage Loan Rights to the Covered Bond Guarantor

Mortgage Loan Rights will be sold by the Seller to the Covered Bond Guarantor by way of statutory assignment. Notice of the sale will not be initially provided to the Borrowers. Mortgages will be sold by the Seller to the Covered Bond Guarantor by way of equitable assignment.

Each of the following events is a **Perfection of Title Event**:

(a) the occurrence of an Issuer Event of Default that is subsisting and the service on the Issuer and the Covered Bond Guarantor of an Issuer Acceleration Notice and the service on the Covered Bond Guarantor of a Notice to Pay, unless the Seller has notified the Covered Bond Guarantor that it will accept the offer set out in a Selected Mortgage Loan Rights Offer Notice within the prescribed time in relation to the Mortgage Loan Rights specified in the Selected Mortgage Loan Rights Offer Notice; or

(b) at the request of the Covered Bond Guarantor (acting on the directions of the Trust Manager) following the acceptance of an offer to sell the Selected Mortgage Loan Rights (in accordance with the Programme Documents) to any person who is not the Seller; or

(c) the Seller and/or the Covered Bond Guarantor being required to perfect legal title to the Mortgage Loan Rights by law or by an order of a court of competent jurisdiction; or

(d) the Security under the Security Deed or any material part of the Security being in the opinion of the Security Trustee (acting on the directions of (if any Covered Bonds are outstanding) the Bond Trustee or (if no Covered Bonds are outstanding) the Majority Secured Creditors in jeopardy and the Security Trustee being directed by the Bond Trustee (if any Covered Bonds are outstanding and subject to the provisions of the Bond Trust Deed) or, if there are no Covered Bonds outstanding, the Majority Secured Creditors, to take that action to reduce that jeopardy; or

(e) the termination of BOQ's role as Servicer under the Servicing Deed unless: (i) at the relevant date of termination any Substitute Servicer is a member of the BOQ Group; or (ii) the Security Trustee otherwise consents (such consent to be given if a Rating Affirmation Notice has been issued by the Issuer to the Covered Bond Guarantor and the Security Trustee in respect of the termination of BOQ's role as Servicer); or

(f) the Seller requesting at its absolute discretion the perfection of a sale of Mortgage Loan Rights by giving notice in writing to the Covered Bond Guarantor and the Security Trustee; or

(g) the occurrence of an Insolvency Event in relation to the Seller; or

(h) the Seller's:

  (i) unsecured, unsubordinated, long-term senior debt obligations have been downgraded below BBB- by Fitch; or

  (ii) counterparty risk assessment from Moody's is below Baa3(cr) or, if the Seller does not have a counterparty risk assessment from Moody's, its unsecured, unsubordinated, long-term senior debt obligations have been downgraded below Baa3 by Moody's;

  or, in each case, such other rating in respect of the Seller as is agreed between the Trust Manager and the Seller and in respect of which the Issuer has issued a Rating Affirmation Notice in respect of each Rating Agency.

Following the occurrence of a Perfection of Title Event that is subsisting, the Covered Bond Guarantor may only take any action:

(a) in the case of the Perfection of Title Event referred to in paragraph (a) above, in respect of all Mortgage Loans forming part of the Assets of the Trust other than any Selected Mortgage Loan Rights specified in a Selected Mortgage Loan Rights Offer Notice given by the Covered Bond Guarantor to the Seller which has been accepted by the Seller within the prescribed time;

(b) in the case of the Perfection of Title Event referred to in paragraph (b) above, in respect of the relevant Selected Mortgage Loan Rights only;

(c) in the case of the Perfection of Title Event referred to in paragraph (c) above, in respect of affected Mortgage Loan Rights only; and

(d) in the case of any other Perfection of Title Event, in respect of all Mortgage Loan Rights forming part of the Assets of the Trust,

in each case, the **Affected Mortgage Loan Rights**.

If a Perfection of Title Event of which the Covered Bond Guarantor is actually aware is subsisting, the Covered Bond Guarantor must, as soon as reasonably practicable, by notice in writing to the Seller, Servicer, Trust Manager, Security Trustee and each Rating Agency, declare that a Perfection of Title Event has occurred unless the Issuer issues a Rating Affirmation Notice prior to such declaration.

The Seller agrees (to the extent that any of the following is vested in it) to hold all right, title, interest and benefit (both present and future) in and under: (i) the Mortgage Loan Rights following the acquisition of such Mortgage Loan Rights by the Covered Bond Guarantor; and (ii) any sums that are or may become due in respect thereof, on trust for the Covered Bond Guarantor (excluding from such trust any Mortgage Loans cease to be Assets of the Trust).

Prior to the first Closing Date, the Seller must deliver powers of attorney in registrable form in each Australian jurisdiction appointing the Covered Bond Guarantor as its attorney to, amongst other things: (1) execute, deliver and lodge any Mortgage Transfer relating to any Mortgage Loans forming part of the Assets of the Trust and any other documents referred to in a Mortgage Transfer which are ancillary to them or contemplated by them with any land titles office in any relevant Australian jurisdiction; (2) give effect to the transactions contemplated by any Mortgage Transfer; (3) exercise any rights of the Seller to vary by notice to the Borrower the rate or amount of any interest or fees payable by the Borrower under the related Mortgage Loan; and/or (4) do anything incidental to or conducive to the effective and expeditious exercise of its rights under the powers of attorney (the **Seller Powers of Attorney**). The Seller Powers of Attorney will not be exercisable by the Covered Bond Guarantor until the occurrence of a Perfection of Title Event.

If, and only if, the Covered Bond Guarantor makes a declaration of a Perfection of Title Event as discussed above, the Covered Bond Guarantor and the Trust Manager must as soon as practicable: (i) take all necessary steps to perfect in the name of the Covered Bond Guarantor the Covered Bond Guarantor's legal title to the Mortgages in respect of the Affected Mortgage Loan Rights then forming part of the Assets of the Trust (including lodgement of Mortgage Transfers (where necessary, executed under a Seller Power of Attorney) with the land titles office of the appropriate jurisdiction to achieve registration of the Mortgages in respect of the Affected Mortgage Loan Rights then forming part of the Assets of the Trust); (ii) notifying the Borrowers of the sale of Mortgage Loans and Mortgages in respect of the Affected Mortgage Loan Rights then forming part of the Assets of the Trust including informing them (where appropriate) that they should make payment to the Trust Account specified to them by the Covered Bond Guarantor; and (iii) taking possession of all Mortgage Documents (subject to the Privacy Act and the Seller's duty of confidentiality to its customers under general law or otherwise). Prior to any such declaration, the Seller will retain legal title to the Mortgage Loan Rights and custody of the Mortgage Documents.

The Seller indemnifies the Covered Bond Guarantor from and against any Liabilities incurred by the Covered Bond Guarantor in perfecting the Covered Bond Guarantor's legal title to the Mortgages then forming part of the Assets of the Trust in accordance with the Mortgage Sale Agreement.

Representations and Warranties

The Covered Bond Guarantor has not made or has caused to be made on its behalf any enquiries, searches or investigations in respect of the Mortgage Loan Rights to be sold to the Covered Bond Guarantor. Instead, each will rely entirely on the Representations and Warranties made by the Seller and contained in the Mortgage Sale Agreement. As at the relevant Cut-Off Date, the Seller makes the following Representations and Warranties in relation to each Mortgage Loan sold or to be sold to the Covered Bond Guarantor:

(a) at the time that the Seller entered into the Mortgage relating to the Mortgage Loan, each Mortgage, Loan Agreement and Collateral Security complied in all material respects with applicable laws (including applicable Consumer Credit Code laws and the National Consumer Credit Protection Laws, as applicable) and, as at the Cut-Off Date, the Seller is not aware of any failure by it to comply with the National Consumer Credit Protection Laws (if applicable) in relation to the Mortgage Loan;

(b) at the time that the Seller entered into the Mortgage Loan, it did so in good faith;

(c) at the time that the Seller entered into the Mortgage Loan, the Mortgage Loan was originated in the ordinary course of the Seller's business and since that time the Seller has dealt with the Mortgage Loan in accordance with the Servicing Guidelines and the Servicing Standards;

(d) at the time that the Seller entered into the Mortgage Loan, all necessary steps were taken in respect of each Mortgage created in connection with the Mortgage Loan so that each Mortgage complied with the legal requirements applicable at that time to ensure that each Mortgage was a first-ranking mortgage (subject to any statutory charges, any prior charges of a body corporate, service company or equivalent, whether registered or otherwise, and any other prior Security Interests which do not prevent the Mortgage from being considered to be a first-ranking mortgage in accordance with the Servicing Standards) secured over Land in the jurisdiction in which the relevant Land is located subject to stamping and registration of each relevant Mortgage in due course;

(e) where there is a second or other mortgage in existence over Land the subject of a Mortgage in relation to the Mortgage Loan and the Seller is not the mortgagee of that second or other mortgage, the Seller has ensured (by way of a Priority Agreement with the subsequent mortgagee or otherwise) that the Mortgage will rank ahead in priority to the second or other mortgage on enforcement for an amount not less than the principal amount (plus accrued but unpaid interest) outstanding on the Mortgage Loan plus such extra amount determined in accordance with the Servicing Guidelines;

(f) at the time that the Mortgage Loan was approved, the Seller had not received any notice of the insolvency or the bankruptcy of the corresponding Borrowers or that the corresponding Borrowers did not have the legal capacity to enter into the corresponding Mortgage;

(g) the Seller is the sole legal and beneficial owner of the Mortgage Loan and the related Mortgages and First Layer of Collateral Securities (other than the Insurance Policies) and to its knowledge, subject to paragraph (d) above) no prior ranking Security Interest exists in relation to its right, title and interest in that Mortgage Loan and the related Mortgages and First Layer of Collateral Securities;

(h) each of the Mortgage Documents (other than the Insurance Policies in respect of Land) relating to the Mortgage Loan which is required to be stamped with stamp duty has been duly stamped;

(i) the Mortgage Loan has not been satisfied, cancelled, discharged or rescinded and the property relating to each relevant Mortgage has not been released from the security of that Mortgage;

(j) the Seller 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 and the First Layer of Collateral Securities;

(k) other than the relevant Mortgage Documents, there are no documents entered into between the Seller and the Borrower or any other relevant party in relation to the Mortgage Loan which would qualify or vary the terms of the Mortgage Loan except as permitted by the Servicing Standards (including any variations of a Mortgage Loan which may be made by notice to the Borrower from the Seller) and recorded in a written instrument forming part of the mortgage documentation applicable to the Mortgage Loan and any documentation relating to any corresponding Interest Off-Set Account;

(l) other than in respect of priorities granted by statute, the Seller has not received notice from any person that it claims to have a Security Interest ranking in priority to or equal with the Security Interest held by the Seller and constituted by any corresponding Mortgage;

(m) the Seller holds all consents, licences, approvals, authorisations and exemptions from any Governmental Agency required as at the Cut-Off Date for, or in connection with, performance and enforceability in respect of the Mortgage Loan which, in accordance with the Servicing Standards, it should hold in relation to the Mortgage Loan as at the Cut-Off Date;

(n) the Mortgage Loan is an Eligible Mortgage Loan as at the Cut-Off Date;

(o) 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 Consumer Credit Code and the National Consumer Credit Protection Laws, as applicable), any Binding Provision or any Governmental Authority or as may be provided in the corresponding Mortgage Documents, the interest rate payable on a 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 Borrower in accordance with the terms of the relevant Mortgage Loan;

(p) the Seller is lawfully entitled to sell and assign its interests in the corresponding Mortgage Loan Rights and to transfer valid and beneficial title to the Covered Bond Guarantor free from all Security Interests (other than as described in paragraph (d) above);

(q) it is not aware of anything in relation to the sale of the Mortgage Loan Rights to the Covered Bond Guarantor which might cause a court to hold that the sale constitutes an under-value transfer, a fraudulent conveyance or a voidable preference under any law relating to insolvency;

(r) the sale, transfer and assignment of the Seller's interest in the Mortgage Loan Rights will not constitute a breach of its obligations or a default under any Security Interest binding on the Seller or its property;

(s) the terms of the Loan Agreement relating to the Mortgage Loan require payments in respect of that Mortgage Loan to be made to the Seller free of set-off, unless prohibited by law; and

(t) the Borrower in respect of the Mortgage Loan has made at least one Mortgage Loan Scheduled Payment.

BOQ Trust

The Mortgage in respect of a Mortgage Loan forming part of the Assets of the Trust may constitute an "all moneys mortgage" in that such Mortgage purports to secure the repayment of indebtedness which a Borrower owes, or may owe, to the Seller, as applicable, from time to time that is not assigned to the Covered Bond Guarantor (such as business loans) as well as securing the repayment of the Mortgage Loan (each, an **Other Loan**). Pursuant to a trust to be established upon entry into the Mortgage Sale Agreement (the **BOQ Trust**), the Covered Bond Guarantor (as trustee of the BOQ Trust) will hold all of its right, title and interest in:

(a) the Other Loans;

(b) the balance of the Mortgages, the Mortgage Documents, the First Layer of Collateral Securities and the Mortgage Receivables (after taking into account so much of any Mortgage Loan, the First Layer of Collateral Securities, the Mortgage Receivables and the Mortgage Documents (including the proceeds of enforcement in relation to such Mortgage Loan)) as is necessary to enable the full and final repayment of all amounts owing in respect of the Mortgage Loan; and

(c) the Second Layer of Collateral Securities,

which are assigned to the Covered Bond Guarantor by the Seller for the benefit of the Seller.

Where:

(a) a Mortgage Loan forms part of the Assets of the Trust; and

(b) an Other Loan forms part of the BOQ Trust; and

(c) a Collateral Security which is part of the First Layer of Collateral Securities or a Mortgage which secures the Mortgage Loan also secures the Other Loan,

then:

(i) where the Seller in relation to the Mortgage Loan is the Servicer, the Servicer is entitled to enforce that Collateral Security or Mortgage (as the case may be) upon a default occurring in respect of the Other Loan provided that the enforcement proceeds are paid to the Covered Bond Guarantor. Upon receipt of such proceeds the Covered Bond Guarantor must:

(A) treat as Collections the amount of such proceeds as is equal to all amounts outstanding under the relevant Mortgage Loan; and

(B) pay the excess (if any) of such proceeds to the Seller (as beneficiary of the BOQ Trust) in respect of amounts outstanding under the Other Loan; or

(ii) where the Seller in relation to a Mortgage Loan is not the Servicer, the Servicer must enforce that Collateral Security or Mortgage (as the case may be) upon receipt of a direction to do so from the Seller (as beneficiary of the BOQ Trust) which states that the relevant Other Loan is in default. Upon receipt of the enforcement proceeds in respect of that Collateral Security or Mortgage (as the case may be) the Servicer must pay to the Covered Bond Guarantor all such proceeds and the Covered Bond Guarantor must:

(A) treat as Collections the amount of such proceeds as is equal to all amounts outstanding under the relevant Mortgage Loan; and

(B) pay the excess (if any) of such proceeds to the Seller (as beneficiary of the BOQ Trust) in respect of amounts outstanding under the Other Loan.

If a Mortgage Loan has been repaid in full or is treated as having been repaid in full in accordance with the Mortgage Sale Agreement and the Mortgage Loan is not discharged, then, from the date of repayment or treated repayment in full of the Mortgage Loan, automatically by virtue of the Mortgage Sale Agreement and without the necessity for any further act or instrument or other thing to be done or brought into existence:

(a) if Perfection of Title has not occurred in respect of that Mortgage Loan, the Covered Bond Guarantor's entire right, title and interest in that Mortgage Loan and in the Mortgage Loan Rights in relation to that Mortgage Loan then forming part of the Assets of the Trust and any Other Loan in respect of that Mortgage Loan will be extinguished in favour of the Seller with respect to those Mortgage Loan Rights and that Other Loan with immediate effect; or

(b) if Perfection of Title has occurred in respect of that Mortgage Loan, the Covered Bond Guarantor will hold the benefit of its right, title and interest in and to:

(i) that Mortgage Loan;

(ii) any Mortgages and the First Layer of Collateral Securities, held in respect of that Mortgage Loan;

(iii) any Mortgage Documents held in relation to that Mortgage Loan; and

(iv) the Mortgage Receivables held in relation to that Mortgage Loan,

as trustee of the BOQ Trust.

If the Mortgages, First Layer of Collateral Securities, Mortgage Documents, Mortgage Receivables or Other Loans referred to above apply to more than one Mortgage Loan forming part of the Assets of the Trust, the holding of the Covered Bond Guarantor's interest in such as trustee of the BOQ Trust occurs only upon repayment in full of all such Mortgage Loans secured by such Mortgages, First Layer of Collateral Securities, Mortgage Documents, Mortgage Receivables and Other Loans.

Repurchase by the Seller following breach of Representations and Warranties

If the Trust Manager, the Seller or the Covered Bond Guarantor become actually aware that a Representation or Warranty was materially breached or materially incorrect when given in respect of a Mortgage Loan forming part of the Assets of the Trust it must give notice, in the case of the Trust Manager and the Seller, to the other parties to the Mortgage Sale Agreement and in the case of the Covered Bond Guarantor, to the Trust Manager and the Seller, within five Local Business Days of the relevant party becoming so aware. If that breach is not remedied to the Covered Bond Guarantor's satisfaction within five AU Business Days of the Seller or the Trust Manager giving or receiving such notice, then the Seller must pay to the Covered Bond Guarantor the Current Principal Balance of the relevant Mortgage Loan plus the arrears of interest and any accrued interest (in each case, as at the date of delivery of the notice referred to above) and on receipt of such payment by the Covered Bond Guarantor, the relevant Mortgage Loan will be treated as having been repaid in full.

Further drawings under the Mortgage Loans

The Seller will be solely responsible for funding the advance to the relevant Borrowers of all further drawings, if any, in respect of Mortgage Loans forming part of the Assets of the Trust (including, but not limited to, Trust Further Advances).

Further Advances

A Mortgage Loan forming part of the Assets of the Trust will be subject to a Further Advance when the Seller agrees to an advance of further money to the relevant Borrower following the making of the initial advance of monies in respect of such Mortgage Loan which is secured by the same Mortgage as the initial advance and is recorded on the same account as the initial advance.

The Seller has an absolute right to agree to or refuse to grant a Further Advance and the Seller will be solely responsible for funding any such Further Advance to a Borrower.

If the Seller makes an advance to a Borrower and:

(a) the Seller opens a separate account in its records in relation to the advance, the advance is considered for the purposes of the Mortgage Sale Agreement to be an Other Loan and upon creation, the Covered Bond Guarantor will automatically by virtue of the Mortgage Sale Agreement, and without the necessity for any further act or thing to be done or brought into existence, hold the benefit of its right, title and interest in such Other Loan for the Seller as trustee of the BOQ Trust and the Covered Bond Guarantor will hold any Mortgage and any First Layer of Collateral Securities in respect of such Other Loan and

any Second Layer of Collateral Securities in respect of such Other Loan in accordance with the Mortgage Sale Agreement;

(b) the Seller records the advance as a debit to the account in its records for an existing Mortgage Loan forming part of the Assets of the Trust notwithstanding whether the advance leads to the Scheduled Balance in respect of that Mortgage Loan (prior to the approval of the advance) being exceeded by more than one Mortgage Loan Scheduled Payment or not, the advance is treated as a Further Advance for the purposes of the Mortgage Sale Agreement and the rights to repayment of such will be a Mortgage Loan Right forming part of the Assets of the Trust unless the Seller elects, in its absolute discretion to pay to the Covered Bond Guarantor an amount equal to the Current Principal Balance (before the advance was made) plus the arrears of interest and any accrued interest in respect of the relevant Mortgage Loan (which amount must be deposited into the GIC Account) and on such payment the Mortgage Loan is, for the purposes of the Mortgage Sale Agreement only, treated as having been repaid in full.

If the Seller makes a Further Advance and the Seller has not elected to remove the Mortgage Loan in respect of which such Further Advance was made (and the related Mortgage Loan Rights) from the Assets of the Trust (a **Trust Further Advance**) and, in accordance with the Servicing Deed, notifies the Trust Manager of the amount of that Trust Further Advance:

(a) if the Seller is the Servicer, the Seller may apply an amount of Principal Collections held by it prior to deposit in the GIC Account; or

(b) if the Seller is not the Servicer or if the Seller notifies the Trust Manager that it cannot, or chooses not to, apply Principal Collections as described in paragraph (a), the Trust Manager must direct the Covered Bond Guarantor to pay the Seller that amount from Principal Collections held by the Covered Bond Guarantor in the GIC Account,

in each case, in reimbursement of such Trust Further Advance, provided that Principal Collections may only be applied in accordance with paragraphs (a) and (b) above if there are sufficient Principal Collections to be able to make the reimbursement and the Trust Manager has confirmed to the Covered Bond Guarantor that it is satisfied on a reasonable basis that the estimated Principal Collections for the Collection Period in which the day of application falls exceeds the aggregate of the amount of that reimbursement and any other reimbursement made to the Seller during that Collection Period. If the Covered Bond Guarantor receives a direction from the Trust Manager in accordance with paragraph (b) above, the Covered Bond Guarantor must pay the Seller the amount so directed and will be entitled to assume that the Trust Manager has complied with its obligations described in this paragraph in giving that direction.

Defaulted Mortgage Loans

If a Mortgage Loan becomes a Defaulted Mortgage Loan, then that Mortgage Loan will be attributed a zero value in the calculation of the Asset Coverage Test, the Amortisation Test and the Legislated Collateralisation Test on the relevant Determination Date.

Seller's general right to repurchase

The Seller may, at any time prior to the occurrence of an Issuer Event of Default, by serving a Seller Mortgage Loan Repurchase Notice on the Covered Bond Guarantor (copied to the Trust Manager and the Security Trustee), offer to repurchase Mortgage Loan Rights from the Covered Bond Guarantor by way of transfer or surrender in favour of the Seller for an amount equal to the Current Principal Balance plus arrears of interest and any accrued interest in respect of the Mortgage Loans relating to such Mortgage Loan Rights. The Covered Bond Guarantor will be under no obligation whatsoever to accept such an offer and any such decision will be made by the Trust Manager. In no circumstances will the Trust Manager direct the Covered Bond Guarantor to (and the Covered Bond Guarantor will not) accept any such offer unless the Trust Manager confirms to the Covered Bond Guarantor that, after giving effect to the sale of the Mortgage Loan Rights, the Asset Coverage Test will be satisfied.

Timing of repurchase and payment

Subject as provided in "*General right to repurchase*" above, the Covered Bond Guarantor (acting on the directions of the Trust Manager) may accept an offer by the Seller to repurchase Mortgage Loan Rights in writing (including by email) to the Seller. If the Covered Bond Guarantor so accepts an offer made by the Seller, the Seller must pay to the Covered Bond Guarantor an amount equal to the Current Principal Balance plus the arrears of interest and any accrued interest in respect of the Mortgage Loans the subject of the Seller Mortgage Loan Repurchase Notice and on receipt of such amount by the Covered Bond Guarantor the Mortgage Loans will be treated as having been repaid in full. Such payment must be allocated by the Covered Bond Guarantor to the GIC Account of the Trust.

A repurchase, by way of transfer or surrender, of the right, title and interest in any Mortgage Loan Rights in the circumstances described under "*General right to repurchase*" will take place on a date agreed by the Seller and the Covered Bond Guarantor (acting on the directions of the Trust Manager).

Seller's right of repurchase in respect of Selected Mortgage Loan Rights

Under the terms of the Mortgage Sale Agreement, the Seller will have a right of repurchase in respect of any sale, in whole or in part, of Selected Mortgage Loan Rights. The Covered Bond Guarantor may be required to sell Selected Mortgage Loan Rights in the circumstances described in "*Establishment Deed – Sale of Selected Mortgage Loan Rights following service of an Asset Coverage Test Breach Notice*" and "*Establishment Deed – Sale of Selected Mortgage Loan Rights following service of a Notice to Pay*" below.

In connection with the sale of Selected Mortgage Loan Rights, the Covered Bond Guarantor will, by serving a Selected Mortgage Loan Rights Offer Notice on the Seller, offer to sell, or surrender in favour of, the Seller those Selected Mortgage Loan Rights (or to sell the Selected Mortgage Loan Rights to such other Purchaser nominated by the Seller) for the best price reasonably available, but in any event: (a) following the service of an Asset Coverage Test Breach Notice (but prior to the service of a Notice to Pay), for an amount not less than the Current Principal Balance of the Mortgage Loans relating to the Selected Mortgage Loan Rights plus the arrears of interest and any accrued interest; and (b) following the occurrence of an Issuer Event of Default and service of a Notice to Pay on the Covered Bond Guarantor, for an amount not less than the Adjusted Required Redemption Amount for the relevant Series of Pass-Through Covered Bonds. If the Seller accepts the Covered Bond Guarantor's offer to sell the relevant Selected Mortgage Loan Rights in accordance with the foregoing, the Seller must, within 10 AU Business Days of service of the Selected Mortgage Loan Rights Offer Notice on the Seller, countersign and return to the Covered Bond Guarantor the relevant Selected Mortgage Loan Rights Offer Notice. The Seller's right to accept the offer (and therefore exercise its right of repurchase) will be conditional upon the Covered Bond Guarantor, the Trust Manager and Security Trustee (each acting reasonably) being satisfied that no Insolvency Event has occurred in respect of the Seller. Upon receipt by the Covered Bond Guarantor of a countersigned Selected Mortgage Loan Rights Offer Notice, the Mortgage Loans identified in the Selected Mortgage Loan Rights Offer Notice will be treated as having been repaid in full, or surrendered in favour of the Seller, by the payment by the Seller to the Covered Bond Guarantor of an amount equal to the repurchase price referred to above and specified in the relevant Selected Mortgage Loan Rights Offer Notice. Such payment must be allocated by the Covered Bond Guarantor to the GIC Account.

Completion of such repurchase or surrender (by payment of the repurchase price by the Seller (or other Purchaser nominated by the Seller)) will take place on such date as the Covered Bond Guarantor (acting on the directions of the Trust Manager) and the Seller may agree (provided that such date shall not be later than the date which is 10 AU Business Days after receipt by the Covered Bond Guarantor of the Selected Mortgage Loan Rights Offer Notice countersigned by the Seller.

If the Seller rejects the Covered Bond Guarantor's offer or fails to accept it in accordance with the foregoing, the Covered Bond Guarantor will offer to sell the Selected Mortgage Loan Rights to other Purchasers (as described under "*Establishment Deed – Method of Sale of Selected Mortgage Loan Rights*" below).

For the purposes of the above:

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

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

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

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

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

Servicing Deed

Pursuant to the terms of the Servicing Deed dated on or about the Programme Date between the Covered Bond Guarantor (in its capacity as trustee of the Trust and as trustee of the BOQ Trust), BOQ (in its capacity as Servicer and Seller), the Trust Manager and the Security Trustee, the Servicer has agreed to administer and service on behalf of the Covered Bond Guarantor the Mortgage Loan Rights sold by the Seller to the Covered Bond Guarantor.

The Servicer must ensure that the servicing of the Mortgage Loan Rights which from time to time form part of the Assets of the Trust (including the exercise of the express powers set out in the Servicing Deed) is:

(a) at all times, conducted in the best interests of the Covered Bond Guarantor;

(b) in compliance with the express limitations of the Servicing Deed (unless the prior written consent of the Trust Manager and the Covered Bond Guarantor is obtained); and

(c) to the extent the Servicing Deed does not provide otherwise, in accordance with the Servicing Standards.

The function of servicing the Mortgage Loans Rights forming part of the Assets of the Trust is vested in the Servicer to be exercised on behalf, and in the best interests, of the Covered Bond Guarantor, however the parties to the Servicing Deed acknowledge and agree that the Servicer is an independent contractor and not the agent of the Covered Bond Guarantor in the exercise and performance of its duties under the Servicing Deed.

The Servicer's actions in servicing the Mortgage Loan Rights are binding on the Covered Bond Guarantor, whether or not such actions or any omissions are in compliance with the Servicing Deed. The Servicer may appoint an agent or delegate for the purposes of carrying out and performing its duties and obligations under the Servicing Deed provided that it meets the conditions as set out in the Servicing Deed in relation to such appointment. The Servicer at all times remains liable for its agents and delegates insofar as the act or omissions of any such person constitute a breach by the Servicer of its obligations under the Servicing Deed and in respect of payment of fees to any such person.

Undertakings of the Servicer

Pursuant to the terms of the Servicing Deed, the Servicer must, in servicing the Mortgage Loan Rights forming part of the Assets of the Trust, exercise its powers and discretions under the Servicing Deed, the Servicing Guidelines and the relevant Mortgage Documents to which it is a party in accordance with the standards and practices suitable for a prudent lender in the business of making retail home loans and in the best interests of the Covered Bond Guarantor following such collection procedures it follows with respect to comparable mortgage loans owned and serviced by it.

Under the Servicing Deed, the Servicer undertakes to, among other things:

(a) promptly ensure that any Mortgage Document in relation to a Mortgage Loan following any amendment, consolidation, supplementation, novation or substitution of a Mortgage, is duly stamped (if liable to stamp duty) and duly registered (where registration is required) with the relevant land titles office to constitute, in the case of a Mortgage, a subsisting first-ranking registered mortgage over the relevant property;

(b) promptly notify the Covered Bond Guarantor, the Trust Manager and the Security Trustee of any material breach of the Servicing Guidelines by the Servicer in relation to the servicing of the Mortgage Loan Rights then forming part of the Assets of the Trust;

(c) notwithstanding any other provision of the Servicing Deed, comply with its obligations under the Mortgage Insurance Policy in respect of each Mortgage Loan then forming part of the Assets of the Trust;

(d) upon receiving notice that a Borrower desires to repay a Mortgage Loan in full, prepare and make available documentation and make such calculations as are necessary to enable repayment of a Mortgage Loan and discharge of the corresponding Mortgage and any other Collateral Securities (provided that the Servicer is not required to discharge a Mortgage or any Collateral Security if it also secures another Mortgage Loan which is an Asset of the Trust);

(e) if a Perfection of Title Event occurs promptly deliver or procure delivery to the Covered Bond Guarantor of all Mortgage Documents not otherwise provided to the Covered Bond Guarantor or the Trust Manager in accordance with the Mortgage Sale Agreement;

(f) if the Seller makes any Further Advance or otherwise provides further financial accommodation to a Borrower, ensure that any further stamp duty which becomes payable on the relevant Mortgage Documents as a result of such Further Advance or provision of financial accommodation is duly paid promptly in accordance with any applicable laws;

(g) duly and punctually perform its material obligations under the Servicing Deed and each of the Mortgage Documents and Programme Documents to which it is a party;

(h) assist and co-operate with the Covered Bond Guarantor and the Trust Manager in the Covered Bond Guarantor obtaining legal title to any Mortgage Loan Rights (to the extent not already held by it) forming part of the Assets of the Trust following a Perfection of Title Event;

(i) where any material amount of a Mortgage Loan has been written off as uncollectible in accordance with the Servicing Guidelines and the Servicing Deed, ensure that the documentation relevant to that Mortgage Loan is examined to determine whether the Representations and Warranties in respect of that Mortgage Loan were correct at the relevant Cut-Off Date and notify the Covered Bond Guarantor if they were incorrect;

(j) give the Covered Bond Guarantor or make available to the Covered Bond Guarantor by posting such Financial Reports to the Servicer's website, the audited Financial Reports of the Servicer for each Financial Year of the Servicer within 120 days of the end of that year;

(k) keep proper and adequate books of account (which may be kept electronically) for the Mortgage Loan Rights;

(l) subject to the provisions of the Privacy Act and the Servicer's duty of confidentiality to its clients under general law or otherwise, promptly make available to the Covered Bond Guarantor, the Trust Manager, the Auditor and the Security Trustee any books, reports or other oral or written information and supporting evidence of which the Servicer is aware that they reasonably request with respect to the Assets of the Trust from time to time or with respect to the performance by the Servicer of its obligations under the Programme Documents;

(m) notify the Trust Manager and the Covered Bond Guarantor promptly if it becomes actually aware that any material representation or warranty made or taken to be made by or on behalf of the Seller or the Servicer in connection with a Programme Document is incorrect when made or taken to be made;

(n) within five AU Business Days of a request from the Covered Bond Guarantor, the Trust Manager or the Security Trustee, provide the Covered Bond Guarantor, the Trust Manager or the Security Trustee (as the case may be) with a certificate from the Servicer signed by two Authorised Signatories of the Servicer on its behalf which states whether to the best of the Servicer's knowledge and belief a Servicer Default or, if the Servicer is the Seller, a Perfection of Title Event has occurred (provided that such a request may only be made once in each six calendar month period, unless the Covered Bond Guarantor, the Trust Manager or the Security Trustee (as the case may be) when making the request sets out reasonable grounds for believing that a Servicer Default or a Perfection of Title Event is subsisting);

(o) notify the Covered Bond Guarantor, the Trust Manager and the Security Trustee promptly after the Servicer becomes actually aware of any Servicer Default or the occurrence of any Perfection of Title Event and at the same time or as soon as possible thereafter provide full details thereof;

(p) comply with the requirements of any relevant laws in carrying out its obligations under the Programme Documents including the Consumer Credit Code and the National Consumer Credit Protection Laws;

(q) obtain and maintain all authorisations, filings and registrations necessary to properly service the Mortgage Loans;

(r) not merge or consolidate into another entity, unless the surviving entity assumes its rights and obligations as Servicer and (for so long as the Servicer is the Seller) the Seller under the Programme Documents and each Rating Agency is notified;

(s) subject to the provisions of the Australian Banking Act, not present any application or pass any resolution for the liquidation of the Servicer, or, subject to paragraph (r), enter into any scheme of arrangement, merger or consolidation with any other person or enter into any other scheme under which the Servicer ceases to exist, the assets or liabilities of the Servicer are vested in or assumed by any other person or either of those events occur;

(t) duly and punctually file all returns in respect of Tax which are required to be filed and pay, or procure payment when due, all Taxes and other outgoings payable by it as and when the same respectively become due and payable other than outgoings which are being contested in good faith and promptly pay or cause to be paid those contested outgoings after the final determination or settlement of such contest;

(u) not, without the prior consent of the Covered Bond Guarantor and the Security Trustee, apply, transfer or set off the whole or any part of any amount payable or owed to the Servicer or to which the Servicer is entitled under any Programme Document towards satisfaction of any obligation which is owed by the Servicer to the Covered Bond Guarantor or the Trust Manager under any other Programme Document, other than as contemplated under any other Programme Document;

(v) other than as a Secured Creditor, not claim any Security Interest, lien or other possessory right in any of the Assets of the Trust;

(w) following receipt of actual notice of a claim by a third party with respect to a challenge to the sale and/or assignment to the Covered Bond Guarantor of any Mortgage Loan Rights forming part of the Assets of the Trust, promptly give notice in writing of such action or claim to the Covered Bond Guarantor, the Security Trustee and the Trust;

(x) not transfer, assign, exchange or otherwise grant a Security Interest over the whole or any part of its right, title and interest in and to any Mortgage Loan Rights forming part of the Assets of the Trust;

(y) use reasonable efforts to cause all information provided by it to each Rating Agency in relation to the Trust to be complete and accurate in all material respects;

(z) upon being directed to do so by the Covered Bond Guarantor or the Trust Manager following the occurrence of a Perfection of Title Event, promptly take all action required or permitted by law to assist the Covered Bond Guarantor and the Trust Manager to perfect the Covered Bond Guarantor's legal title to the Mortgage Loan Rights forming part of the Assets of the Trust in accordance with the requirements of the Servicing Deed and the other Programme Documents;

(aa) comply with all other undertakings given by the Servicer in the Servicing Deed and the other Programme Documents;

(bb) make reasonable efforts to collect all moneys due under the terms and provisions of the Mortgage Loan Rights forming part of the Assets of the Trust and, to the extent such efforts will be consistent with the Servicing Deed and the other Programme Documents, follow such normal collection procedures as it deems necessary and advisable;

(cc) if a Mortgage Loan forming part of the Assets of the Trust is a Defaulted Mortgage Loan, take such action on such basis as the Covered Bond Guarantor and the Servicer may agree (in accordance and in conjunction with the Servicer's normal enforcement procedures) to enforce such Mortgage Loan and any related Mortgage Loan Rights (but only to the extent that the Servicer determines that enforcement proceedings should be taken) so as to maximise the return to the Covered Bond Guarantor, taking into account, inter alia, the timing of any enforcement proceedings provided that the Servicer will not be required to institute or continue litigation with respect to collection of any payment if there are reasonable grounds for believing:

(i) the provisions of such Mortgage Loan and any related Mortgage Loan Rights under which such payment is required are unenforceable; or

(ii) the payment is uncollectible; or

(iii) the likely proceeds from such litigation, in light of the expenses in relation to the litigation, do not warrant such litigation;

(dd) take such steps as are necessary to maintain the Covered Bond Guarantor's title to the Mortgage Loan Rights of the Trust;

(ee) not grant any extension of the time to maturity of a Mortgage Loan forming part of the Assets of the Trust beyond 30 years from the Settlement Date for the Mortgage Loan or allow any reduced monthly payment that would result in such an extension; and

(ff) if any amendment is made to the Servicing Guidelines to, upon request, deliver a copy of such amendment to the Covered Bond Guarantor, the Trust Manager, the Security Trustee and the Rating Agencies.

Powers of the Servicer

The Servicer has a number of express powers, which include but are not limited to the power:

(a) to release or substitute any Mortgage or First Layer of Collateral Security relating to a Mortgage Loan which is an Asset of the Trust provided that this is in accordance with the Servicing Guidelines or it is required by a Binding Provision or an order, decision, finding, judgment or determination of a Competent Authority or, in the Servicer's opinion, such action would be taken or required to be taken by a Competent Authority;

(b) subject to certain restrictions set out in the Servicing Deed (including the restriction identified in paragraph (ff) above), to vary, extend or relax the time to maturity, the terms of repayment or any other term of a Mortgage Loan and its related Mortgage and First Layer of Collateral Securities forming part of the Assets of the Trust;

(c) to release a Borrower from any amount owing under a Mortgage Loan forming part of the Assets of the Trust or any related Mortgage or First Layer Collateral Securities where the Servicer has written-off or determined to write-off that amount as uncollectible in accordance with the Servicing Standards or where it is required to do so by a Binding Provision or an order, decision, finding, judgment or determination of a Competent Authority or, in the Servicer's opinion, such action would be taken or required to be taken by a Competent Authority;

(d) subject to paragraphs (b) and (c) above, to waive any breach under, or compromise, compound or settle any claim in respect of, or release any party from an obligation or claim under, the Mortgage Loans or any related Mortgage or First Layer of Collateral Securities;

(e) subject to restrictions contained in the Servicing Deed, to enter into certain Priority Agreements, to consent to the creation or existence of any Security Interest in relation to any Land the subject of a Mortgage forming part of the Assets of the Trust;

(f) to institute litigation to recover amounts owing under a Mortgage Loan; and

(g) to take other enforcement action in relation to a Mortgage Loan as it determines should be taken.

The Servicing Deed provides that if the Servicer: (i) releases a Mortgage or First Layer of Collateral Security forming part of the Assets of the Trust; (ii) reduces the amount outstanding under, or varies the terms (including without limitation in relation to repayment) of, any Mortgage Loan, related Mortgage or First Layer of Collateral Security forming part of the Assets of the Trust; or (iii) grants other relief to a Borrower or the provider of a First Layer Collateral Security forming part of the Assets of the Trust, after having formed the opinion that such action would be taken or required by a Governmental Authority, or pursuant to an order, finding, determination or judgment of a Governmental Authority and it is determined that such order, finding, determination or judgment, in either case, was made as a result of the Seller or Servicer:

(a) breaching any Binding Provision, applicable regulation, statute or official directive at the time the Mortgage, the First Layer Collateral Security or the Mortgage Loan was granted or the Further Advance was made in respect of such Mortgage Loan (other than a Binding Provision, regulation, statute or official directive which provides for relief on equitable or like grounds where the Seller or Servicer was acting in accordance with the standards and practices suitable for a prudent lender in the business of making retail home loans); or

(b) not acting in accordance with the standards and practices suitable for a prudent lender in the business of making retail home loans,

then the Servicer must notify the Covered Bond Guarantor and the Trust Manager of its opinion or the making of such an order, decision, finding, judgment or determination (as applicable). In addition, the Seller or Servicer (as the case may be) must pay damages to the Covered Bond Guarantor by 10.00am on the Distribution Date next occurring after such notification is given by the Servicer.

The amount of such damages will be the amount agreed between the Covered Bond Guarantor (following consultation with the Trust Manager and acting on expert advice taken pursuant to the terms of the Establishment Deed, if necessary) and the Seller or the Servicer, as the case may be (or, failing agreement, by the Seller's or the Servicer's external auditors) as being sufficient to compensate the Covered Bond Guarantor for any losses suffered as a result of any release, reduction, variation or relief (as the case may be).

The amount of any damages cannot exceed the Current Principal Balance plus any accrued but unpaid interest in respect of the relevant Mortgage Loan (as recorded on the Mortgage Loan System) (calculated, in both cases, at the time of agreement between the Covered Bond Guarantor and the Seller or the Servicer or by the Seller's or the Servicer's external auditors, as the case may be).

Limitations on Servicer's liability

The Servicer will not incur any liability to any person in respect of any failure to act where such act will be hindered, prevented or forbidden by any present or future law. The Servicer will not be responsible to any person for any loss, damage, claim or demand incurred as a result of:

(a) the wilful default, fraud or negligence of the Security Trustee or the Covered Bond Guarantor (except, in the case of the Covered Bond Guarantor, where the Covered Bond Guarantor is the Servicer);

(b) the failure by the Servicer to check any document, certificate, schedule, form, list or other document prepared or delivered to it by the Covered Bond Guarantor or the Trust Manager or any agent or consultant appointed by either of them and reasonably believed by the Servicer to be genuine; or

(c) any action taken by the Servicer in accordance with any written direction or instruction from the Covered Bond Guarantor or the Trust Manager,

except to the extent to which the loss, damage, claim or demand is caused by any fraud, negligence or wilful default by the Servicer.

The Servicer has agreed to be liable to the Covered Bond Guarantor or any other Secured Creditor in respect of any loss incurred by the Covered Bond Guarantor (subject to the below) as a result of any breach by the Servicer of any term of the Servicing Deed, any fraud, negligence or wilful default by the Servicer or any breach or default by any other person appointed by the Servicer to perform its obligations under the Servicing Deed. The maximum amount which the Servicer will be liable to pay in respect of such breach, fraud, negligence or wilful default by the Servicer is the Current Principal Balance of the Mortgage Loan in respect of which such breach, fraud, negligence or wilful default occurred. The Servicer's liability does not include any damages in respect of consequential loss. The Covered Bond Guarantor may only claim damages from the Servicer in accordance with the foregoing by written notice setting out the grounds for the claim together with details of the calculation of the loss incurred by the Covered Bond Guarantor as a result thereof. The Servicer must pay any amounts due in respect of its liability to the Covered Bond Guarantor within seven AU Business Days of receipt by it of such written notice (which will represent prima facie evidence of such amounts).

Interest Rate Shortfall Test

The Servicer will, if the Interest Rate Swap is not in effect in accordance with its terms, determine on each Determination Date, having regard to:

(a) the fixed interest rate and the variable interest rate and any other discretionary rate or margin in respect of the Mortgage Loans which are Assets of the Trust which the Servicer proposes to set under the Servicing Deed for the Collection Period commencing on the Determination Date; and

(b) the other resources available to the Covered Bond Guarantor, including the Covered Bond Swap Agreements (if any) and the Reserve Fund (as advised by the Trust Manager),

whether the Covered Bond Guarantor would receive an amount of income during the Collection Period commencing on the Determination Date which, when aggregated with the funds otherwise available to the Covered Bond Guarantor on the Distribution Date immediately following the Collection Period, is less than the amount which is the aggregate of: (i) the amount of interest which would be payable (or provisioned to be paid) by the Covered Bond Guarantor under the Intercompany Note Subscription Agreement (or, if a Notice to Pay has been served on the Covered Bond Guarantor, the Covered Bond Guarantee), and the Demand Note Subscription Agreement on the Distribution Date immediately following the Collection Period and the relevant amounts payable (or provisioned to be paid) to the Covered Bond Swap Providers under the Covered Bond Swap Agreements (but excluding any Excluded Swap Termination Amount and any Subordinated Additional Spread) on the Distribution Date immediately following the Collection Period that commences on the Determination Date; and (ii) the other expenses payable (or provisioned to be paid) by the Covered Bond Guarantor on the Distribution Date immediately following the Collection Period ranking in priority to the amounts described in (i) in accordance with the relevant Priority of Payments applicable prior to a Covered Bond Guarantor Event of

Default (the **Interest Rate Shortfall Test**). Any interest rate shortfall will be referred to as an **Interest Rate Shortfall**.

If the Servicer determines on any Determination Date that there is an Interest Rate Shortfall, it will give written notice to the Covered Bond Guarantor and the Seller (copied to the Trust Manager and the Security Trustee), within five AU Business Days of the relevant Determination Date, of the amount of the Interest Rate Shortfall and the fixed interest rate and the variable interest rate and the other discretionary rates or margins which would, in the Servicer's opinion, need to be set in order for no Interest Rate Shortfall to arise on the next succeeding Determination Date, having regard to the date(s) on which the changes to the fixed interest rate and the variable interest rate and the other discretionary rates or margins would take effect, following which: (i) (subject to the Servicing Deed), the Servicer must, to the extent permitted by the terms of the relevant Loan Agreements and all applicable laws, set the fixed interest rate and the variable interest rate (as the case may be) and/or other discretionary rates or margins applicable to Mortgage Loans which are Assets of the Trust at such levels; and/or (ii) the Trust Manager may notify the Servicer and the Seller that, having regard to the obligations of the Covered Bond Guarantor and the amount of the Interest Rate Shortfall, further Mortgage Loan Rights should be offered by the Seller to the Covered Bond Guarantor pursuant to the Mortgage Sale Agreement to rectify the Interest Rate Shortfall, in which case, the Seller will use all reasonable efforts to offer to sell in accordance with the Mortgage Sale Agreement sufficient Mortgage Loan Rights to ensure that there will not be an Interest Rate Shortfall on the next Determination Date.

Yield Shortfall Test

The Servicer will, if at any time following an Issuer Event of Default (and for so long as such Issuer Event of Default continues unremedied) or the service of an Asset Coverage Test Breach Notice (which has not been deemed to be revoked), the Interest Rate Swap is not in effect in accordance with its terms, determine on each Determination Date, having regard to the aggregate of:

(a) the fixed interest rate and the variable interest rate (as the case may be) and any other discretionary rate or margin, in respect of the Mortgage Loans forming part of the Assets of the Trust which the Servicer proposes to set under the Servicing Deed for the Collection Period; and

(b) the resources available to the Covered Bond Guarantor under the Covered Bond Swap Agreements (if any),

whether the Covered Bond Guarantor would receive an aggregate amount of interest from the Mortgage Loans which are Assets of the Trust and the amounts under the Swap Agreements during the Collection Period which would give a weighted average annual yield on the Mortgage Loans which are Assets of the Trust an amount that is sufficient to enable the Covered Bond Guarantor to make payments and provisions under paragraphs (a) to (h) (inclusive but excluding paragraph (c)) of the Guarantee Priority of Payments in full on the next Distribution Date to occur following the end of the Collection Period in which such Determination Date falls (the **Yield Shortfall Test**). Any yield shortfall will be referred to as a **Yield Shortfall**.

If the Servicer determines that the Yield Shortfall Test will not be satisfied, it will give written notice to the Covered Bond Guarantor, the Trust Manager and the Security Trustee, within five AU Business Days of the relevant Determination Date, of the amount of the Yield Shortfall and the fixed interest rate and the variable interest rate and the other discretionary rates or margins which would, in the Servicer's opinion, need to be set in order for no Yield Shortfall to arise, and the Yield Shortfall Test to be satisfied, having regard to the date(s) on which the changes to the fixed interest rate and the variable interest rate and the other discretionary rates or margins would take effect, and at all times acting in accordance with the standards of a prudent lender in the business of making retail home loans. If the Covered Bond Guarantor or the Security Trustee notifies the Servicer that, having regard to the obligations of the Covered Bond Guarantor, the fixed interest rate and the variable interest rate and/or the other discretionary rates or margins should be increased, the Servicer must take all steps which are necessary and are in accordance with the standards and practices of a prudent lender in the business of making retail home loans to increase the fixed interest rate and the variable interest rate and/or any other discretionary rates or margins, including giving any notice which is required in accordance with the Mortgage Documents.

Remuneration

The Covered Bond Guarantor (acting on the directions of the Trust Manager) will, in accordance with the applicable Priority of Payments, pay an administration fee to the Servicer for the performance of its obligations under the Programme Documents, which will be agreed in writing between the Covered Bond Guarantor (acting on the directions of the Trust Manager), the Security Trustee and the Servicer from time to time. The Covered Bond Guarantor (acting on the directions of the Trust Manager) will on each Distribution Date, subject to the applicable Priority of Payments as further consideration for the Services supplied to it by the Servicer under the Servicing Deed reimburse the Servicer for all out-of-pocket costs, expenses and charges properly incurred by the Servicer in the performance of the Services, including any such costs, expenses or charges not reimbursed to the Servicer on any previous Distribution Date.

Collections

The Servicer acts as collecting agent for the Covered Bond Guarantor in respect of all payments in respect of the Mortgage Loan Rights forming part of the Assets of the Trust (including, without limitation, a Mortgage Loan Scheduled Payment). If the Servicer receives, during a Collection Period, any money whatsoever arising from the Mortgage Loans Rights forming part of the Assets of the Trust which money belongs to the Covered Bond Guarantor (for itself or as trustee of the BOQ Trust) and such money is to be paid to the GIC Account pursuant to the Servicing Deed, the Servicer will hold such money on trust for the Covered Bond Guarantor and will ensure that all such moneys are capable of being readily identified at any time. All such amounts described above received by the Servicer during a Collection Period must be credited to the GIC Account either no later than one Local Business Day before the Distribution Date immediately following the end of that Collection Period (for so long as the Servicer has a short-term deposit rating of at least P-1 from Moody's and either a short-term credit rating of at least F1 from Fitch or a long term credit rating of at least A from Fitch) or, in any other case, within two AU Business Days of receipt.

The Servicer must, if it credits money received during a Collection Period to the GIC Account in accordance with the Servicing Deed, on the Distribution Date immediately following the end of that Collection Period, credit an additional amount to the GIC Account calculated as interest on the amount of that money for the period during which it was held by the Servicer. Any such interest is to be calculated on the Determination Date immediately following the end of the Collection Period by the Servicer in its absolute discretion on the daily balance of the amount of money for the period during which it was (or will be) held by the Servicer and at a rate of interest, for each Collection Period (or part thereof) during which the money is (or will be) held, equal to the applicable 30 day Bank Bill Rate on the first day of the Collection Period, or if that day is not a AU Business Day, on the immediately preceding AU Business Day.

Removal or resignation of the Servicer

A servicer default (**Servicer Default**) occurs if:

(a) the Servicer fails to remit any amounts due or any other amounts received in respect of the Mortgage Loan Rights then forming part of the Assets of the Trust to the Covered Bond Guarantor within the time periods specified in the Servicing Deed or the other Programme Document and such failure is not remedied within 10 AU Business Days (or such longer period as the Covered Bond Guarantor and the Trust Manager may agree to) of notice of such failure being given to the Servicer by the Trust Manager or the Covered Bond Guarantor;

(b) the Servicer fails to prepare and transmit to the Trust Manager the information necessary to enable the Trust Manager to prepare a Reporting Statement by its due date and such failure is not remedied within 20 AU Business Days (or such longer period as the Covered Bond Guarantor and the Trust Manager may agree to) of notice being given to the Servicer by the Trust Manager or the Covered Bond Guarantor and such failure, as determined by the Security Trustee, acting on the directions of the Bond Trustee (subject to the provisions of the Bond Trust Deed) if there are Covered Bonds outstanding, is materially prejudicial to the Covered Bondholders or acting on the directions of the Majority Secured Creditors (if there are no Covered Bonds outstanding), is materially prejudicial to the Secured Creditors;

(c) an Insolvency Event occurs in relation to the Servicer;

(d) the Servicer has breached its obligations (other than those referred to in paragraphs (a) and (b) above), as Servicer under a Programme Document to which it is expressed to be a party and such breach in the opinion of the Security Trustee, acting on the directions of the Bond Trustee (subject to the provisions of the Bond Trust Deed) if there are Covered Bonds outstanding, is materially prejudicial to the Covered Bondholders or acting on the directions of the Majority Secured Creditors (if there are no Covered Bonds outstanding), is materially prejudicial to the Secured Creditors and:

(i) that breach is not remedied to the Security Trustee's satisfaction within 20 AU Business Days after receipt by the Servicer of a notice in writing from the Trust Manager, the Covered Bond Guarantor or the Security Trustee requiring it to do so; or

(ii) the Servicer has not paid compensation to the Covered Bond Guarantor for its loss from such breach in an amount satisfactory to the Trust Manager (acting reasonably); or

(e) the Servicer's:

(i) counterparty risk assessment from Moody's is below Baa3(cr) or, if the Servicer does not have a counterparty risk assessment from Moody's, its unsecured, unsubordinated, long-term senior debt obligations have been downgraded below Baa3 by Moody's; or

(ii) unsecured, unsubordinated, long-term senior debt obligations have been downgraded below BBB- by Fitch.

If the Trust Manager has determined that:

(a) the performance by the Servicer of its duties under the Servicing Deed is no longer permissible under any applicable law and the Trust Manager is satisfied that there is no reasonable action which the Servicer could take to make the performance of its duties under the Servicing Deed permissible under that applicable law; or

(b) a Servicer Default has occurred and is continuing,

then the Trust Manager must by written notice to the Servicer, immediately terminate the rights and obligations of the Servicer and appoint another appropriately qualified organisation to act in its place.

The Servicer will, within two AU Business Days after it becomes aware of any Servicer Default, give notice to the Covered Bond Guarantor, the Trust Manager and the Rating Agencies (and the Trust Manager must give notice to the Security Trustee and the Bond Trustee).

The Servicer may retire from its obligations and duties assumed by it pursuant to the Servicing Deed by three months' notice in writing to the Security Trustee, the Covered Bond Guarantor and the Trust Manager (or such lesser time as the Servicer, the Trust Manager and the Covered Bond Guarantor agree). Upon its retirement the Servicer may, subject to any approval required by law, appoint in writing another person approved by the Covered Bond Guarantor (acting reasonably) as Substitute Servicer in its place. If the Servicer does not propose a replacement by the date which is one month prior to the date of its proposed retirement, the Covered Bond Guarantor is entitled to appoint a Substitute Servicer as of the date of the proposed retirement. The Trust Manager will give or cause to be given prompt notice of the appointment of any Substitute Servicer in accordance with the Servicing Deed to each Rating Agency.

The purported appointment of a Substitute Servicer in the event of the termination or resignation of the Servicer has no effect until the Substitute Servicer executes an agreement under which it covenants to act as Servicer in accordance with the Servicing Deed and all other Programme Documents to which the Servicer is a party and the Issuer issues a Rating Affirmation Notice in relation to each Rating Agency in respect of the proposed appointment of the Substitute Servicer. Until the appointment of the Substitute Servicer is complete the Covered Bond Guarantor must act as Servicer, provided that the Trust Manager and the Covered Bond Guarantor (acting

reasonably) have agreed a fee in writing to be paid to the Covered Bond Guarantor for the period during which the Covered Bond Guarantor is required to so act (and is entitled to receive a fee agreed by the Trust Manager and the Covered Bond Guarantor for the period during which the Covered Bond Guarantor so acts). While acting as Servicer, the Covered Bond Guarantor will not be liable for any inability to perform or deficiency in performing its obligations as a result of, amongst other things, a breach by the outgoing Servicer of its obligations, the state of affairs, books and records of the outgoing Servicer and any documents or files delivered by it (including, the inaccuracy or incompleteness thereof) or the inability of the Covered Bond Guarantor to obtain access to information, premises or equipment reasonably necessary for it to perform its obligations. The Trust Manager must give or cause to be given prompt notice of the appointment of the Substitute Servicer to each Rating Agency.

Neither the Security Trustee, the Covered Bond Guarantor nor the Trust Manager or their respective delegates (as the case may be) is liable for any Servicer Default except to the extent that the Servicer Default is caused by the Security Trustee's, the Covered Bond Guarantor's or the Trust Manager's or their respective delegate's (as the case may be) fraud, negligence or wilful default.

The Covered Bond Guarantor may settle with the Servicer the amount of any sums payable by the Servicer to the Covered Bond Guarantor or by the Covered Bond Guarantor to the Servicer and may give to or accept from the Servicer a discharge in respect of those sums which will be conclusive and binding as between the Covered Bond Guarantor and the Servicer and as between the Servicer and each other Secured Creditor. The Servicer and the Trust Manager have agreed to provide their full co-operation in the event of the appointment of a Substitute Servicer. The Servicer and the Trust Manager must (subject to the Privacy Act and the Servicer's duty of confidentiality to its customers under general law or otherwise) provide the Substitute Servicer with copies of all paper and electronic files, information and other materials in its possession (or in the possession or control of its attorney, delegate, agent or sub-agent) as the Covered Bond Guarantor or the Substitute Servicer may reasonably request within 90 days of the removal or retirement of the Servicer in accordance with the Servicing Deed.

The Security Trustee will not assume or have any of the obligations or liabilities of the Servicer, the Seller or the Covered Bond Guarantor.

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

Cover Pool Monitor Agreement

Under the terms of the Cover Pool Monitor Agreement dated on or about the Programme Date between the Cover Pool Monitor, the Covered Bond Guarantor, BOQ (in its capacity as Issuer and Seller), the Trust Manager, the Bond Trustee and the Security Trustee, the Cover Pool Monitor has agreed, subject to the receipt of certain information to be provided by the Trust Manager to the Cover Pool Monitor, to report on the arithmetic accuracy of certain calculations performed by the Trust Manager on the Determination Date immediately preceding each half-yearly and yearly anniversary of the Programme Date, for the purposes of determining compliance or non-compliance by the Covered Bond Guarantor with the Legislated Collateralisation Test and the Asset Coverage Test or the Amortisation Test, as applicable, on that Determination Date. In the case of the Asset Coverage Test and the Amortisation Test, the relevant procedures to be performed by the Cover Pool Monitor depends on whether the Determination Date falls prior to or after a Notice to Pay is served on the Covered Bond Guarantor. The Cover Pool Monitor is only required to perform procedures relating to the Legislated Collateralisation Test, the Asset Coverage Test and/or the Amortisation Test if, on the relevant Determination Date, there are any Covered Bonds outstanding.

The Cover Pool Monitor has also agreed, subject to due receipt of the information to be provided by the Trust Manager to the Cover Pool Monitor, as soon as reasonably practicable following each Determination Date immediately preceding each half-yearly and yearly anniversary of the Programme Date (each, a **Reporting Date**) to examine the records of the Assets of the Trust kept by the Trust Manager in accordance with the terms of the Establishment Deed to:

(a) assess whether the Trust Manager is keeping an accurate register of the Assets of the Trust; and

(b) check whether:

(i) the Assets of the Trust are assets of a kind specified in section 31(1) of the Australian Banking Act;

(ii) the Assets of the Trust are not assets prescribed by regulation for the purposes of section 31(3) of the Australian Banking Act; and

(iii) the aggregate amount of Substitution Assets or any particular class of Substitution Assets does not exceed the limits set out in the Establishment Deed.

The Cover Pool Monitor must carry out the procedures and examinations above with a view to providing a report in accordance with the Cover Pool Monitor Agreement.

If:

(a) the counterparty risk assessment of the Issuer falls below Baa3(cr) from Moody's or, if the Issuer does not have a counterparty risk assessment from Moody's, the long-term unsecured, unguaranteed and unsubordinated debt obligation credit rating of the Issuer falls below Baa3 by Moody's; or

(b) the long-term unsecured, unguaranteed and unsubordinated debt obligation credit rating of the Issuer falls below BBB– by Fitch,

and, in each case, for as long as they remain below such counterparty risk assessment and/or credit ratings, as applicable, the Trust Manager must give written notice of that fact to the Cover Pool Monitor and, following receipt of that notice, and subject to the execution of an engagement letter of the Cover Pool Monitor, the Cover Pool Monitor will, subject to receipt of the relevant information from the Trust Manager, be required to perform such procedures in relation to the arithmetic accuracy of the relevant tests referred to above (other than the Legislated Collateralisation Test) as soon as reasonably practicable (and in any event not later than ten AU Business Days following receipt of the relevant information from the Trust Manager) following every Determination Date after any such downgrade.

If any procedure conducted by the Cover Pool Monitor as described above reveals arithmetic errors in the relevant calculations performed by the Trust Manager such that:

(c) the Asset Coverage Test or the Amortisation Test was not satisfied on the relevant Determination Date (where the Trust Manager had recorded it as being satisfied); or

(d) the reported Adjusted Aggregate Mortgage Loan Amount or the reported Amortisation Test Aggregate Mortgage Loan Amount, as applicable, was misstated by the Trust Manager by an amount exceeding 1 per cent. of the actual Adjusted Aggregate Mortgage Loan Amount or the actual Amortisation Test Aggregate Mortgage Loan Amount, as applicable, (as at the date of the relevant Asset Coverage Test or the relevant Amortisation Test),

the Cover Pool Monitor will perform procedures in relation to such tests in respect of every Determination Date occurring during the period ending six months after the date of the Asset Coverage Test and/or the Amortisation Test which included the relevant arithmetic errors.

The Cover Pool Monitor will be entitled, in the absence of manifest error, to assume that all information provided to it by the Trust Manager for the purpose of reporting on the arithmetic accuracy is true and correct and is complete and not misleading, and is not required to conduct an audit, a review or other similar examination in respect of or otherwise take steps to verify the accuracy or completeness of any such information. The Cover

Pool Monitor Report, together with the reports prepared in respect of the records of the Assets of the Trust kept by the Trust Manager, will be delivered to the Issuer, Seller, Trust Manager, the Covered Bond Guarantor, the Bond Trustee and the Security Trustee.

The Covered Bond Guarantor will pay to the Cover Pool Monitor for the performance of its obligations a fee as agreed with the Issuer.

Pursuant to the Cover Pool Monitor Agreement, the Cover Pool Monitor has undertaken to:

(a) exercise reasonable skill and care in the performance of its obligations under the Cover Pool Monitor Agreement;

(b) to the extent permitted by law, comply with all material legal and regulatory requirements applicable to the conduct of its business so that it can lawfully attend to the performance of its obligations under the Cover Pool Monitor Agreement; and

(c) at all times:

  (i) be registered as an auditor under Part 9.2 of the Corporations Act; or

  (ii) hold an Australian financial services licence (as defined in the Corporations Act) which licence extends to the provision of financial services as Cover Pool Monitor; or

  (iii) be exempt from holding an Australian financial services licence (as defined in the Corporations Act) which exemption extends to the provision of financial services as Cover Pool Monitor.

The Trust Manager may:

(a) at any time, but only with the prior written consent of the Security Trustee, direct the Covered Bond Guarantor to terminate the appointment of the Cover Pool Monitor by giving at least 60 days' prior written notice to the Cover Pool Monitor; or

(b) at any time direct the Covered Bond Guarantor to terminate the appointment of the Cover Pool Monitor, if the Cover Pool Monitor is unable to comply with the requirements set out in sections 30(2) and 30(3) of the Australian Banking Act,

provided that such termination will (for the purposes of (a) above) and may, at the discretion of the Trust Manager (for the purposes of (b) above), not be effective unless and until a replacement has been found by the Trust Manager.

The Cover Pool Monitor may, at any time, resign by giving at least 60 days' prior written notice to the Issuer, the Covered Bond Guarantor, the Trust Manager, the Bond Trustee, and the Security Trustee.

Upon giving notice of termination or receiving notice of resignation, the Trust Manager will use its best endeavours to arrange for the Covered Bond Guarantor to promptly appoint a substitute cover pool monitor pursuant to an agreement on substantially the same terms as the terms of the Cover Pool Monitor Agreement, to provide the services set out in the Cover Pool Monitor Agreement. If a substitute cover pool monitor is not appointed by the date which is 30 days prior to a date when procedures are to be carried out in accordance with the terms of the Cover Pool Monitor Agreement, then the Trust Manager will use all reasonable endeavours to arrange for the Covered Bond Guarantor to appoint an accountancy firm or trustee company of national standing in Australia or a firm recognised as having expertise in managing assets on behalf of investors to carry out the relevant procedures on a one-off basis. The Trust Manager will promptly notify the Rating Agencies of the appointment of any substitute cover pool monitor, or any accountancy or other firm or trustee company to carry out the relevant procedures.

The Cover Pool Monitor will not be liable in respect of any loss, liability, claim, expense or damage suffered or incurred by the Covered Bond Guarantor, the Security Trustee and/or any other person as a result of a breach by any of the other parties to the Cover Pool Monitor Agreement of any provision of the Cover Pool Monitor Agreement, save to the extent that such loss, liability, claim, expense or damage is suffered or incurred as a result of any negligence, fraud, or wilful default of the Cover Pool Monitor or as a result of a breach by the Cover Pool Monitor of the terms and provisions of the Cover Pool Monitor Agreement or any other Programme Document to which the Cover Pool Monitor is a party (in its capacity as such). The liability of the Cover Pool Monitor is limited by a scheme approved under professional standards, except where the Cover Pool Monitor is a financial services licensee. If the Cover Pool Monitor's liability is not limited pursuant to the scheme, the liability of the Cover Pool Monitor for any loss, liability, claim, expense or damage suffered or incurred by any of the other parties caused by breach of any provision of the Cover Pool Monitor Agreement, tort (including negligence), breach of fiduciary duty or other actionable wrong of any kind will be limited to ten times the fees paid for the report the subject of the loss, liability, claim, expense or damage.

None of the Covered Bond Guarantor, the Bond Trustee nor the Security Trustee are obliged to act as Cover Pool Monitor or to monitor or supervise the performance of the Cover Pool Monitor in any circumstances.

The Cover Pool Monitor Agreement is, and is construed in accordance with, the laws applying in the State of New South Wales, Australia.

Establishment Deed

The Establishment Deed, made between the Covered Bond Guarantor, the Security Trustee, the Trust Manager and BOQ (in its capacity as Issuer, Seller and Servicer) establishes the BOQ Covered Bond Trust and provides that the Covered Bond Guarantor will be the trustee of the Trust. Pursuant to the Establishment Deed, the Trust is established for purposes relating only to Covered Bonds including (without limitation) the acquisition, management and sale of, amongst other things, Mortgage Loan Rights; the borrowing of moneys to fund the acquisition of such assets; the hedging of risks associated with such assets and such funding; the acquisition, management and sale of Substitution Assets and Authorised Investments; the giving of guarantees; the granting of security; and any purpose which is ancillary or incidental to any of those purposes listed above.

Unitholders

The beneficial interest in the Assets of the Trust is vested in the Income Unitholder as holder of one Income Unit and the Capital Unitholder as holder of ten Capital Units. Pursuant to the Establishment Deed, the Income Unitholder is entitled to distributions of the net income, if any, of the Trust for each financial year. The Capital Unitholder's interest in the Trust comprises an interest in its proportion of any Assets of the Trust remaining after payment of any amount of net income due to the Income Unitholder in satisfaction of the Income Unitholder's entitlement to the net income of the Trust.

The right of any Unitholder to recover any amounts in respect of its interests described above is limited to the Assets of the Trust available for distribution after payments or distributions have been made to all other parties under the applicable Priorities of Payments.

Asset Coverage Test

Under the terms of the Establishment Deed, the Trust Manager must ensure that for so long as Covered Bonds remain outstanding on each Determination Date prior to the service of a Notice to Pay on the Covered Bond Guarantor and/or a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, the Adjusted Aggregate Mortgage Loan Amount (as at the last day of the immediately preceding Collection Period) is at least equal to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding (as at the last day of the immediately preceding Collection Period) of the Covered Bonds as calculated on the relevant Determination Date (the **Asset Coverage Test**). The Trust Manager will perform all calculations required on each Determination Date, and any other date on which the Asset Coverage Test is required to be

calculated, to determine whether the Mortgage Loans forming part of the Assets of the Trust are in compliance with the Asset Coverage Test.

If on any Determination Date (the **First Determination Date**) prior to the service of a Notice to Pay on the Covered Bond Guarantor and/or a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer the Asset Coverage Test as calculated on the First Determination Date is not satisfied, then the Trust Manager must immediately notify the Covered Bond Guarantor, the Bond Trustee and the Security Trustee in writing and the Trust Manager will undertake to use all reasonable endeavours to arrange for the Covered Bond Guarantor to acquire sufficient additional Mortgage Loan Rights from the Seller in accordance with the Mortgage Sale Agreement (see "*Overview of the Principal Documents – Mortgage Sale Agreement – Sale by the Seller of Mortgage Loan Rights*"), and must direct the Covered Bond Guarantor to purchase Substitution Assets or request subscriptions from the Demand Note Subscriber for an Increase in the Demand Note to ensure that the Asset Coverage Test is satisfied on any date on or before the immediately following Determination Date (the **Second Determination Date**) (by reference to the Adjusted Aggregate Mortgage Loan Amount, as at the last day of the immediately preceding Collection Period, and the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding, as at the last day of the immediately preceding Collection Period, of all Covered Bonds, in each case as calculated on such date). If the Asset Coverage Test remains unsatisfied on the Second Determination Date, the Trust Manager must immediately notify the Covered Bond Guarantor, the Bond Trustee and the Security Trustee in writing and the Bond Trustee must serve an Asset Coverage Test Breach Notice on the Covered Bond Guarantor (subject to the Bond Trustee having actual knowledge or express notice of the non-satisfaction of the Asset Coverage Test). The Bond Trustee will be deemed to have revoked an Asset Coverage Test Breach Notice if, on any Determination Date falling on or prior to the third consecutive Determination Date, the Asset Coverage Test is subsequently satisfied and neither a Notice to Pay nor a Covered Bond Guarantee Acceleration Notice has been served. If the Bond Trustee is deemed to have revoked an Asset Coverage Test Breach Notice, the Trust Manager must immediately notify (in writing) the Bond Trustee of such revocation.

Following service of an Asset Coverage Test Breach Notice (which has not been revoked):

(a) the Covered Bond Guarantor may be required to sell Selected Mortgage Loan Rights (as further described under "*Sale of Selected Mortgage Loan Rights following service of an Asset Coverage Test Breach Notice*" below);

(b) prior to the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice or, if earlier, the occurrence of a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice, the Pre-Issuer Event of Default Priorities of Payments will be modified as described in "*Cashflows - Allocation and distribution of the Available Income Amount and the Available Principal Amount following service of an Asset Coverage Test Breach Notice*" below; and

(c) the Issuer will not be permitted to issue any further Covered Bonds.

If an Asset Coverage Test Breach Notice has not been revoked as described above, then the Asset Coverage Test will be breached and an Issuer Event of Default will occur on the next following Determination Date after the service of such Asset Coverage Test Breach Notice and the Trust Manager must immediately give written notice of that occurrence to the Covered Bond Guarantor, the Bond Trustee and the Security Trustee.

For the purposes hereof:

Adjusted Aggregate Mortgage Loan Amount means the amount calculated on each Determination Date as follows:

(A + B + C + D) – Z,

where:

A = the lower of:

(a) the aggregate of the LVR Adjusted Mortgage Loan Balance Amounts of the Mortgage Loans forming part of the Assets of the Trust as at the last day of the immediately preceding Collection Period; and

(b) the aggregate of the Asset Percentage Adjusted Mortgage Loan Balance Amounts of the Mortgage Loans forming part of the Assets of the Trust as at the last day of the immediately preceding Collection Period,

(in each case, for the avoidance of doubt, excluding any Mortgage Loans being repurchased by the Seller on the last day of the immediately preceding Collection Period but including any Mortgage Loans being purchased by the Covered Bond Guarantor on the last day of the immediately preceding Collection Period).

The **LVR Adjusted Mortgage Loan Balance Amount** will be calculated for a Mortgage Loan, on the relevant Determination Date, as:

(i) for each Mortgage Loan forming part of the Assets of the Trust, as at the last day of the immediately preceding Collection Period, that is not then a Defaulted Mortgage Loan, as at the last day of the immediately preceding Collection Period, the lesser of:

(A) the outstanding Current Principal Balance of the Mortgage Loan as at the last day of the immediately preceding Collection Period; and

(B) the product of **M** and **L** where:

(I) M is 80 per cent.; and

(II) L is the Indexed Valuation for the Mortgaged Property which secures the Mortgage Loan as at the last day of the immediately preceding Collection Period (but without double counting across Mortgage Loans); and

(ii) for each Mortgage Loan forming part of the Assets of the Trust, as at the last day of the immediately preceding Collection Period, that is, as at the last day of the immediately preceding Collection Period, a Defaulted Mortgage Loan, zero;

less:

(iii) where a Mortgage Loan or the Collateral Security in respect of which the Seller was, in the immediately preceding Collection Period, known by the Covered Bond Guarantor or the Trust Manager to be in breach of the Representations and Warranties contained in the Mortgage Sale Agreement as at the date of its sale to the Covered Bond Guarantor and the Seller has not, as at the last day of the immediately preceding Collection Period, repurchased the Mortgage Loan and the Collateral Security to the extent required by the terms of the Mortgage Sale Agreement, an amount equal to the LVR Adjusted Mortgage Loan Balance Amount (as calculated pursuant to paragraphs (i) and (ii) above) for each Mortgage Loan to which this paragraph (iii) applies; and

(iv) where the Seller, in any preceding Collection Period, was in material breach of any other warranty under the Mortgage Sale Agreement and/or the Servicer was, in any preceding Collection Period, in material breach of a term of the Servicing Deed, an amount equal to the resulting financial loss incurred by the Covered Bond Guarantor in the immediately preceding Collection Period (such financial loss to be calculated by the Trust Manager without double

counting and to be reduced by any amount paid (in cash or in kind) to the Covered Bond Guarantor by the Seller or by the Servicer (as applicable) to indemnify the Covered Bond Guarantor for such financial loss).

The **Asset Percentage Adjusted Mortgage Loan Balance Amount** will be calculated for a Mortgage Loan, on the relevant Determination Date, as the Asset Percentage multiplied by:

(i) for each Mortgage Loan forming part of the Assets of the Trust, as at the last day of the immediately preceding Collection Period, that is not, as at the last day of the immediately preceding Collection Period, a Defaulted Mortgage Loan, the lesser of:

(A) the outstanding Current Principal Balance of the Mortgage Loan as at the last day of the immediately preceding Collection Period; and

(B) the product of M and L, where:

(I) M is 100 per cent.; and

(II) L is the Latest Valuation for the Mortgaged Property which secures the Mortgage Loan as at the last day of the immediately preceding Collection Period (but without double counting across Mortgage Loans); and

(ii) for each Mortgage Loan forming part of the Assets of the Trust, as at the last day of the immediately preceding Collection Period, that is, as at the last day of the immediately preceding Collection Period, a Defaulted Mortgage Loan, zero;

less:

(iii) where a Mortgage Loan or the Collateral Security in respect of which the Seller was, in the immediately preceding Collection Period, known by the Covered Bond Guarantor or the Trust Manager to be in breach of the Representations and Warranties contained in the Mortgage Sale Agreement as at the date of its sale to the Covered Bond Guarantor and the Seller has not, as at the last day of the immediately preceding Collection Period, repurchased the Mortgage Loan and the Collateral Security to the extent required by the terms of the Mortgage Sale Agreement, an amount equal to the Asset Percentage Adjusted Mortgage Loan Balance Amount (as calculated pursuant to paragraphs (i) and (ii) on the relevant Determination Date) for each Mortgage Loan to which this paragraph (iii) applies; and

(iv) where the Seller, in any preceding Collection Period, was in material breach of any other warranty under the Mortgage Sale Agreement and/or the Servicer was, in any preceding Collection Period, in material breach of a term of the Servicing Deed, an amount equal to the resulting financial loss incurred by the Covered Bond Guarantor in the immediately preceding Collection Period (such financial loss to be calculated by the Trust Manager without double counting and to be reduced by any amount paid (in cash or in kind) to the Covered Bond Guarantor by the Seller or by the Servicer (as applicable) to indemnify the Covered Bond Guarantor for such financial loss);

B = the aggregate amount of any proceeds of each issue of any Intercompany Notes and/or any Increase in the Demand Note which have not been applied as contemplated in the Programme Documents as at the last day of the immediately preceding Collection Period;

C = the aggregate principal balance of any Substitution Assets and Authorised Investments as at the last day of the immediately preceding Collection Period;

D = the aggregate amount of Principal Collections standing to the credit of the GIC Account as at the last day of the immediately preceding Collection Period (without double counting any amounts already covered in B above) but excluding any amounts due to be applied on or before the next Distribution Date in accordance with the applicable Priority of Payments;

Z = the product of:

(i) the weighted average remaining maturity of all Covered Bonds (expressed in years) outstanding, as at last day of the immediately preceding Collection Period, calculated by the Trust Manager as at the relevant Determination Date (provided that if such amount is less than one, it will be deemed for the purposes of this calculation, to be one);

(ii) the Australian Dollar Equivalent of the then aggregate Principal Amount Outstanding, as at last day of the immediately preceding Collection Period, of the Covered Bonds; and

(iii) the then Negative Carry Factor, where the **Negative Carry Factor** is:

(A) zero, for so long as the Interest Rate Swaps are in effect in accordance with their terms; or

(B) if the Interest Rate Swaps are not in effect in accordance with their terms, the percentage rate per annum equal to the sum of:

(I) 0.50 per cent.; and

(II) the Weighted Average Spread of each Series of Covered Bonds outstanding, as at last day of the immediately preceding Collection Period, determined by reference to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding, as at last day of the immediately preceding Collection Period, of the applicable Series of Covered Bonds,

where:

(III) the **Spread** is (I) in the case of a Series of floating rate Covered Bonds the Specified Currency of which is Australian Dollars and in respect of which there is no Covered Bond Swap in place, the margin for the Series specified in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement); and (II) in any other case the spread used to calculate the floating amounts denominated in Australian Dollars payable by the Covered Bond Guarantor in accordance with the applicable Covered Bond Swap; and

(IV) the **Weighted Average Spread** is the weighted average Spread (as determined under (III) above) then payable on each Series of Covered Bonds (determined by reference to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding, as at the last day of the immediately preceding Collection Period, of the applicable Series).

There is no obligation on the Covered Bond Guarantor or the Issuer to ensure that a AAA rating is maintained by Fitch or an Aaa rating is maintained by Moody's in respect of the Covered Bonds and the Trust Manager is under no obligation to change the percentage figure determined by it and notified to Fitch or Moody's, as applicable, and Covered Bond Guarantor and the Security Trustee in line with the level of credit enhancement required to ensure a AAA rating by Fitch or an Aaa rating by Moody's.

Amortisation Test

The Trust Manager must ensure that, for so long as Covered Bonds are outstanding, on each Determination Date following service of a Notice to Pay on the Covered Bond Guarantor (but prior to service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer) the Amortisation Test Aggregate Mortgage Loan Amount will be in an amount at least equal to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding (as at the last day of the immediately preceding Collection Period) of the Covered Bonds as calculated on the relevant Determination Date (the **Amortisation Test**). The Trust Manager will perform all calculations required on each Determination Date, and any other date on which the Amortisation Test is required to be calculated, to determine whether the Mortgage Loans forming part of the Assets of the Trust (as at the last day of the immediately preceding Collection Period) are in compliance with the Amortisation Test.

If on any Determination Date following service of a Notice to Pay on the Covered Bond Guarantor (but prior to the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer), the Amortisation Test Aggregate Mortgage Loan Amount is less than the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding (as at the last day of the immediately preceding Collection Period) of the Covered Bonds as calculated on the relevant Determination Date, then the Amortisation Test will be breached. The Trust Manager must immediately notify the Covered Bond Guarantor, the Security Trustee and (for so long as Covered Bonds are outstanding) the Bond Trustee of any breach of the Amortisation Test and the Bond Trustee must serve a notice on the Issuer and the Covered Bond Guarantor advising that the Amortisation Test has been breached (such notice, an **Amortisation Test Breach Notice**). Immediately upon the service of such Amortisation Test Breach Notice, a Conversion of all Series of Covered Bonds to Pass-Through Covered Bonds will occur.

The **Amortisation Test Aggregate Mortgage Loan Amount** will be calculated by the Trust Manager on each relevant Determination Date as follows:

A + B + C - Z

where:

A = the lower of:

(i) the aggregate of the Amortisation Test Current Principal Balance of each Mortgage Loan forming part of the Assets of the Trust as at the last day of the immediately preceding Collection Period; and

(ii) the aggregate of the Programme Asset Percentage Adjusted Principal Balance of each Mortgage Loan forming part of the Assets of the Trust as at the last day of the immediately preceding Collection Period.

The **Amortisation Test Current Principal Balance** will be calculated for a Mortgage Loan, on the relevant Determination Date, as the product of L and M, where:

(a) L is the lesser of:

(i) the outstanding Current Principal Balance of the Mortgage Loan as calculated on the last day of the immediately preceding Collection Period; and

(ii) 80 per cent. of the Indexed Valuation for the Mortgaged Property charged by a Mortgage which secures the Mortgage Loan as at the last day of the immediately preceding Collection Period (but without double counting across Mortgage Loans); and

(b) M is:

(i) for each Mortgage Loan that is not a Defaulted Mortgage Loan as at the last day of the immediately preceding Collection Period, M = 1.0; or

(ii) for each Mortgage Loan that is then a Defaulted Mortgage Loan as at the last day of the immediately preceding Collection Period, M = zero.

The **Programme Asset Percentage Adjusted Principal Balance** will be calculated for a Mortgage Loan, on the relevant Determination Date, as the Programme Asset Percentage, multiplied by:

(a) for each Mortgage Loan forming part of the Assets of the Trust, as at the last day of the immediately preceding Collection Period, that is not, as at the last day of the immediately preceding Collection Period, a Defaulted Mortgage Loan, the outstanding Current Principal Balance of the Mortgage Loan as calculated on the last day of the immediately preceding Collection Period; and

(b) for each Mortgage Loan forming part of the Assets of the Trust, as at the last day of the immediately preceding Collection Period, that is, as at the last day of the immediately preceding Collection Period, a Defaulted Mortgage Loan, zero;

B = the sum of the amount of any cash standing to the credit of the GIC Account, as at the last day of the immediately preceding Collection Period, and the principal amount of any Authorised Investments as at the last day of the immediately preceding Collection Period, (excluding any Finance Charge Collections received in the immediately preceding Collection Period and any principal amounts due to be applied on or before the next Distribution Date in accordance with the applicable Priority of Payments);

C = the aggregate principal balance of any Substitution Assets as at the last day of the immediately preceding Collection Period not taken into account elsewhere in this calculation;

Z = the product of:

(a) the weighted average remaining maturity of all Covered Bonds outstanding as at the last day of the immediately preceding Collection Period (expressed in years) (but if less than 1, then deemed to be 1);

(b) the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding, as at the last day of the immediately preceding Collection Period, of the Covered Bonds; and

(c) the Negative Carry Factor.

Sale of Selected Mortgage Loan Rights following service of an Asset Coverage Test Breach Notice

Following the service of an Asset Coverage Test Breach Notice (which has not been deemed to be revoked) but prior to the service of a Notice to Pay, the Trust Manager must direct the Covered Bond Guarantor to, and upon receiving that direction the Covered Bond Guarantor must, use best efforts to sell Selected Mortgage Loan Rights forming part of the Assets of the Trust as soon as possible following the service of such Asset Coverage Test Breach Notice in accordance with the Establishment Deed (as described below), subject to the rights of repurchase enjoyed by the Seller pursuant to the Mortgage Sale Agreement (as described in "*Overview of the Principal Documents – Mortgage Sale Agreement – Seller's right of repurchase in respect of Selected Mortgage Loan Rights*"). The proceeds from any such sale will be credited to the GIC Account and applied as set out in "*Cashflows – Allocation and distribution of the Available Income and the Available Principal Amount following service of an Asset Coverage Test Breach Notice*".

Sale of Selected Mortgage Loan Rights following service of a Notice to Pay

Following an Issuer Event of Default and service of a Notice to Pay on the Covered Bond Guarantor but prior to the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, upon the date of the Conversion of a Series of Covered Bonds(such date, the **First Refinance Date**), the Trust Manager must direct the Covered Bond Guarantor to, and upon receiving that direction the Covered Bond Guarantor must, use best efforts to sell Selected Mortgage Loan Rights forming part of the Assets of the Trust as soon as possible following the First Refinance Date in accordance with the Establishment Deed (as described below), subject to the rights of repurchase enjoyed by the Seller pursuant to the Mortgage Sale Agreement (as described in "*Overview of the Principal Documents – Mortgage Sale Agreement – Seller's right of repurchase in respect of Selected Mortgage Loan Rights*"). The proceeds from any such sale will be credited to the GIC Account and applied as set out in the Guarantee Priority of Payments.

Method of Sale of Selected Mortgage Loan Rights

If the Covered Bond Guarantor is required to use best efforts to sell Selected Mortgage Loan Rights forming part of the Assets of the Trust to Purchasers following the service of an Asset Coverage Test Breach Notice or the occurrence of an Issuer Event of Default and service of a Notice to Pay on the Covered Bond Guarantor, the Trust Manager must ensure that before offering Selected Mortgage Loan Rights forming part of the Assets of the Trust for sale:

(a) the Selected Mortgage Loan Rights are selected on a basis that is representative of the Mortgage Loan Rights then forming part of the Assets of the Trust; and

(b) the Mortgage Loans relating to the Selected Mortgage Loan Rights have an aggregate Current Principal Balance in an amount (the **Required Current Principal Balance Amount**) which is as close as possible to the amount calculated as follows:

(i) following the service of an Asset Coverage Test Breach Notice (but prior to service of a Notice to Pay on the Covered Bond Guarantor), such amount that would ensure that, if the Selected Mortgage Loan Rights were sold at the Current Principal Balance plus the arrears of interest and accrued interest in respect of the related Mortgage Loans, the Asset Coverage Test would be satisfied on the next Determination Date taking into account the payment obligations of the Covered Bond Guarantor on the Distribution Date following that Determination Date; or

(ii) following the occurrence of an Issuer Event of Default and service of a Notice to Pay on the Covered Bond Guarantor:

$$N \times \frac{A}{B}$$

where:

N = the Australian Dollar Equivalent of the Required Redemption Amount of the Pass-Through Covered Bonds less amounts standing to the credit of the GIC Account and the principal amount of any Substitution Assets or Authorised Investments (excluding all amounts to be applied on the next following Distribution Date to repay higher ranking amounts in the Guarantee Priority of Payments and those amounts that are required to repay any Series of Covered Bonds which mature prior to or on the same date as the relevant Series of Pass-Through Covered Bonds);

A = the aggregate Current Principal Balance of all Mortgage Loans forming part of the Assets of the Trust; and

B = the Australian Dollar Equivalent of the Required Redemption Amount in respect of each Series of Covered Bonds then outstanding less the Australian Dollar Equivalent of the Required Redemption Amount in respect of each Series of Covered Bonds then outstanding which has been provided for in cash.

(c) the Trust Manager must direct the Covered Bond Guarantor to and, upon receiving that direction, the Covered Bond Guarantor will, offer the Selected Mortgage Loan Rights for sale to Purchasers for the best price reasonably available but in any event:

(i) subject to paragraph (ii), following the service of an Asset Coverage Test Breach Notice, for an amount not less than the Current Principal Balance of the Mortgage Loans relating to the Selected Mortgage Loan Rights plus the arrears of interest and accrued interest thereon; and

(ii) following an Issuer Event of Default and service of a Notice to Pay on the Covered Bond Guarantor, for an amount not less than the Adjusted Required Redemption Amount for the relevant Series of Pass-Through Covered Bonds.

The Trust Manager may only direct the Covered Bond Guarantor to proceed with any sale of Selected Mortgage Loan Rights in accordance with the provisions summarised above and subsequent redemption of any Covered Bonds if such sale and subsequent redemption does not result in an Amortisation Test Deterioration.

The Trust Manager must direct the Covered Bond Guarantor to and, upon receiving that direction, the Covered Bond Guarantor must use best efforts to sell Selected Mortgage Loan Rights, in accordance with the provisions summarised above:

(a) on (or directly after) every sixth Distribution Date after the First Refinance Date; or

(b) on any other date determined by the Trust Manager (in its absolute discretion),

each such date, a **Refinance Date**.

The Covered Bond Guarantor (acting at the direction of the Trust Manager) is also permitted to offer for sale to Purchasers a part of any portfolio of Selected Mortgage Loan Rights (a **Partial Portfolio**). The sale price of the Partial Portfolio will (as a proportion of the Adjusted Required Redemption Amount) be at least equal to the proportion that the aggregate Current Principal Balance of the Mortgage Loans in the Partial Portfolio bears to the aggregate Current Principal Balance of the Mortgage Loans in the relevant portfolio of Selected Mortgage Loan Rights.

The Covered Bond Guarantor (acting at the direction of the Trust Manager) will through a tender process appoint a portfolio manager of recognised standing on a basis intended to incentivise the portfolio manager to achieve the best price for the sale of the Selected Mortgage Loan Rights (if such terms are commercially available in the market) to advise it in relation to the sale of the Selected Mortgage Loan Rights to Purchasers (except where the Seller is exercising its rights to repurchase Selected Mortgage Loan Rights under the Mortgage Sale Agreement, as described in "*Overview of the Principal Documents – Mortgage Sale Agreement – Seller's right of repurchase in respect of Selected Mortgage Loan Rights*"). The terms of the agreement giving effect to the appointment in accordance with such tender must be approved by the Security Trustee.

In respect of any sale of Selected Mortgage Loan Rights in accordance with the provisions summarised above, the Trust Manager will instruct such portfolio manager to use all reasonable endeavours to procure that Selected Mortgage Loan Rights are sold as quickly as reasonably practicable (in accordance with the recommendations of the portfolio manager), taking into account the market conditions at that time and the scheduled repayment dates of the Covered Bonds and the terms of the Establishment Deed.

The terms of any sale and purchase agreement with respect to the sale of Selected Mortgage Loan Rights (which will give effect to the recommendations of the portfolio manager) will be subject to the prior written approval of the Security Trustee (unless the Seller has exercised its rights to repurchase Selected Mortgage Loan Rights under the Mortgage Sale Agreement, as described in "*Overview of the Principal Documents – Mortgage Sale Agreement – Seller's right of repurchase in respect of Selected Mortgage Loan Rights*"). The Security Trustee will not be required to release the Selected Mortgage Loan Rights from the Security unless the conditions relating to the release of the Security (as described under "*Overview of Principal Documents - Security Deed – Release of Security*" below) are satisfied.

The Trust Manager must direct the Covered Bond Guarantor to and, upon receiving that direction, the Covered Bond Guarantor must, subject to the paragraph above, enter into a sale and purchase agreement with the related Purchasers, which will require, amongst other things, a cash payment from the relevant Purchasers. Any such sale will not include any representations or warranties from the Covered Bond Guarantor or the Seller in respect of the Selected Mortgage Loan Rights unless expressly agreed by the Security Trustee and otherwise agreed with the Seller.

Limit on Investing in Substitution Assets and Authorised Investments

Provided no Asset Coverage Test Breach Notice is outstanding and prior to the service of a Notice to Pay on the Covered Bond Guarantor, the Trust Manager must direct the Covered Bond Guarantor to and, upon receiving that direction, the Covered Bond Guarantor must, invest the Available Income Amount, the Available Principal Amount and the proceeds of the issue of Intercompany Notes and the Demand Note (or the proceeds of any Increase in the Demand Note) standing to the credit of the GIC Account in Substitution Assets, provided that:

(a) the aggregate amount so invested in:

  (i) any assets which fall within paragraph (a) of the definition of Substitution Assets does not exceed 15 per cent. of the total Assets of the Trust at any one time (or such other percentage required to ensure compliance with any limits in the Australian Banking Act on substitution assets that may collateralise covered bonds); and

  (ii) any particular class of Substitution Assets does not exceed any limits in the Australian Banking Act on substitution assets of that class that may collateralise covered bonds; and

(b) such investments are made in accordance with the terms of the Management Agreement and the Establishment Deed.

Depositing any amounts in any Trust Account will not constitute an investment in Substitution Assets for these purposes.

Subject to the following paragraph, following the occurrence of an Issuer Event of Default and service of a Notice to Pay on the Covered Bond Guarantor or service of an Amortisation Test Breach Notice on the Covered Bond Guarantor and the Issuer, all Substitution Assets must be sold by the Covered Bond Guarantor (acting at the direction of the Trust Manager) as quickly as reasonably practicable, and the proceeds credited to the GIC Account after which the Covered Bond Guarantor (acting at the direction of the Trust Manager) will be permitted to invest all available moneys in Authorised Investments, provided that such sales or investments are made in accordance with the terms of the Management Agreement and the Establishment Deed.

The Trust Manager may only direct the Covered Bond Guarantor to proceed with a sale of Substitution Assets in accordance with the immediately preceding paragraph and subsequent redemption of any Covered Bonds (including any Pass-Through Covered Bonds) if such sale and subsequent redemption does not result in an Amortisation Test Deterioration.

Cap on Fixed Rate Mortgage Loans

The Trust Manager may only direct the Covered Bond Guarantor to acquire Fixed Rate Mortgage Loans from the Seller, and the Servicer may only consent to the conversion of a Mortgage Loan forming part of the Assets of the Trust from a variable rate to a fixed rate at any time, provided that:

(a) the acquired Fixed Rate Mortgage Loan or the Mortgage Loan the subject of the conversion (as the case may be) is covered by a Fixed Rate Swap; and

(b) such acquisition or conversion (as the case may be) will not result in more than 25% of the aggregate Current Principal Balance of the Mortgage Loans which then form part of the Assets of the Trust being subject to a fixed rate of interest provided that no such restrictions shall apply where:

  (i) the conversion is required by law or the order of a Governmental Authority; or

  (ii) the Issuer advises the Trust Manager, the Covered Bond Guarantor and the Servicer that such restrictions shall no longer apply and the Issuer has issued a Rating Affirmation Notice.

Negative Covenants

Except as provided in or permitted by the Programme Documents, the Trust Manager must not direct the Covered Bond Guarantor to:

(a) create or permit to subsist any Security Interest over the whole or any part of the Assets of the Trust;

(b) transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of the Assets of the Trust or any interest, estate, right, title or benefit in or to such Assets or agree or attempt or purport to do so;

(c) have an interest in any bank account;

(d) incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any such indebtedness;

(e) consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person;

(f) have any employees or premises or subsidiaries;

(g) acquire any assets;

(h) invest in assets of a kind prescribed by the regulations issued for the purposes of section 31(3) of the Australian Banking Act;

(i) enter into any contracts, agreements or other undertakings;

(j) compromise, compound or release any debt due to it; and

(k) commence, defend, settle or compromise any litigation or other claims relating to it or any of its assets.

The Covered Bond Guarantor will:

(a) remain Tax Resident in Australia throughout the period for which it is acting as trustee of the Trust; and

(b) not perform any of its duties, or exercise any rights in relation to the Trust outside of Australia.

Other Provisions

The allocation and distribution of the Available Income Amount, the Available Principal Amount and all other amounts received by the Covered Bond Guarantor is described under "*Cashflows*" below.

Retirement and Removal of the Covered Bonds Guarantor

Mandatory Retirement

The Covered Bond Guarantor must retire as trustee of the Trust if:

(a) the Covered Bond Guarantor ceases to carry on business in all respects or as a professional trustee;

(b) the Covered Bond Guarantor merges or consolidates with another entity, unless:

  (i) that entity assumes the obligations of the Covered Bond Guarantor under the Programme Documents; and

  (ii) each Rating Agency has been notified of, and the Issuer has delivered a Rating Affirmation Notice to the Covered Bond Guarantor (copied to the Trust Manager, the Bond Trustee, the Security Trustee and each Rating Agency) in respect of, the proposed retirement;

(c) an Insolvency Event occurs in respect of the Covered Bond Guarantor in its personal capacity (but not in its capacity as trustee of any trust);

(d) an Extraordinary Resolution requiring removal of the Covered Bond Guarantor as trustee of the Trust is passed at a meeting of Covered Bondholders of all Series taken together as a single Series with the nominal amount of Covered Bonds not denominated in Australian Dollars converted into Australian Dollars at the relevant Covered Bond Swap Rate and such retirement is approved in writing by each Secured Creditor (such approval not to be unreasonably withheld or delayed); or

(e) the Covered Bond Guarantor does not comply with a material obligation under the Programme Documents and does not remedy the non-compliance within 30 days of being requested to do so by the Trust Manager.

Where the Covered Bond Guarantor does not retire within 30 days of the occurrence of any of the events described above, the Trust Manager may by written notice remove the Covered Bond Guarantor as trustee of the Trust. The Trust Manager must appoint another trustee to be the trustee of the Trust as soon as practicable after notification of the Covered Bond Guarantor's retirement or removal.

Voluntary Retirement

The Covered Bond Guarantor may voluntarily retire as trustee of the Trust if the Covered Bond Guarantor gives the Trust Manager not less than three months' (or such other period as the Trust Manager may agree) written notice of its intention to do so, subject to the Covered Bond Guarantor's procurement of, at least 30 days before the date on which that removal becomes effective, a Substitute Covered Bond Guarantor to assume all of its obligations under the Programme Documents to which it is a party and to execute such documents as the Trust Manager requires for that person to become bound by those Programme Documents and such appointment of the Substitute Covered Bond Guarantor is approved by the Trust Manager.

Any mandatory or voluntary retirement or removal of the Covered Bond Guarantor is conditional upon the Issuer having delivered a Rating Affirmation Notice to the Covered Bond Guarantor (copied to the Trust Manager, the Bond Trustee and the Security Trustee) in respect of such mandatory or voluntary retirement, removal and appointment by the Trust Manager.

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

Management Agreement

The Trust Manager will act as trust manager of the Trust and in doing so will provide certain Trust Management Services and Calculation Management Services to the Covered Bond Guarantor and the Security Trustee pursuant to the terms of the Management Agreement dated on or about the Programme Date between the Covered Bond Guarantor, BOQ (in its capacity as Issuer, Seller and Servicer), the Trust Manager and the Security Trustee.

The **Trust Management Services** will include but will not be limited to:

(a) maintaining the Ledgers on behalf of the Covered Bond Guarantor;

(b) determining the amount of Principal Collections and the Finance Charge Collections received and the Available Income Amount and the Available Principal Amount to be distributed in accordance with the Priorities of Payments described under "*Cashflows*", below;

(c) determining the amount of losses incurred on the Mortgage Loans forming part of the Assets of the Trust during each Collection Period and the amounts payable by the Covered Bond Guarantor on the immediately following Distribution Date under the applicable Priority of Payments described under "*Cashflows*", below;

(d) distributing the Available Income Amount and the Available Principal Amount in accordance with the applicable Priorities of Payments described under "*Cashflows*", below;

(e) maintaining records of all Authorised Investments and Substitution Assets, as applicable.

The **Calculation Management Services** will include but will not be limited to:

(a) determining whether the Asset Coverage Test is satisfied on each Determination Date prior to an Issuer Event of Default and service of a Notice to Pay and/or a Covered Bond Guarantee Acceleration Notice in accordance with the Establishment Deed, as more fully described under "*Credit Structure - Asset Coverage Test*" below; and

(b) determining whether the Amortisation Test is satisfied on each Determination Date following an Issuer Event of Default and service of a Notice to Pay on the Covered Bond Guarantor (but prior to the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer) in accordance with the Establishment Deed, as more fully described under "*Credit Structure – Amortisation Test*", below.

If (i) the Trust Manager does not comply with an obligation under the Programme Documents and the non-compliance would be considered by the Security Trustee acting on the directions of (for so long as there are any Covered Bonds outstanding) the Bond Trustee or (where no Covered Bonds are outstanding) the Majority Secured Creditors to be materially prejudicial to the interests of the Covered Bondholders or (where no Covered Bonds are outstanding) the Majority Secured Creditors and the Trust Manager does not remedy such non-compliance within 30 AU Business Days after becoming aware of it or (ii) an Insolvency Event occurs in relation to the Trust Manger (each, a **Trust Manager Default**), the Covered Bond Guarantor may, upon giving written notice to the Servicer, the Trust Manager and the Rating Agencies, immediately terminate the rights and obligations of the Trust Manager and appoint another entity to act in its place. The Trust Manager may also retire from the management of the Trust upon giving to the Covered Bond Guarantor at least three calendar months' notice in writing or such lesser time as the Trust Manager and the Covered Bond Guarantor agree. Upon that retirement the Trust Manager, subject to any approval required by law, may appoint in writing any

other corporation approved by the Covered Bond Guarantor as Trust Manager in its stead. If the Trust Manager does not propose a replacement by the date which is one month prior to the date of its proposed retirement, the Covered Bond Guarantor is entitled to appoint a new Trust Manager as of the date of the proposed retirement. The purported appointment of a Substitute Trust Manager has no effect until (i) the Covered Bond Guarantor has received written confirmation from the Rating Agencies that the appointment of such Substitute Trust Manager will not result in a withdrawal or downgrading of the credit rating assigned by them to the Covered Bonds; and (ii) the Substitute Trust Manager executes a document under which it assumes the obligations of Trust Manager under the Management Agreement and all other Programme Documents to which the Trust Manager is a party. Until the appointment of the Substitute Trust Manager is complete, the Covered Bond Guarantor must act as Trust Manager, provided that the Issuer and the Covered Bond Guarantor (acting reasonably) have agreed a fee in writing to be paid to the Covered Bond Guarantor for the period during which the Covered Bond Guarantor is required to so act (and is entitled to the relevant fees for the period it so acts).

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

Swap Agreements

In order to hedge certain interest rate, currency or other risks in respect of amounts received by the Covered Bond Guarantor under the Mortgage Loans and from certain other Assets forming part of the Trust, amounts payable by the Covered Bond Guarantor under the Intercompany Note Subscription Agreement to BOQ and/or amounts payable by the Covered Bond Guarantor under the Covered Bond Guarantee to Covered Bondholders in respect of the Covered Bonds on issue, the Covered Bond Guarantor will enter into certain swap transactions with swap providers as described below.

Each such swap transaction (including, without limitation, the Interest Rate Swaps and each Covered Bond Swap) (together, the **Swaps**) will be evidenced by a confirmation that supplements, forms part of and is subject to, an ISDA 2002 Master Agreement as published by the International Swaps & Derivatives Association, Inc. (ISDA) and schedule and credit support document thereto (such credit support document to be in the form of the ISDA 1995 Credit Support Annex (Bilateral Form - Transfer) published by ISDA), between a swap provider (a **Swap Provider**), the Covered Bond Guarantor, the Trust Manager and the Security Trustee and, in the case of the Interest Rate Swaps, a Standby Swap Provider (together, a **Swap Agreement**).

Interest Rate Swap Agreement

Some of the Mortgage Loans forming part of the Assets of the Trust from time to time pay a variable amount of interest. Other Mortgage Loans pay a fixed rate of interest for a period of time. The Substitution Assets or Authorised Investments (as the case may be) and the amounts deposited into the GIC Account may pay a variable or fixed amount of interest. However, the Australian Dollar payments to be made by the Covered Bond Guarantor under the Covered Bond Swaps and the Intercompany Notes and the Demand Note will be based on the Bank Bill Rate for Australian Dollar deposits and varying periods. To provide a hedge against the variance between:

(a) the rates of interest payable on the Mortgage Loans forming part of the Trust and the Substitution Assets or Authorised Investments and the amounts deposited into the GIC Account; and

(b) the Bank Bill Rate for Australian Dollar deposits and varying applicable interest or calculation period,

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

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

Covered Bond Swap Agreements

Where Covered Bonds are issued in a currency and/or on an interest rate basis different to the Interest Rate Swaps, the Covered Bond Guarantor will enter into one or more Covered Bond Swaps, each under a Covered Bond Swap Agreement with a Covered Bond Swap Provider. Each Covered Bond Swap may be either a **Forward Starting Covered Bond Swap** or a **Non-Forward Starting Covered Bond Swap**. Where the Covered Bond Guarantor enters into a Forward Starting Covered Bond Swap, the payments made under the Intercompany Notes will be made in Australian Dollars, regardless of the currency of the relevant Series or Tranche, as applicable, of Covered Bonds.

Each Forward Starting Covered Bond Swap will provide a hedge (after service of a Notice to Pay on the Covered Bond Guarantor) against certain interest rate, currency and/or other risks in respect of amounts received by the Covered Bond Guarantor under the Mortgage Loan Rights, Substitution Assets, Authorised Investments or certain other amounts deposited into the GIC Account and the Interest Rate Swaps and amounts payable by the Covered Bond Guarantor under the Covered Bond Guarantee in respect of the Covered Bonds (after the service of a Notice to Pay on the Covered Bond Guarantor).

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 Loan Rights, Substitution Assets, Authorised Investments or certain other amounts deposited into the GIC Account and the Interest Rate Swaps and amounts payable by the Covered Bond Guarantor under the Intercompany Note Subscription Agreement (prior to the service of a Notice to Pay on the Covered Bond Guarantor) and under the Covered Bond Guarantee in respect of the Covered Bonds (after service of a Notice to Pay on the Covered Bond Guarantor).

Where required to hedge such risks, there will be one (or more) Covered Bond Swap Agreement(s) and Covered Bond Swap(s) in relation to each Series or Tranche, as applicable, of Covered Bonds.

Under the Forward Starting Covered Bond Swaps, the Covered Bond Swap Provider will pay to the Covered Bond Guarantor on each Interest Payment Date (or, if a Notice to Pay is served on an Interest Payment Date, on the second Business Day following such Interest Payment Date) after service of a Notice to Pay on the Covered Bond Guarantor, an amount equal to the relevant amounts that are then payable by the Covered Bond Guarantor under the Covered Bond Guarantee in respect of interest payable under the relevant Series or Tranche of Covered Bonds. In return, the Covered Bond Guarantor will pay to the Covered Bond Swap Provider on each Distribution Date or other payment date (as specified in the relevant confirmation) after service of a Notice to Pay on the Covered Bond Guarantor an amount in Australian Dollars calculated by reference to the Bank Bill Rate for Australian Dollar deposits (for such period as specified in the relevant confirmation) or such other rate as may be specified in the relevant Confirmation plus a spread.

Under the Non-Forward Starting Covered Bond Swaps:

(a) if the related Intercompany Note is made in Australian Dollars (where the related Series of Covered Bonds are denominated in Australian Dollars), the Covered Bond Guarantor will pay to the Covered Bond Swap Provider on each payment date (as specified in the relevant confirmation) an amount in Australian Dollars calculated by reference to the Bank Bill Rate for Australian Dollar deposits (for such period as specified in the relevant confirmation) or such other rate as may be specified in the relevant confirmation plus a spread. In return the Covered Bond Swap Provider will pay to the Covered Bond Guarantor on each Interest Payment Date an amount in Australian Dollars calculated by reference to the rate of interest payable on the related Series or Tranche of Covered Bonds; and

(b) if the related Intercompany Note is made in a currency other than in Australian Dollars, on the relevant Issue Date, the Covered Bond Guarantor will pay to the Covered Bond Swap Provider an amount equal to the amount received by the Covered Bond Guarantor under the related Intercompany Note (being the aggregate nominal amount of such Series or Tranche, as applicable, of Covered Bonds) and in return

the Covered Bond Swap Provider will pay to the Covered Bond Guarantor the Australian Dollar Equivalent of the first mentioned amount. Thereafter, the Covered Bond Swap Provider will pay to the Covered Bond Guarantor on each Interest Payment Date an amount equal to the relevant amounts that would be payable by the Covered Bond Guarantor under either the related Intercompany Note in accordance with the terms of the Intercompany Note Subscription Agreement or the Covered Bond Guarantee in respect of interest and principal payable under the relevant Series or Tranche of Covered Bonds. In return, the Covered Bond Guarantor will pay to the Covered Bond Swap Provider on each payment date (as specified in the relevant confirmation) an amount in Australian Dollars calculated by reference to the Bank Bill Rate for Australian Dollar deposits (for such period as specified in the relevant confirmation) or such other rate as may be specified in the relevant confirmation plus a spread and the Australian Dollar Equivalent of the relevant portion of any principal due to be repaid in respect of the related Intercompany Note in accordance with the Intercompany Note Subscription Agreement.

Each Non-Forward Starting Covered Bond Swap and each Forward Starting Covered Bond Swap will terminate on the Final Maturity Date of the relevant Series or Tranche of Covered Bonds or, if the Covered Bond Guarantor notifies the Covered Bond Swap Provider, prior to the Final Maturity Date, of the inability of the Covered Bond Guarantor to pay in full or in part Guaranteed Amounts corresponding to the Final Redemption Amount in respect of such Series or Tranche of Covered Bonds, the final Interest Payment Date on which an amount representing any or all of the Final Redemption Amount is paid (but in any event not later than the Extended Due for Payment Date).

Rating Downgrade Event

Under the terms of each Swap Agreement, in the event that the credit rating(s) or counterparty risk assessment, as applicable, of the relevant Swap Provider is downgraded by a Rating Agency below the credit rating(s) or counterparty risk assessment, as applicable, specified in such Swap Agreement (in accordance with such Rating Agency's criteria) for that Swap Provider, that Swap Provider will, in accordance with such Swap Agreement, be required to take certain remedial measures which may include:

(a) providing collateral for its obligations under such Swap Agreement;

(b) arranging for its obligations under such Swap Agreement to be transferred to a replacement entity provided that either (i) such entity is an entity with the credit rating(s) or counterparty risk assessment, as applicable, required by the relevant Rating Agency or (ii) in some cases, the relevant Rating Agency has confirmed that such transfer will not adversely affect the credit ratings of the then outstanding Series of Covered Bonds in effect immediately prior to the downgrade;

(c) procuring another entity to become co-obligor or guarantor in respect of its obligations under such Swap Agreement provided that either (i) such entity is an entity with the credit rating(s) or counterparty risk assessment required by the relevant Rating Agency or (ii) in some cases, the relevant Rating Agency has confirmed that obtaining such a co-obligor or guarantor will not adversely affect the credit ratings of the then outstanding Series of Covered Bonds in effect immediately prior to the downgrade; or

(d) taking such other action as will result in the credit ratings of the then outstanding Series of Covered Bonds being maintained at, or restored to, the level they were at immediately prior to the downgrade.

A failure to take such steps within the time periods specified in the relevant Swap Agreement will allow the Covered Bond Guarantor to terminate the relevant Swaps under such Swap Agreement.

Other Termination Events

One or more Swaps under a Swap Agreement may also be terminated early in certain other circumstances, including:

(a) at the option of the Covered Bond Guarantor or the relevant Swap Provider, as applicable, if there is a failure by the other party to pay any amounts due under such Swap Agreement within the specified grace period;

(b) upon the occurrence of an certain insolvency events in relation to the relevant Swap Provider, or the Covered Bond Guarantor, or the merger of one of the relevant Swap Provider or the Covered Bond Guarantor without an assumption of the obligations under such Swap Agreement;

(c) if there is a change of law, a change in application of the relevant law or a consolidation, amalgamation, merger, transfer of assets, reorganisation, reincorporation or reconstitution of or by a party which results in the Covered Bond Guarantor or the relevant Swap Provider (or both) being obliged to make a withholding or deduction on account of a tax on a payment to be made by such party to the other party under such Swap Agreement and the relevant Swap Provider thereby being required under the terms of such Swap Agreement to gross up payments made to the Covered Bond Guarantor, or to receive net payments from the Covered Bond Guarantor (who is not required under the terms of such Swap Agreement to gross up payments made to the relevant Swap Provider);

(d) if there is a change in law which results in the illegality of the obligations to be performed by the relevant Swap Provider or the Covered Bond Guarantor, as applicable, under such Swap Agreement or a force majeure event which renders performance impossible or impracticable;

(e) in relation to a Covered Bond Swap only, if the corresponding Series of Covered Bonds are redeemed or cancelled;

(f) if a Covered Bond Guarantee Acceleration Notice is served on the Covered Bond Guarantor;

(g) upon the making of an amendment (without the prior written consent of the relevant Swap Provider) to the Priorities of Payment which has an adverse effect on the amounts paid to the relevant Swap Provider under the Priorities of Payment; and

(h) upon the making of an amendment (without the prior written consent of the relevant Swap Provider) to any Programme Document, which has the effect of requiring the relevant Swap Provider to pay more or receive less under the such Swap Agreement than would otherwise have been the case immediately prior to such amendment or such that the relevant Swap Provider would suffer an adverse consequence as a result of such amendment.

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

Swap Agreement Credit Support Document

The Covered Bond Guarantor and each Swap Provider will also enter into a credit support document under the relevant Swap Agreement (such credit support document in the form of the ISDA 1995 Credit Support Annex (Bilateral Form - Transfer) published by ISDA (each, a **Swap Agreement Credit Support Document**). Each Swap Agreement Credit Support Document will provide that, from time to time, if required to do so following its downgrade and subject to the conditions specified in such Swap Agreement Credit Support Document, the relevant Swap Provider will make transfers of collateral to the Covered Bond Guarantor in support of its obligations under the relevant Swap Agreement (the **Swap Collateral**) and the Covered Bond Guarantor will be obliged to return equivalent collateral in accordance with the terms of such Swap Agreement Credit Support Document. Each Swap Agreement Credit Support Document will form a part of the relevant Swap Agreement.

Swap Collateral required to be transferred by the relevant Swap Provider pursuant to the terms of the Swap Agreement Credit Support Document may be delivered in the form of cash or certain securities as specified in such Swap Agreement Credit Support Document. In the case of the Covered Bond Swap Agreements, cash

amounts will be paid into an interest bearing account held with a Qualified Institution (a **Covered Bond Swap Cash Collateral Account**) and any non-cash collateral will be held in a separate securities account (a **Covered Bond Swap Securities Collateral Account**), in each case, opened in accordance with the relevant Covered Bond Swap Agreement.

In the case of the Interest Rate Swap Agreement, cash amounts payable by Bank of Queensland, as Swap Provider, will be paid into an account designated as a **Swap Collateral Cash Account** in respect of the relevant Swap Agreement Credit Support Annex opened and held with the Account Bank. Securities will be transferred into a custody account opened and held with a custodian (a **Swap Collateral Securities Account**). In the case of the Standby Swap Provider, cash amounts will be paid into an interest bearing account held with a Qualified Institution (a **SSP Cash Collateral Account**) and any non-cash collateral will be held in a separate securities account (a **SSP Securities Collateral Account**), in each case, opened in accordance with the Interest Rate Swap Agreement. References to the above accounts and to payments and/or transfers from such accounts are deemed to be a reference to payments and/or transfers from such accounts as and when opened by the Covered Bond Guarantor.

If a Covered Bond Swap Cash Collateral Account, a Swap Collateral Cash Account, a SSP Cash Collateral Account, a Covered Bond Swap Securities Collateral Account, a Swap Collateral Securities Account or a SSP Securities Collateral Account is opened, cash and securities (and all income in respect thereof) transferred as collateral will only be available to be applied in returning collateral (and income thereon) or in satisfaction of amounts owing by the relevant Swap Provider in accordance with the terms of the relevant Swap Agreement Credit Support Document.

Any Swap Collateral Excluded Amounts will be paid to the relevant Swap Provider directly and not via the Priorities of Payments.

Limited Recourse

All obligations of the Covered Bond Guarantor to the relevant Swap Provider under the Swap Agreements are limited in recourse as described in the Establishment Deed.

Governing Law

Each Swap Agreement (including the Swap Agreement Credit Support Document under such Swap Agreement) will be governed by, and construed in accordance with, the laws applying in the State of New South Wales, Australia.

Account Bank Agreement

Pursuant to the terms of the Account Bank Agreement dated on or about the Programme Date between the Account Bank, the Covered Bond Guarantor, the Issuer, the Trust Manager and the Security Trustee, the Trust Manager will assist the Covered Bond Guarantor in establishing the Trust Accounts with the Account Bank, which will be operated by the Account Bank in accordance with the Account Bank Agreement, the relevant Account Bank Mandate and the Account Bank's standard terms and conditions applicable to accounts and electronic banking (as supplemented/or amended from time to time).

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

(a) a deduction or withholding for or on account of any Tax is imposed, or it appears likely that such a deduction or withholding will be imposed, in respect of the interest payable on any Trust Account, as applicable; or

(b) the Account Bank fails to make payment on the due date of any payment due and payable by it under the Account Bank Agreement and such default is not waived by the Covered Bond Guarantor (acting at the direction of the Trust Manager) (with the prior written consent of the Security Trustee) or the Security Trustee, as applicable, and such default continues unremedied for a period of five AU Business Days; or

(c) the Account Bank fails to perform any of its other material obligations under the Account Bank Agreement, the Security Deed or any other Programme Document to which it is a party and which is, in the opinion of the Security Trustee, materially prejudicial to the holders of Covered Bonds (and such failure is not waived by the Covered Bond Guarantor (acting at the direction of the Trust Manager) with the prior written consent of the Security Trustee and such failure remains unremedied for a period of 10 AU Business Days after the Trust Manager or the Security Trustee has given notice of such failure to the Account Bank,

and the Covered Bond Guarantor (acting at the direction of the Trust Manager) or the Security Trustee must, upon written notice to the Account Bank, terminate the appointment of the Account Bank if:

(i) the Account Bank ceases to be a Qualified Institution and the Account Bank does not, within 30 days of the occurrence of such event, obtain a guarantee of its obligations under the Account Bank Agreement from a Qualified Institution; or

(ii) an Insolvency Event occurs in respect of the Account Bank.

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

Security Deed

Pursuant to the terms of the Security Deed dated on or about the Programme Date between BOQ (in its capacity as Issuer, Seller, Servicer and Interest Rate Swap Provider), the Covered Bond Guarantor, the Trust Manager and the Security Trustee, as security for payment of the Secured Obligations, the Covered Bond Guarantor charges all of its present and future rights, title and interest in, and all of its present and future rights in relation to, the Charged Property (**Charged Property**), in favour of the Security Trustee.

The Security referred to above, is a floating charge. To the extent the Security is a floating charge, it will become a fixed charge automatically and immediately in respect of all Charged Property subject to the floating charge:

(a) without the need for any notice to or act by the Security Trustee, following the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer; and

(b) in respect of any such Charged Property specified in any notice which may be given by the Security Trustee to the Covered Bond Guarantor and the Trust Manager at any time if, in the opinion of the Security Trustee, that Charged Property is at risk of being seized, taken or becoming subject to any Security Interest other than any Security Interest expressly permitted under the Programme Documents.

Release of Security

In the event of any sale or transfer of Mortgage Loan Rights (including Selected Mortgage Loan Rights) by or on behalf of the Covered Bond Guarantor (including by way of *in specie* distributions by the Covered Bond Guarantor), or surrender or extinguishment of the Covered Bond Guarantor's interest in Mortgage Loan Rights (including Selected Mortgage Loan Rights) pursuant to and in accordance with the Programme Documents, such Mortgage Loan Rights will no longer form part of the Assets of the Trust and the Security Trustee will, if so directed in writing by the Trust Manager (at the sole cost and expense of the Covered Bond Guarantor), take all reasonable steps necessary to ensure the release or discharge of those Mortgage Loan Rights from the Security

Interests created by and pursuant to the Security Deed on or prior to the date of such sale, provided that the Trust Manager has provided to the Security Trustee a certificate that such sale of Mortgage Loan Rights has been made in accordance with the terms of the Programme Documents and, in the case of Selected Mortgage Loan Rights only, that the Selected Mortgage Loan Rights have been selected on a basis that is representative of the Mortgage Loan Rights then forming part of the Assets of the Trust.

Retirement and removal of Security Trustee

The Security Trustee may retire as trustee of the Security Trust at any time upon giving three calendar months' prior written notice to the Trust Manager.

The Security Trustee must retire if:

(a) it ceases to carry on business as a professional security trustee;

(b) an Insolvency Event occurs in respect of the Security Trustee in its personal capacity (but not in its capacity as trustee of any other trust); or

(c) the removal of the Security Trustee is approved by an Extraordinary Resolution at (i) a meeting of the Covered Bondholders of all Series taken together as a single Series or (ii) (if there are no Covered Bonds outstanding) a meeting of the Majority Secured Creditors.

If the Security Trustee does not retire within 30 days following any of the events described above, the Trust Manager may remove the Security Trustee from office as trustee of the Security Trust and will use its best endeavours to ensure that a successor security trustee is appointed as soon as possible.

The retirement or removal of the Security Trustee takes effect when a successor security trustee is appointed, the successor security trustee obtains title to (or the benefit of) the Security Deed and any other Programme Documents to which the Security Trustee is party, and the parties to such documents have the same rights amongst themselves as if they would have had if the successor security trustee had been party to them at the dates of such Programme Documents.

If no successor security trustee is appointed within 90 days of notice of the retirement or removal of the Security Trustee, the Security Trustee may itself appoint a successor security trustee or apply to the court for a successor security trustee to be appointed.

Any mandatory or voluntary retirement or removal of the Security Trustee is conditional upon the Issuer having delivered a Rating Affirmation Notice to the Covered Bond Guarantor (copied to the Trust Manager, the Issuer, the Rating Agencies and the Security Trustee) in respect of such mandatory or voluntary retirement, removal and appointment by the Trust Manager.

Enforcement

If a Covered Bond Guarantee Acceleration Notice is served on the Covered Bond Guarantor and the Issuer, the Security Trustee will be entitled to appoint a Receiver, and/or enforce the Security constituted by the Security Deed (including selling the Mortgage Loan Rights forming part of the Assets of the Trust), and/or take such steps as it will deem necessary, subject in each case to being indemnified and/or prefunded and/or secured to its satisfaction. All proceeds received by the Security Trustee from the enforcement or realisation of the Security will be applied in accordance with the Post-Enforcement Priority of Payments described under "*Cashflows*" below, other than any Swap Collateral Excluded Amounts which will be paid to the relevant Swap Provider directly and not via the Post-Enforcement Priority of Payments.

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

CREDIT STRUCTURE

The Covered Bonds will be direct, unsecured, unsubordinated and unconditional obligations of the Issuer. The Covered Bond Guarantor has no obligation to pay the Guaranteed Amounts under the Covered Bond Guarantee until the occurrence of an Issuer Event of Default, service by the Bond Trustee on the Issuer of an Issuer Acceleration Notice (copied to the Covered Bond Guarantor) and a Notice to Pay on the Covered Bond Guarantor (copied to the Trust Manager and the Security Trustee) or, if earlier, following the occurrence of a Covered Bond Guarantor Event of Default and service by the Bond Trustee on the Covered Bond Guarantor (copied to the Trust Manager and the Security Trustee) and the Issuer of a Covered Bond Guarantee Acceleration Notice. The Issuer will not be relying on any payments by the Covered Bond Guarantor in order to pay interest or repay principal under the Covered Bonds.

There are a number of features of the Programme which enhance the likelihood of timely and, as applicable, ultimate payments to Covered Bondholders, as follows:

(a) the Covered Bond Guarantee provides credit support to the Issuer;

(b) the Asset Coverage Test is intended to test, prior to the service of a Notice to Pay on the Covered Bond Guarantor, the asset coverage of the Assets of the Trust held from time to time by the Covered Bond Guarantor in respect of the Covered Bonds on a monthly basis;

(c) the Amortisation Test is intended to test, following the service of a Notice to Pay on the Covered Bond Guarantor (but prior to the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer), the asset coverage of the Assets of the Trust held from time to time by the Covered Bond Guarantor in respect of the Covered Bonds;

(d) a Reserve Fund will be established in the GIC Account which will be funded from the Available Income Amount or the proceeds of the issue of Intercompany Notes or the Demand Note (or the proceeds of any Increase in the Demand Note) up to the Reserve Fund Required Amount if BOQ's credit ratings fall below the Moody's Specified Rating and/or the Fitch Specified Ratings; and

(e) under the terms of the Account Bank Agreement, the Account Bank has agreed to pay a rate of interest per annum as specified therein, or as may otherwise be agreed between the Issuer and the Account Bank from time to time, on all amounts held by the Covered Bond Guarantor in the GIC Account.

Certain of these factors are considered more fully in the remainder of this section.

Covered Bond Guarantee

Pursuant to the terms of the Bond Trust Deed, the Covered Bond Guarantor has guaranteed payments of interest and principal under the Covered Bonds issued by the Issuer. The Covered Bond Guarantor has agreed to pay an amount equal to the Guaranteed Amounts when the same becomes Due for Payment but which would otherwise be unpaid by the Issuer. The obligations of the Covered Bond Guarantor under the Covered Bond Guarantee constitute direct, absolute, unconditional (following an Issuer Event of Default, service of an Issuer Acceleration Notice and service of a Notice to Pay or following a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice) and (subject as provided in Condition 17) obligations of the Covered Bond Guarantor, secured as provided in the Security Deed and limited in recourse against the Covered Bond Guarantor. The Bond Trustee will be required to serve a Notice to Pay on the Covered Bond Guarantor following the occurrence of an Issuer Event of Default and the service by the Bond Trustee of an Issuer Acceleration Notice on the Issuer (whereupon the Covered Bonds will become immediately due and payable as against the Issuer but not, at such time, as against the Covered Bond Guarantor).

A Covered Bond Guarantee Acceleration Notice may be served by the Bond Trustee on the Issuer and the Covered Bond Guarantor following the occurrence of a Covered Bond Guarantor Event of Default. If a Covered

Bond Guarantee Acceleration Notice is served, the Covered Bonds will become immediately due and payable (if they have not already become due and payable) and the obligations of the Covered Bond Guarantor under the Covered Bond Guarantee will be accelerated and the Security Trustee will be entitled to enforce the Security. Payments made by the Covered Bond Guarantor under the Covered Bond Guarantee will be made subject to, and in accordance with, the Guarantee Priority of Payments. Payments made by the Security Trustee will be made subject to, and in accordance with, the Post-Enforcement Priority of Payments.

See further "*Overview of the Principal Documents — Bond Trust Deed*" as regards the terms of the Covered Bond Guarantee.

See further "*Cashflows — Guarantee Priority of Payments*" as regards the payment of amounts payable by the Covered Bond Guarantor to Covered Bondholders and other Secured Creditors following service of a Notice to Pay.

Asset Coverage Test

The Asset Coverage Test is intended to test the asset coverage of the Assets of the Trust from time to time held by the Covered Bond Guarantor in respect of the Covered Bonds on a monthly basis. This is to ensure that the Assets of the Trust from time to time held by the Covered Bond Guarantor do not fall below a certain threshold and are sufficient for the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee and senior expenses which rank in priority or *pari passu* and rateably with amounts due on the Covered Bonds.

The Establishment Deed provides that, prior to the service of a Notice to Pay on the Covered Bond Guarantor and/or a Covered Bond Guarantee Acceleration Notice on the Issuer and the Covered Bond Guarantor, the Assets of the Trust from time to time held by the Covered Bond Guarantor are subject to the Asset Coverage Test. Accordingly, for so long as the Covered Bonds remain outstanding, the Trust Manager must ensure that on each such Determination Date, the Adjusted Aggregate Mortgage Loan Amount will be at least equal to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Determination Date. The Asset Coverage Test will be tested by the Trust Manager on each such Determination Date and:

(a) on any day, to the extent that the Adjusted Aggregate Mortgage Loan Amount is at least equal to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on that day (but by reference to the Adjusted Aggregate Mortgage Loan Amount and the aggregate Principal Amount Outstanding of the Covered Bonds as at the last day of the immediately preceding Collection Period), the Asset Coverage Test will be satisfied; and

(b) on any day, to the extent that the Adjusted Aggregate Mortgage Loan Amount is not at least equal to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on that day (but by reference to the Adjusted Aggregate Mortgage Loan Amount and the aggregate Principal Amount Outstanding of the Covered Bonds as at the last day of the immediately preceding Collection Period), the Asset Coverage Test will not be satisfied.

If on any Determination Date prior to the service of a Notice to Pay on the Covered Bond Guarantor and/or a Covered Bond Guarantee Acceleration Notice on the Issuer and the Covered Bond Guarantor, the Asset Coverage Test is not satisfied, then pursuant to the terms of the Establishment Deed, the Trust Manager must:

(i) use all reasonable endeavours to arrange for the Covered Bond Guarantor to acquire sufficient additional Mortgage Loan Rights from the Seller in accordance with the Mortgage Sale Agreement; and

(ii) direct the Covered Bond Guarantor to purchase Substitution Assets or request subscriptions from the Demand Note Subscriber for an Increase in the Demand Note,

in order to ensure that the Asset Coverage Test will be satisfied on any date on or before the immediately following Determination Date. The Consideration payable to the Seller for the sale of such Mortgage Loan Rights to the Covered Bond Guarantor may be funded by (i) cash available to the Covered Bond Guarantor to pay for such Mortgage Loan Rights in accordance with the Pre-Issuer Event of Default Principal Priority of Payments; and/or (ii) the proceeds of an Increase in the Demand Note.

If the Trust Manager has not taken sufficient action in accordance with the above paragraph such that the Asset Coverage Test remains unsatisfied for a second consecutive Determination Date, the Bond Trustee must serve an Asset Coverage Test Breach Notice on the Covered Bond Guarantor (subject to the Bond Trustee having actual knowledge or express notice of the non-satisfaction of the Asset Coverage Test). The Bond Trustee will be deemed to have revoked an Asset Coverage Test Breach Notice if on the Determination Date falling on or prior to the third consecutive Determination Date, the Asset Coverage Test is subsequently satisfied and neither a Notice to Pay nor a Covered Bond Guarantee Acceleration Notice has been served. If the Asset Coverage Test Breach Notice has not been revoked in accordance with the foregoing, then an Issuer Event of Default will occur.

See further "*Overview of the Principal Documents – Establishment Deed – Asset Coverage Test*", above.

Amortisation Test

The Amortisation Test is intended to ensure that, following service of a Notice to Pay on the Covered Bond Guarantor (but prior to the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer), the Assets of the Trust from time to time held by the Covered Bond Guarantor do not fall below a certain threshold and are sufficient to meet its obligations under the Covered Bond Guarantee and senior expenses which rank in priority or *pari passu* with amounts due on the Covered Bonds.

Pursuant to the Establishment Deed, the Trust Manager must, for so long as any Covered Bonds remain outstanding, ensure that on each Determination Date following service of a Notice to Pay on the Covered Bond Guarantor (but prior to the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer), the Amortisation Test Aggregate Mortgage Loan Amount (as at the last day of the immediately preceding Collection Period) is in an amount at least equal to the Australian Dollar Equivalent of the then aggregate Principal Amount Outstanding (as at the last day of the immediately preceding Collection Period) of the Covered Bonds.

See further "*Overview of the Principal Documents — Establishment Deed — Amortisation Test*", above.

Legislated Collateralisation Test

The Programme benefits from the Issuer's obligation to comply with the minimum over-collateralisation requirements set out in the Australian Banking Act. This is described in more detail in the section "*Description of the Covered Bond Provisions of the Australian Banking Act*" of this Prospectus. As the Legislative Collateralisation Test is a minimum requirement, the Issuer expects that its obligation in respect of this legal requirement will be satisfied in all circumstances in which the Asset Coverage Test or the Amortisation Test, as applicable, is satisfied.

Reserve Fund

The Covered Bond Guarantor is required to establish a reserve fund within the GIC Account which will be credited with the Available Income Amount and/or (after the service of a Notice to Pay on the Covered Bond Guarantor but prior to the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer) the Available Principal Amount, the remaining subscription proceeds of an issue of Intercompany Notes or the Demand Note (or the proceeds of any Increase in the Demand Note) up to an amount equal to the Reserve Fund Required Amount.

The Covered Bond Guarantor will be required on the first Issue Date or first Distribution Date, to deposit into

the GIC Account (with a corresponding credit to the Reserve Ledger) any Available Income Amount or the relevant subscription proceeds of an issue of Intercompany Notes or a Demand Note (or the proceeds of any Increase in the Demand Note) up to an amount equal to the Reserve Fund Required Amount. On each subsequent Issue Date or Distribution Date, the Covered Bond Guarantor may be required to make further deposits into the GIC Account (with a corresponding credit to the Reserve Ledger) of any Available Income Amount and/or (after the service of a Notice to Pay on the Covered Bond Guarantor but prior to the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer) the Available Principal Amount, the relevant subscription proceeds of an issue of Intercompany Notes or a Demand Note (or the proceeds of any Increase in the Demand Note) up to an amount equal to the Reserve Fund Required Amount. The Reserve Fund Required Amount on any day will depend on the credit rating and deposit rating of the Issuer. If the Issuer's short-term unsecured, unsubordinated and unguaranteed debt obligations are not rated below the Fitch Specified Ratings and the Issuer's deposit rating is not below the Moody's Specified Rating, the Reserve Fund Required Amount is nil (or such other amount as the Issuer will direct the Covered Bond Guarantor). As at the date of this Prospectus, the Issuer does not have the Fitch Specified Ratings or the Moody's Specified Rating. Accordingly, the Issuer will be required to deposit and, for so long as the Issuer continues to not have the Fitch Specified Ratings and/or the Moody's Specified Rating, maintain the Reserve Fund Required Amount in the GIC Account. See further the section "*Cashflows - Pre-Issuer Event of Default Income Priority of Payments*" of this Prospectus and the definition of "Reserve Fund Required Amount" in the section "*Glossary*" of this Prospectus.

CASHFLOWS

As described above under Credit Structure, until a Notice to Pay is served on the Covered Bond Guarantor or a Covered Bond Guarantee Acceleration Notice is served on the Covered Bond Guarantor and the Issuer, the Covered Bonds will be obligations of the Issuer only. The Issuer is liable to make payments when due on the Covered Bonds, whether or not the Issuer has received any corresponding payment from the Covered Bond Guarantor.

This section summarises the Priorities of Payments of the Covered Bond Guarantor, as to the allocation and distribution of amounts standing to the credit of the Trust Accounts and their order of priority:

(a) prior to the service of a Notice to Pay or a Covered Bond Guarantee Acceleration Notice;

(b) following service of a Notice to Pay (but prior to the service of a Covered Bond Guarantee Acceleration Notice); and

(c) following the service of a Covered Bond Guarantee Acceleration Notice and/or realisation of the Security,

all in accordance with the Establishment Deed and Security Deed, as applicable.

Allocation and distribution of the Available Income Amount prior to the service of a Notice to Pay or a Covered Bond Guarantee Acceleration Notice

Prior to the service of a Notice to Pay on the Covered Bond Guarantor or a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, the Available Income Amount standing to the credit of the Trust Accounts will be allocated and distributed as described below.

On the Determination Date immediately preceding each Distribution Date, the Trust Manager must calculate:

(a) the Available Income Amount available for distribution on the following Distribution Date; and

(b) the Reserve Fund Required Amount, if applicable.

Pre-Issuer Event of Default Income Priority of Payments

On each Distribution Date (except for amounts due to third parties by the Covered Bond Guarantor described below under (c)(iii) which in each case must be paid, at the direction of the Trust Manager, when due and, for the avoidance of doubt, any Swap Collateral Excluded Amounts due to the relevant Swap Providers by the Covered Bond Guarantor under the relevant Swap Agreements which must be paid, at the direction of the Trust Manager, directly to the relevant Swap Providers in accordance with the terms of the relevant Swap Agreements), the Trust Manager must direct the Covered Bond Guarantor to and, upon receiving that direction, the Covered Bond Guarantor will, apply the Available Income Amount from the GIC Account to make the following payments and provisions in the following order of priority (**Pre-Issuer Event of Default Income Priority of Payments**) (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

(a) *first*, $1 to the Income Unitholder;

(b) *second*, in or towards satisfaction of any Accrued Interest Adjustment due and payable to the Seller in connection with the transfer of any Mortgage Loan Rights to the Trust during the Collection Period immediately preceding that Distribution Date;

(c) *third*, in or towards satisfaction *pari passu* and rateably of:

(i) any amounts due and payable by the Covered Bond Guarantor to itself as trustee of the Trust, the Bond Trustee and the Security Trustee;

(ii) any amounts due and payable to each Agent under the provisions of the Agency Agreements;

(iii) any amounts due and payable to other third parties and incurred without breach by the Covered Bond Guarantor of the Programme Documents to which it is a party (and for which payment has not been provided for elsewhere in the relevant Priorities of Payments); and

(iv) any liability of the Covered Bond Guarantor for Taxes,

and to provide for any such amounts expected to become due and payable by the Covered Bond Guarantor in the Trust Payment Period in which such Distribution Date occurs;

(d) *fourth*, in or towards satisfaction *pari passu* and rateably of:

(i) any remuneration then due and payable to the Servicer and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicer under the provisions of the Servicing Deed in the Trust Payment Period in which such Distribution Date occurs, together with applicable GST (or other similar Taxes) thereon;

(ii) amounts (if any) due and payable to the Account Bank (including costs) pursuant to the terms of the Account Bank Agreement, together with applicable GST (or other similar Taxes) thereon;

(iii) amounts due and payable to the Cover Pool Monitor pursuant to the terms of the Cover Pool Monitor Agreement (other than the amounts referred to in paragraph (j) below), together with applicable GST (or other similar Taxes) thereon;

(iv) any remuneration then due and payable to the Trust Manager and any costs, charges, liabilities and expenses then due or to become due and payable to the Trust Manager pursuant to the Establishment Deed and the Management Agreement in the Trust Payment Period in which such Distribution Date occurs, together with any applicable GST (or other similar Taxes) thereon; and

(v) any Standby Swap Provider Fee due and payable to each Standby Swap Provider under an Interest Rate Swap Agreements, together with applicable GST (or other similar taxes) thereon;

(e) *fifth*, if an Interest Rate Swap Provider is not the Issuer or, if an Interest Rate Swap Provider is the Issuer and a Regulatory Event has occurred or is likely to occur (as determined by the Issuer and notified to the Covered Bond Guarantor and the Trust Manager), *pari passu* and rateably in or towards payment on the Distribution Date or to provide for payment on another date in the future of such proportion of the relevant payment falling due in the future as the Trust Manager may reasonably determine of any amount due or to become due and payable to each such Interest Rate Swap Provider in respect of each relevant Interest Rate Swap (including any termination payment due and payable by the Covered Bond Guarantor under each relevant Interest Rate Swap Agreement but excluding any relevant Excluded Swap Termination Amount) (except to the extent that such amounts have already been paid out of any premium received from any replacement Interest Rate Swap Provider as contemplated in "*Cashflows – Termination Payments in respect of Swaps*");

(f) *sixth*, in or towards payment on the Distribution Date or to provide for payment on another date in the future of such proportion of the relevant payments falling due in the future as the Trust Manager may reasonably determine, *pari passu* and rateably of:

(i) if an Interest Rate Swap Provider is the Issuer and a Regulatory Event has not occurred or is not likely to occur (as determined by the Issuer and notified to the Covered Bond Guarantor and the Trust Manager), in or towards payment on the Distribution Date or to provide for payment on another date in the future of such proportion of the relevant payment falling due in the future as the Trust Manager may reasonably determine of any amount due or to become due and payable to that Interest Rate Swap Provider in respect of each relevant Interest Rate Swap (including any termination payment due and payable by the Covered Bond Guarantor under each relevant Interest Rate Swap Agreement but excluding any relevant Excluded Swap Termination Amount) (except to the extent that such amounts have already been paid out of any premium received from any replacement Interest Rate Swap Provider as contemplated in "*Cashflows – Termination Payments in respect of Swaps*");

(ii) any amounts due or to become due and payable to each relevant Covered Bond Swap Provider (other than in respect of principal) *pari passu* and rateably in respect of each Covered Bond Swap (including any termination payment due and payable (other than in respect of principal) by the Covered Bond Guarantor under each relevant Covered Bond Swap Agreement, but excluding any relevant Excluded Swap Termination Amount) (except to the extent that such amounts have already been paid out of any premium received from any replacement Covered Bond Swap Provider as contemplated in "*Cashflows – Termination Payments in respect of Swaps*") in accordance with the terms of each relevant Covered Bond Swap Agreement; and

(iii) any interest amount due, or to become due and payable, in respect of the Intercompany Notes, *pari passu* and rateably to the Intercompany Noteholders in accordance with the terms of the Intercompany Note Subscription Agreement, but in the case of any such payment, after taking into account any amounts (other than principal) receivable from each relevant Covered Bond Swap Provider under each Covered Bond Swap Agreement on the Distribution Date or another date in the future as the Trust Manager may reasonably determine,

but, in the case of any such payment or provision, after taking into account any amounts receivable from each relevant Interest Rate Swap Provider under each relevant Interest Rate Swap Agreement on the Distribution Date or such other date in the future as the Trust Manager may reasonably determine;

(g) *seventh*, if a Servicer Default has occurred, the remaining Available Income Amount to be retained in the GIC Account (with a corresponding credit to the Income Ledger) until such Servicer Default is either remedied by the Servicer or waived by the Security Trustee (acting on the directions of the Bond Trustee or, if no Covered Bonds are outstanding, the Majority Secured Creditors) or a replacement servicer is appointed to service the Mortgage Loan Rights then forming part of the Assets of the Trust (or any relevant part);

(h) *eighth*, in or towards a credit to the Reserve Ledger and retain in the GIC Account of an amount up to but not exceeding the amount by which the Reserve Fund Required Amount exceeds the existing balance on the Reserve Ledger as calculated on the immediately preceding Determination Date;

(i) *ninth*, in or towards payment *pari passu* and rateably of any Excluded Swap Termination Amounts due and payable by the Covered Bond Guarantor under the Swap Agreements (except to the extent that such amounts have already been paid out of any premium received from any relevant replacement Swap Providers as contemplated in "*Cashflows – Termination Payments in respect of Swaps*");

(j) *tenth*, in or towards payment of any indemnity amount due to the Cover Pool Monitor pursuant to the Cover Pool Monitor Agreement;

(k) *eleventh*, in or towards payment of any interest amounts or any principal amount of the Demand Note relating to an Interest Rate Shortfall Demand Note Funding due or to become due and payable in respect of the Demand Note pursuant to the terms of the Demand Note Subscription Agreement; and

(l) *twelfth*, the remainder to the Income Unitholder in whole or partial satisfaction of any entitlement to Net Trust Income of the Trust.

Allocation and Distribution of the Available Income Amount following the service of an Asset Coverage Test Breach Notice

At any time after service on the Covered Bond Guarantor of an Asset Coverage Test Breach Notice (which has not been revoked), but prior to the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice or, if earlier, the occurrence of a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, the Available Income Amount will continue to be applied in accordance with the Pre-Issuer Event of Default Income Priority of Payments provided that, whilst any Covered Bonds remain outstanding, the Trust Manager will ensure that:

(a) it will not direct the Covered Bond Guarantor to apply any moneys under paragraph (f)(iii), (k) or (l) of the Pre-Issuer Event of Default Income Priority of Payments; and

(b) the remainder (if any) will be retained in the GIC Account (with a corresponding credit to the Income Ledger) and form part of the Available Income Amount on the next succeeding Distribution Date.

Allocation and Distribution of the Available Principal Amount prior to the service of a Notice to Pay or a Covered Bond Guarantee Acceleration Notice

Prior to the service of a Notice to Pay on the Covered Bond Guarantor or a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, the Available Principal Amount must be allocated and distributed as described below.

On each Determination Date, the Trust Manager must calculate the Available Principal Amount available for distribution on the immediately following Distribution Date.

Pre-Issuer Event of Default Principal Priority of Payments

On each Distribution Date, the Trust Manager must direct the Covered Bond Guarantor to and, upon receiving that direction, the Covered Bond Guarantor will, apply the Available Principal Amount from the GIC Account (for the avoidance of doubt, excluding any Swap Collateral Excluded Amounts due to the relevant Swap Providers by the Covered Bond Guarantor under the relevant Swap Agreements which will be paid, at the direction of the Trust Manager, directly to the relevant Swap Providers in accordance with the terms of the relevant Swap Agreements) and any In Specie Mortgage Loan Rights (but only in the case of paragraphs (c) and (f)) in making the following payments or provisions or credits in the following order or priority (**Pre-Issuer Event of Default Principal Priority of Payments**) (in each case only if and to the extent that payments or provisions of a higher priority have been paid in full to the extent the same are payable on the relevant Distribution Date):

(a) *first*, to acquire Mortgage Loan Rights offered to the Covered Bond Guarantor by the Seller in accordance with the terms of the Mortgage Sale Agreement in an amount sufficient to ensure that taking into account the other resources available to the Covered Bond Guarantor, the Asset Coverage Test is satisfied and thereafter to acquire Substitution Assets in an amount not to exceed the prescribed limits (as specified in the Establishment Deed) sufficient to ensure that, after taking into account the other resources available to the Covered Bond Guarantor, the Asset Coverage Test is satisfied;

(b) *second*, to retain the remaining Available Principal Amount in the GIC Account (with a corresponding credit to the Principal Ledger) in an amount sufficient to ensure that, taking into account the other resources available to the Covered Bond Guarantor, the Asset Coverage Test is satisfied;

(c) *third*, if a Regulatory Event has occurred or is likely to occur (as determined by the Issuer and notified to the Covered Bond Guarantor and the Trust Manager), in or towards repayment of the principal amount of the Demand Note which is due or to become due and payable pursuant to the terms of the Demand Note Subscription Agreement, to the extent that such payment would not cause the Asset Coverage Test (as determined on the immediately preceding Determination Date) to be breached;

(d) *fourth*, in or towards repayment on the Distribution Date (or to provide for repayment on another date in the future of such proportion of the relevant payment falling due in the future as the Trust Manager may reasonably determine) of the principal amount of the Intercompany Notes by making the following payments:

(i) the amounts (in respect of principal) due or to become due and payable to each relevant Covered Bond Swap Provider *pari passu* and rateably in respect of each Covered Bond Swap (including any termination payment (relating solely to principal) due and payable by the Covered Bond Guarantor under each relevant Covered Bond Swap Agreement, but excluding any relevant Excluded Swap Termination Amount) (except to the extent that such amounts have already been paid out of any premium received from any replacement Covered Bond Swap Provider in respect of the relevant Covered Bond Swap as contemplated in "*Cashflows – Termination Payments in respect of Swaps*") in accordance with the terms of each relevant Covered Bond Swap Agreement; and

(ii) where appropriate, after taking into account any amounts in respect of principal receivable from each relevant Covered Bond Swap Provider under each Covered Bond Swap on the Distribution Date or another date in the future as the Trust Manager may reasonably determine, the amounts (in respect of principal) due or to become due and payable to the Intercompany Noteholders *pari passu* and rateably in respect of each relevant Intercompany Note;

(e) *fifth*, *pari passu* and rateably, to:

(i) pay the Consideration for Mortgage Loan Rights offered to the Covered Bond Guarantor in accordance with the Mortgage Sale Agreement following receipt by the Seller of a notice from the Covered Bond Guarantor in accordance with the Mortgage Sale Agreement; and

(ii) reimburse the Seller for funding any Further Advances that the Covered Bond Guarantor has agreed to reimburse the Seller for in accordance with the Mortgage Sale Agreement;

(f) *sixth*, in or towards repayment of any principal amount of the Demand Note (other than any principal amount relating to an Interest Rate Shortfall Demand Note Funding):

(i) which remains due and payable pursuant to clause 10.1(d) of the Demand Note Subscription Agreement after any distribution as a result of the Covered Bonds having been repaid and confirmation from the Issuer that no additional Covered Bonds will be issued under the Programme;

(ii) for which a demand is made by the Demand Noteholder in accordance with the Demand Note Subscription Agreement and at which time the Issuer has not determined and notified the Covered Bond Guarantor and the Trust Manager that a Regulatory Event has occurred or is likely to occur, to the extent that such payment would not cause the Asset Coverage Test to be breached; or

(iii) where the Issuer has determined and notified the Covered Bond Guarantor and the Trust Manager that a Regulatory Event has occurred or is likely to occur and an In Specie Failure has also occurred, that amount which would otherwise have been satisfied under paragraph (c) above, to the extent that such payment would not cause the Asset Coverage Test to be breached;

(g) *seventh*, to be paid to the Income Unitholder in whole or partial satisfaction of any entitlement to Net Trust Income of the Trust remaining unpaid; and

(h) *eighth*, to be paid to the Capital Unitholders *pari passu* and rateably amongst them in respect of the Capital Units.

No part of the Available Principal Amount will be applied under paragraph (c) above by the Covered Bond Guarantor. The Trust Manager must ensure that paragraph (c) is satisfied by an *in specie* distribution to the Demand Noteholder of the In Specie Mortgage Loan Rights pursuant to the section "*Overview of the Principal Documents – Demand Note Subscription Agreement – Repayment of the Demand Note*". The Trust Manager may, but is not obliged to, satisfy any amount payable by the Covered Bond Guarantor in accordance with paragraph (f) by an *in specie* distribution to the Demand Noteholder of the In Specie Mortgage Loan Rights pursuant to the section "*Overview of the Principal Documents – Demand Note Subscription Agreement – Repayment of the Demand Note*".

Allocation and Distribution of the Available Principal Amount following service of an Asset Coverage Test Breach Notice

At any time after the service on the Covered Bond Guarantor of an Asset Coverage Test Breach Notice (which has not be revoked), but prior to the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice or, if earlier, the occurrence of a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, the Available Principal Amount will continue to be applied in accordance with the Pre-Issuer Event of Default Principal Priority of Payments provided that, whilst any Covered Bonds remain outstanding, no moneys will be applied (nor will any *in specie* distribution of In Specie Mortgage Loan Rights be made) under paragraphs (a), (c), (d)(ii), (e), (f), (g) and (h) of the Pre-Issuer Event of Default Principal Priority of Payments, and the remainder (if any) will be retained in the GIC Account (with a corresponding credit to the Principal Ledger) and form part of the Available Principal Amount on the next succeeding Distribution Date.

Allocation and Distribution of the Available Income Amount and the Available Principal Amount following service of a Notice to Pay

At any time after the service of a Notice to Pay on the Covered Bond Guarantor, but prior to service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, the Available Income Amount and the Available Principal Amount will be applied as described below.

Guarantee Priority of Payments

On each Distribution Date (except for amounts due to third parties described below under paragraph (e)(ii) which in each case will be paid, at the direction of the Trust Manager, when due, and for the avoidance of doubt, any Swap Collateral Excluded Amounts due to the relevant Swap Providers by the Covered Bond Guarantor under the relevant Swap Agreements which must be paid, at the direction of the Trust Manager, directly to the relevant Swap Providers) the Trust Manager must direct the Covered Bond Guarantor to and, upon receiving that direction, the Covered Bond Guarantor will, apply the Available Income Amount, the Available Principal Amount and any In Specie Mortgage Loan Rights (but only in the case of paragraphs (c) and (q) below) to make the following payments and provisions in the following order of priority (**Guarantee Priority of Payments**) (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

(a) *first*, A$1 to the Income Unitholder;

(b) *second*, in or towards satisfaction of any Accrued Interest Adjustment due and payable to the Seller in connection with the transfer of any Mortgage Loan Rights to the Trust during the Collection Period immediately preceding that Distribution Date;

(c) *third*, if a Regulatory Event has occurred or is likely to occur (as determined by the Issuer and notified to the Covered Bond Guarantor and the Trust Manager), in or towards repayment of the principal amount of the Demand Note which is due or to become due and payable pursuant to a demand from the Demand Noteholder under the terms of the Demand Note Subscription Agreement to the extent that such payment would not cause the Asset Coverage Test (as determined on that Distribution Date) to be breached;

(d) *fourth*, in or towards satisfaction *pari passu* and rateably of:

(i) all amounts due and payable or to become due and payable to the Bond Trustee (excluding all amounts otherwise payable to the Covered Bondholders and Couponholders under the Guarantee Priority of Payments) in the Trust Payment Period in which such Distribution Date occurs together with interest and applicable GST (or other similar Taxes) thereon;

(ii) all amounts due and payable or to become due and payable to the Security Trustee (excluding all amounts otherwise payable to the Covered Bondholders and Couponholders under the Guarantee Priority of Payments) in the Trust Payment Period in which such Distribution Date occurs together with interest and applicable GST (or other similar Taxes) thereon; and

(iii) all amounts due and payable or to become due and payable to itself as trustee of the Trust in the Trust Payment Period in which such Distribution Date occurs together with interest and any applicable GST thereon;

(e) *fifth*, in or towards satisfaction *pari passu* and rateably of:

(i) all amounts due and payable or to become due and payable to the Agents (excluding all amounts otherwise payable to the Covered Bondholders and Couponholders under the Guarantee Priority of Payments) in the Trust Payment Period in which such Distribution Date occurs under the provisions of the Agency Agreements together with applicable GST (or other similar Taxes) thereon;

(ii) any amounts then due and payable by the Covered Bond Guarantor to third parties and incurred without breach by the Covered Bond Guarantor of the Programme Documents to which it is a party (and for which payment has not been provided for elsewhere in this Guarantee Priority of Payments) and to provide for any such amounts expected to become due and payable by the Covered Bond Guarantor in the Trust Payment Period in which such Distribution Date occurs; and

(iii) any liability of the Covered Bond Guarantor for Taxes;

(f) *sixth*, in or towards satisfaction *pari passu* and rateably of:

(i) any remuneration then due and payable to the Servicer and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicer in the Trust Payment Period in which such Distribution Date occurs under the provisions of the Servicing Deed together with applicable GST (or other similar Taxes) thereon;

(ii) amounts (if any) due and payable to the Account Bank (including costs) pursuant to the terms of the Account Bank Agreement, together with applicable GST (or other similar Taxes) thereon;

(iii) amounts due and payable to the Trust Manager under the Establishment Deed and the Management Agreement; and

(iv) amounts due and payable to the Cover Pool Monitor (other than the amounts referred to in paragraph (p) below) pursuant to the terms of the Cover Pool Monitor Agreement, together with applicable GST (or other similar Taxes) thereon;

(g) *seventh*, if an Interest Rate Swap Provider is not the Issuer or, if an Interest Rate Swap Provider is the Issuer and a Regulatory Event has occurred or is likely to occur (as determined by the Issuer and notified to the Covered Bond Guarantor and the Trust Manager), *pari passu* and rateably in or towards payment on the Distribution Date, or to provide for payment on another date in the future of such proportion of the relevant payment falling due in the future as the Trust Manager may reasonably determine, of any amount due or to become due and payable to each such Interest Rate Swap Provider in respect of each relevant Interest Rate Swap (including any termination payment due and payable by the Covered Bond Guarantor under each relevant Interest Rate Swap Agreement but excluding any relevant Excluded Swap Termination Amount) (except to the extent that such amounts have been paid out of any premium received from any relevant replacement Interest Rate Swap Providers as contemplated in "*Cashflows – Termination Payments in respect of Swaps*") in accordance with the terms of each relevant Interest Rate Swap Agreement;

(h) *eighth*, in or towards payment on the Distribution Date or to provide for payment on another date in the future of such proportion of the relevant payments falling due in the future as the Trust Manager may reasonably determine, *pari passu* and rateably of:

(i) if an Interest Rate Swap Provider is the Issuer and a Regulatory Event has not occurred or is not likely to occur (as determined by the Issuer and notified to the Covered Bond Guarantor and the Trust Manager), in or towards payment on the Distribution Date, or to provide for payment on another date in the future of such proportion of the relevant payment falling due in the future as the Trust Manager may reasonably determine, of any amount due or to become due and payable to that Interest Rate Swap Provider in respect of each relevant Interest Rate Swaps (including any termination payment due and payable by the Covered Bond Guarantor under each relevant Interest Rate Swap Agreement but excluding any relevant Excluded Swap Termination Amount) (except to the extent that such amounts have been paid out of any premium received from any relevant replacement Interest Rate Swap Providers as contemplated in "*Cashflows – Termination Payments in respect of Swaps*") in accordance with the terms of each relevant Interest Rate Swap Agreement;

(ii) any amounts due or to become due and payable to each relevant Covered Bond Swap Provider (other than in respect of principal or any amounts due and payable in relation to the Subordinated Additional Spread) *pari passu* and rateably in respect of each Covered Bond Swap (including any termination payment due and payable by the Covered Bond Guarantor under each relevant Covered Bond Swap Agreement, but excluding any relevant Excluded Swap Termination Amount) (except to the extent that such amounts have already been paid out of any premium received from any replacement Covered Bond Swap Provider in respect of the relevant Covered Bond Swap as contemplated in "*Cashflows – Termination Payments in respect of Swaps*") in accordance with the terms of each relevant Covered Bond Swap Agreement; and

(iii) Scheduled Interest that is Due for Payment (or that will become Due for Payment in the Trust Payment Period in which such Distribution Date occurs) under the Covered Bond Guarantee in respect of each Series of Covered Bonds to the Bond Trustee or (if so directed by the Bond Trustee) the applicable Agent on behalf of the Covered Bondholders and Couponholders *pari passu* and rateably in respect of each Series of Covered Bonds,

but, in the case of any such payment or provision, after taking into account any amounts receivable from each relevant Interest Rate Swap Provider under each relevant Interest Rate Swap Agreement and, if applicable, any amounts (other than principal) receivable from each relevant Covered Bond Swap

Provider under each Covered Bond Swap Agreement on the Distribution Date or another date in the future as the Trust Manager may reasonably determine, provided that if the amount available for distribution under this paragraph (h) (excluding any amounts received or to be received from the relevant Covered Bond Swap Providers) would be insufficient to pay the Australian Dollar Equivalent of the Scheduled Interest that is or will be Due for Payment in respect of each Series of Covered Bonds under paragraph (h)(iii) above, the shortfall will be divided amongst all such Series of Covered Bonds on a *pari passu* and rateable basis and the amount payable by the Covered Bond Guarantor to each relevant Covered Bond Swap Provider under each relevant Covered Bond Swap in respect of each relevant Series of Covered Bonds or provision to be made in respect of such amount under paragraph (h)(ii) above will be correspondingly reduced to take into account the shortfall applicable to the Covered Bonds in respect of which such payment is to be made;

(i) *ninth*, in or towards a credit to the Reserve Ledger and retain in the GIC Account of an amount up to but not exceeding the amount by which the Reserve Fund Required Amount exceeds the existing balance on the Reserve Ledger as calculated on the immediately preceding Determination Date;

(j) *tenth*, to the extent only that the Available Income Amount available for distribution on that Distribution Date exceeds the aggregate of the payments and provisions to be made on the Distribution Date pursuant to paragraph (a) to paragraph (i) above (inclusive, but excluding paragraph (c) above), in or towards payment on that Distribution Date or to provide for payment in the immediately following Trust Payment Period, of any amounts due or to become due and payable to any relevant Covered Bond Swap Provider relating to the Subordinated Additional Spread and any such amounts remaining unpaid from prior Distribution Dates, *pari passu* and rateably in respect of each relevant Covered Bond Swap in accordance with the relevant Covered Bond Swap Agreement;

(k) *eleventh*, in or towards payment on the Distribution Date or to provide for payment in the immediately succeeding Trust Payment Period, *pari passu* and rateably of:

(i) any amounts (in respect of principal) due or to become due and payable to each relevant Covered Bond Swap Provider *pari passu* and rateably in respect of each relevant Covered Bond Swap (including any termination payment due and payable by the Covered Bond Guarantor under each relevant Covered Bond Swap Agreement to the extent not already paid under paragraph (h)(ii) above, but excluding any relevant Excluded Swap Termination Amount) (except to the extent that such amounts have already been paid out of any premium received from any replacement Covered Bond Swap Provider in respect of the relevant Covered Bond Swap as contemplated in "*Cashflows – Termination Payments in respect of Swaps*") in accordance with the terms of each relevant Covered Bond Swap Agreement;

(ii) (where appropriate, after taking into account any amounts in respect of principal receivable from the relevant Covered Bond Swap Provider and available to make payments in respect thereof) Scheduled Principal that is Due for Payment (or that will become Due for Payment in the immediately succeeding Trust Payment Period) under the Covered Bond Guarantee in respect of each Series of Covered Bonds to the Bond Trustee or (if so directed by the Bond Trustee) the applicable Agent on behalf of the Covered Bonds *pari passu* and rateably in respect of each Series of Covered Bonds; and

(iii) the Final Redemption Amount (or portion of the Final Redemption Amount remaining unpaid) of any Series of Covered Bonds to which an Extended Due for Payment Date applies and (where relevant) whose Final Redemption Amount was not paid in full by the Extension Determination Date, by making the following payments, *pari passu* and rateably (by reference to the Australian Dollar Equivalent of the Principal Amount Outstanding of all such Covered Bonds):

(A) any amounts due or to become due and payable to each relevant Covered Bond Swap Provider (whether or not in respect of principal and other than any amounts due and

payable in relation to the Subordinated Additional Spread) *pari passu* and rateably in respect of each Covered Bond Swap (including any termination payment due and payable by the Covered Bond Guarantor under each relevant Covered Bond Swap Agreement, but excluding any relevant Excluded Swap Termination Amount) (except to the extent that such amounts have already been paid out of any premium received from any replacement Covered Bond Swap Provider in respect of the relevant Covered Bond Swap as contemplated in "*Cashflows – Termination Payments in respect of Swaps*") in accordance with the terms of the relevant Covered Bond Swap Agreement; and

(B) such Final Redemption Amount *pari passu* and rateably under the Covered Bond Guarantee in respect of each relevant Series of Covered Bonds to the Bond Trustee or (if so directed by the Bond Trustee) the applicable Agent on behalf of the Covered Bondholders,

but, in the case of any such payment or provision, after taking into account any amounts receivable from each relevant Interest Rate Swap Provider in respect of each relevant Interest Rate Swap Agreement and, if applicable, any amounts (whether or not in respect of principal) receivable from each relevant Covered Bond Swap Provider in respect of each relevant Covered Bond Swap,

provided that if the amount available for distribution under this paragraph (k) (excluding any amounts received or to be received from each relevant Covered Bond Swap Provider) would be insufficient to pay the Australian Dollar Equivalent of the Scheduled Principal that is or will be Due for Payment in respect of each Series of Covered Bonds under paragraph (k)(ii) above and the Australian Dollar Equivalent of such Final Redemption Amount in respect of the relevant Series of Covered Bonds under paragraph (k)(iii)(B) above, the shortfall will be divided amongst all such Series of Covered Bonds on a *pari passu* and rateable basis and the amount payable by the Covered Bond Guarantor to each relevant Covered Bond Swap Provider under each relevant Covered Bond Swap in respect of each relevant Series of Covered Bonds or provision to be made in respect thereof under paragraph (k)(i) and paragraph (k)(iii)(A) above will be correspondingly reduced to take into account the shortfall applicable to the Covered Bonds in respect of which such payment is to be made;

(l) *twelfth*, to retain the remaining moneys in the GIC Account for application on the immediately succeeding Distribution Date in accordance with the priority of payments described in paragraphs (a) to (k) (inclusive) above, until the Covered Bonds have been fully repaid or provided for (such that the Required Redemption Amount has been accumulated in respect of each outstanding Series of Covered Bonds);

(m) *thirteenth*, to the extent not already paid in accordance with paragraphs (a) to (l) (inclusive) above, in or towards payment on the Distribution Date or to provide for payment in the immediately following Trust Payment Period, of any amounts due or to become due and payable to any relevant Covered Bond Swap Provider relating to the Subordinated Additional Spread *pari passu* and rateably in respect of each relevant Covered Bond Swap in accordance with the relevant Covered Bond Swap Agreement;

(n) *fourteenth*, in or towards, payment *pari passu* and rateably, of any Excluded Swap Termination Amounts due and payable by the Covered Bond Guarantor under the Swap Agreements (except to the extent that such amounts have already been paid out of any premium received from any relevant replacement Swap Provider as contemplated in "*Cashflows – Termination Payments in respect of Swaps*");

(o) *fifteenth*, in and towards payment of any amounts due and payable (whether in respect of principal or interest) in respect of the Intercompany Notes *pari passu* and rateably in respect of each Intercompany Note pursuant to the terms of the Intercompany Note Subscription Agreement;

(p) *sixteenth,* in or towards payment of certain costs, expenses and indemnity amounts due by the Covered Bond Guarantor to the Cover Pool Monitor pursuant to the Cover Pool Monitor Agreement;

(q) *seventeenth,* in or towards satisfaction of all amounts due and payable in respect of the Demand Note or otherwise outstanding under the Demand Note Subscription Agreement (to the extent not already satisfied in accordance with paragraph (c) above) including upon the occurrence of a Regulatory Event and an In Specie Failure, any amounts that would otherwise have been satisfied under paragraph (c) above;

(r) *eighteenth,* to be paid to the Income Unitholder in whole or partial satisfaction of any entitlement to Net Trust Income of the Trust remaining unpaid; and

(s) *nineteenth,* to be paid to the Capital Unitholders *pari passu* and rateably amongst them in respect of the Capital Units.

No part of the Available Income Amount and Available Principal Amount will be applied under paragraph (c) above by the Covered Bond Guarantor. The Trust Manager must ensure that paragraph (c) is satisfied by an *in specie* distribution to the Demand Noteholder of the In Specie Mortgage Loan Rights pursuant to the section "*Overview of the Principal Documents – Demand Note Subscription Agreement – Repayment of the Demand Note*". The Trust Manager may, but is not obliged to, satisfy any amount payable by the Covered Bond Guarantor in accordance with paragraph (q) by an *in specie* distribution to the Demand Noteholder of the In Specie Mortgage Loan Rights pursuant to the section "*Overview of the Principal Documents – Demand Note Subscription Agreement – Repayment of the Demand Note*".

Amounts received on or after the Distribution Date

(a) Subject to paragraph (c) below, any amounts (other than in respect of principal and any Swap Collateral Excluded Amounts) received by or on behalf of the Covered Bond Guarantor under a Covered Bond Swap Agreement on or after a Distribution Date but prior to the immediately succeeding Distribution Date will be applied by the Covered Bond Guarantor (acting at the direction of the Trust Manager), together with any provision for such payments made on any preceding Distribution Date, to make payments (other than principal) due and payable *pari passu* and rateably in respect of each Covered Bond Swap under the relevant Covered Bond Swap Agreement or, as the case may be, in respect of interest on each relevant Intercompany Note in accordance with the Intercompany Note Subscription Agreement, or otherwise to make provision for such payments on such date in the future of such proportion of the relevant payment falling due in the future as the Trust Manager may reasonably determine.

(b) Subject to paragraph (c) below, any amounts (other than any Swap Collateral Excluded Amounts) in respect of principal received by or on behalf of the Covered Bond Guarantor under a Covered Bond Swap Agreement on or after a Distribution Date but prior to the immediately succeeding Distribution Date will be applied, by the Covered Bond Guarantor (acting at the direction of the Trust Manager), together with any provision for such payments made on any preceding Distribution Date, (provided that all principal amounts outstanding under the related Series of Covered Bonds which have fallen due for repayment on such date have been repaid in full by the Issuer), to make payments in respect of principal due and payable to the Intercompany Noteholders in respect of the corresponding Intercompany Notes in accordance with the Intercompany Note Subscription Agreement or otherwise to make provision for such payments on such date in the future of such proportion of the relevant payment falling due in the future as the Trust Manager may reasonably determine.

(c) At any time after the service of a Notice to Pay on the Covered Bond Guarantor, but prior to service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, any amounts (other than any Swap Collateral Excluded Amounts) received by or on behalf of the Covered Bond Guarantor under a Covered Bond Swap Agreement (whether or not in respect of principal) on or

after a Distribution Date but prior to the immediately succeeding Distribution Date will be applied, by the Covered Bond Guarantor (acting at the directions of the Trust Manager) together with any provision for such payments made on any preceding Distribution Date, to make payments of Scheduled Interest or Scheduled Principal under the Covered Bond Guarantee *pari passu* and rateably in respect of each relevant Series of Covered Bonds.

(d) Any amounts (other than in respect of principal and any Swap Collateral Excluded Amounts) received by or on behalf of the Covered Bond Guarantor under a Covered Bond Swap Agreement on or after a Distribution Date but prior to the immediately succeeding Distribution Date that are not applied towards a payment or provision in accordance with paragraph (f) of the Pre-Issuer Event of Default Income Priority of Payments, paragraphs (h), (j) or (k) of the Guarantee Priority of Payments or paragraphs (a) or (c) above, will be credited (acting at the direction of the Trust Manager) to the Income Ledger, deposited into the GIC Account (acting at the direction of the Trust Manager) and form part of the Available Income Amount to be applied (acting at the direction of the Trust Manager) on that Distribution Date (if received on that day) or on the immediately succeeding Distribution Date (if received after that day).

(e) Any amounts (other than any Swap Collateral Excluded Amounts) of principal received under a Covered Bond Swap Agreement on a Distribution Date or any date prior to the immediately succeeding Distribution Date which are not applied towards a payment or provision in accordance with paragraph (d) of the Pre-Issuer Event of Default Principal Priority of Payments, paragraph (k) of the Guarantee Priority of Payments or paragraphs (b) or (c) above, will be credited (acting at the direction of the Trust Manager) into the GIC Account and will form part of the Available Principal to be applied (acting at the direction of the Trust Manager) on that Distribution Date (if received on that day) or on the immediately succeeding Distribution Date (if received after that day).

(f) Any amounts of principal received from the Seller in respect of a surrender or an extinguishment of the Seller's interest in, or transfer by the Seller of, Mortgage Loan Rights to enable the Covered Bond Guarantor (acting at the direction of the Trust Manager) to apply such amounts to repay any relevant Intercompany Notes on the date on which the Covered Bonds corresponding to such Intercompany Notes mature will not be applied in accordance with the Pre-Issuer Event of Default Principal Priority of Payments and will (after being swapped if necessary under the relevant Covered Bond Swaps) be applied or be deemed to be applied by the Covered Bond Guarantor (acting at the direction of the Trust Manager) in repayment of the relevant Intercompany Notes on the date on which the Covered Bonds corresponding to such Intercompany Notes mature, subject to the Asset Coverage Test being satisfied on the date of such repayment and after giving effect to such repayment after taking into account amounts that will be paid or provided for on the immediately following Distribution Date.

Termination payments in respect of Swaps

If the Covered Bond Guarantor receives any termination payment from a Swap Provider in respect of a Swap, the Trust Manager will direct the Covered Bond Guarantor to use such termination payment (prior to the occurrence of a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer and only at the direction of the Trust Manager) first towards the payment to a replacement Swap Provider to enter into a replacement Swap with the Covered Bond Guarantor, unless a replacement Swap has already been entered into on behalf of the Covered Bond Guarantor in which case the Trust Manager will direct the Covered Bond Guarantor to apply the termination payment in accordance with the applicable Priorities of Payments and in the case that the full amount of the termination payment is not required to pay the replacement Swap Provider, the remaining part of the termination payment will be applied in accordance with the applicable Priorities of Payments. If the Covered Bond Guarantor receives any premium from a replacement Swap Provider in respect of a replacement Swap, the Trust Manager will direct the Covered Bond Guarantor to, and the Covered Bond Guarantor must, use that premium to make any termination payment due and payable by the Covered Bond Guarantor with respect to the

previous Swap (and, for the avoidance of doubt, the amount of that premium used to pay the applicable termination payment will not form part of the Available Income Amount or the Available Principal Amount to the extent it is used to make such payment to such previous Swap Provider), unless that termination payment has already been made by or on behalf of the Covered Bond Guarantor in which case the premium will be applied in accordance with the applicable Priority of Payments. If the full amount of the premium from a replacement Swap Provider in respect of a replacement Swap is not applied in accordance with this paragraph (b) to pay the termination payment due to a previous Swap Provider, the remaining part of the premium will form part of the Available Income Amount, the Available Principal Amount or moneys available for distribution in accordance with the Post-Enforcement Priority of Payments, as applicable, to be applied in accordance with the applicable Priority of Payments.

Application of moneys received by the Security Trustee following the service of a Covered Bond Guarantee Acceleration Notice

From and including the time when the Bond Trustee serves a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, no amount may be withdrawn from the Trust Accounts without the prior written consent of the Security Trustee.

Post-Enforcement Priority of Payments

All moneys received or recovered by the Security Trustee or any Receiver (excluding all amounts due or to become due in respect of any Third Party Amounts and excluding any Swap Collateral Excluded Amounts due to the relevant Swap Providers by the Covered Bond Guarantor, under the relevant Swap Agreements which will be paid directly to the relevant Swap Providers in accordance with the terms of the relevant Swap Agreements) and any In Specie Mortgage Loan Rights (but only in the case of paragraphs (e) and (j)), after the service of a Covered Bond Guarantee Acceleration Notice, for the benefit of the Secured Creditors in respect of the Secured Obligations, will be held by it in the Trust Accounts on trust to be applied, in the following order of priority (and, in each case, only if and to the extent that payments or provisions of a higher order of priority have been made in full) (the **Post-Enforcement Priority of Payments**):

(a) *first*, in or towards satisfaction of any Accrued Interest Adjustment outstanding to the Seller in connection with the transfer of any Mortgage Loan Rights to the Trust;

(b) *second*, in or towards satisfaction *pari passu* and rateably of:

(i) all amounts due and payable or to become due and payable to the Bond Trustee under the provisions of the Bond Trust Deed (but not including amounts otherwise payable to Covered Bondholders under this Post-Enforcement Priority of Payments) together with interest and any applicable GST (or similar Taxes) thereon;

(ii) all amounts due and payable or to become due and payable to the Security Trustee and any Receiver (but not including amounts otherwise payable to Covered Bondholders under this Post-Enforcement Priority of Payments) together with interest and any applicable GST (or similar Taxes) thereon;

(iii) all amounts due and payable or to become due and payable to the Covered Bond Guarantor together with interest and any applicable GST (or similar Taxes) thereon; and

(iv) all amounts due and payable to the Agents under or pursuant to the Agency Agreements together with any applicable GST (or similar Taxes) thereon;

(c) *third*, in or towards satisfaction *pari passu* and rateably of:

(i) any remuneration then due and payable to the Servicer and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicer under the provisions of the Servicing Deed, together with any applicable GST (or other similar Taxes) thereon;

(ii) amounts due to the Account Bank (including any costs, charges, liabilities and expenses) pursuant to the terms of the Account Bank Agreement, together with any applicable GST (or other similar Taxes) thereon;

(iii) any remuneration then due and payable to the Trust Manager and any costs, charges, liabilities and expenses then due or to become due and payable to the Trust Manager under the provisions of the Establishment Deed and the Management Agreement in the Trust Payment Period during which the application of moneys is made, together with any applicable GST (or other similar Taxes) thereon; and

(iv) any Standby Swap Provider Fee due and payable to each Standby Swap Provider under an Interest Rate Swap Agreements, together with applicable GST (or other similar taxes) thereon;

(d) *fourth*, if an Interest Rate Swap Provider is not the Issuer or, if an Interest Rate Swap Provider is the Issuer and a Regulatory Event has occurred or is likely to occur (as determined by the Issuer and notified to the Covered Bond Guarantor and the Trust Manager), *pari passu* and rateably in or towards satisfaction of any amounts due and payable to each such the Interest Rate Swap Provider (including any termination payment, but excluding any relevant Excluded Swap Termination Amount) (except to the extent that such amounts have already been paid out of any premium received from any replacement Interest Rate Swap Provider in respect of the relevant Covered Bond Swap as contemplated in "*Cashflows – Termination Payments in respect of Swaps*") pursuant to the terms of each relevant Interest Rate Swap Agreement;

(e) *fifth*, if a Regulatory Event has occurred or is likely to occur (as determined by the Issuer and notified to the Security Trustee or any Receiver and the Trust Manager), subject to the Asset Coverage Test (as determined at the time of any distribution in accordance with this paragraph (e)) being met, in or towards satisfaction of any amounts due and payable in respect of the Demand Note pursuant to the terms of the Demand Note Subscription Agreement;

(f) *sixth*, in or towards satisfaction of *pari passu* and rateably of:

(i) if an Interest Rate Swap Provider is the Issuer and a Regulatory Event has not occurred or is not likely to occur (as determined by the Issuer and notified to the Covered Bond Guarantor and the Trust Manager), in or towards satisfaction of any amounts due and payable to that Interest Rate Swap Provider (including any termination payment, but excluding any relevant Excluded Swap Termination Amount) (except to the extent that such amounts have already been paid out of any premium received from any replacement Interest Rate Swap Provider in respect of the relevant Covered Bond Swap as contemplated in "*Cashflows – Termination Payments in respect of Swaps*") pursuant to the terms of each relevant Interest Rate Swap Agreement;

(ii) any amounts due and payable to each relevant Covered Bond Swap Provider *pari passu* and rateably in respect of each Covered Bond Swap (including any termination payment due and payable by the Covered Bond Guarantor under each relevant Covered Bond Swap Agreement, but excluding any relevant Excluded Swap Termination Amount or any amounts due and payable in relation to the Subordinated Additional Spread) (except to the extent that such amounts have already been paid out of any premium received from any replacement Covered Bond Swap Provider in respect of the relevant Covered Bond Swap as contemplated in

"*Cashflows – Termination Payments in respect of Swaps*") in accordance with the terms of each relevant Covered Bond Swap Agreement; and

(iii) the amounts due and payable under the Covered Bond Guarantee, to the Bond Trustee or (if so directed by the Bond Trustee) the relevant Agent on behalf of the Covered Bondholders *pari passu* and rateably in respect of interest and principal due and payable on each Series of Covered Bonds,

provided that if the amount available for distribution under this paragraph (f) (excluding any amounts received from the Covered Bond Swap Provider) would be insufficient to pay the Australian Dollar Equivalent of the amounts due and payable under the Covered Bond Guarantee in respect of each Series of Covered Bonds under paragraph (f)(iii) above, the shortfall will be divided amongst all such Series of Covered Bonds on a *pari passu* and rateable basis and any amount payable by the Covered Bond Guarantor to each relevant Covered Bond Swap Provider under each relevant Covered Bond Swap in respect of each relevant Series of Covered Bonds or provision to be made in respect thereof under paragraph (f)(ii) above will be correspondingly reduced to take account of the shortfall applicable to the Covered Bonds in respect of which such payment is to be made;

(g) *seventh*, in or towards satisfaction *pari passu* and rateably of any amounts due and payable by the Covered Bond Guarantor to any relevant Covered Bond Swap Provider relating to the Subordinated Additional Spread *pari passu* and rateably in respect of each relevant Covered Bond Swap in accordance with the relevant Covered Bond Swap Agreement;

(h) *eighth*, in or towards satisfaction *pari passu* and rateably according to the respective amounts thereof, of any Excluded Swap Termination Amounts due and payable by the Covered Bond Guarantor under the Swap Agreements;

(i) *ninth*, in or towards satisfaction of all amounts due and payable in respect of the Intercompany Notes or otherwise outstanding under the Intercompany Note Subscription Agreement;

(j) *tenth*, in or towards satisfaction of all amounts due and payable in respect of the Demand Note or otherwise outstanding under the Demand Note Subscription Agreement (to the extent not already satisfied in accordance with paragraph (e) above) including upon the occurrence of a Regulatory Event and an In Specie Failure, any amounts that would otherwise have been satisfied under paragraph (e) above;

(k) *eleventh*, to be paid to the Income Unitholder in whole or partial satisfaction of any entitlement to Net Trust Income of the Trust remaining unpaid; and

(l) *twelfth*, to be paid to the Capital Unitholders *pari passu* and rateably amongst them in respect of the Capital Units.

No monies will be applied under paragraph (e) above by the Security Trustee and any Receiver. The Security Trustee and any Receiver must ensure that paragraph (e) is satisfied by an *in specie* distribution to the Demand Noteholder of the In Specie Mortgage Loan Rights pursuant to the section "*Overview of the Principal Documents – Demand Note Subscription Agreement – Repayment of the Demand Note*". The Security Trustee and any Receiver may, but is not obliged to, satisfy any amount payable by the Covered Bond Guarantor in accordance with paragraph (j) by an *in specie* distribution to the Demand Noteholder of the In Specie Mortgage Loan Rights pursuant to the section "*Overview of the Principal Documents – Demand Note Subscription Agreement – Repayment of the Demand Note*".

THE MORTGAGE LOAN RIGHTS

The Mortgage Loan Rights forming part of the Assets of the Trust acquired by the Covered Bond Guarantor consist of Mortgage Loan Rights sold by the Seller to the Covered Bond Guarantor from time to time, in accordance with the terms of the Mortgage Sale Agreement, as more fully described under "*Overview of the Principal Documents – Mortgage Sale Agreement*".

Any schedule of Mortgage Loan Rights attached to any Sale Notice may be provided in a document stored upon electronic media (including, but not limited to, electronic mail and CD-ROM).

See also the following risk factors under "*Risk Factors – Risk Factors related to the Covered Bond Guarantor – Covered Bondholders receive a limited description of the Mortgage Loan Rights*" and "*Risk Factors – Risk Factors related to the Covered Bond Guarantor – Maintenance of the Mortgage Loan Rights*" and of this Prospectus.

DESCRIPTION OF THE COVERED BOND PROVISIONS OF THE AUSTRALIAN BANKING ACT

The Banking Amendment (Covered Bonds) Act 2011 (Cth) (the **Amendment Act**) came into force on 17 October 2011 and amended the Australian Banking Act to specifically facilitate the issuance of covered bonds by Australian Authorised Deposit-Taking Institutions (**ADIs**). The Amendment Act sets out a detailed regulatory framework for the issuance of covered bonds (the **Covered Bonds Provisions**). At the date of this Prospectus, there are no regulations in support of the Covered Bonds Provisions. To facilitate the issuance of Covered Bonds in Australia, APRA has amended Australian Prudential Standard 120. On 12 July 2012, APRA issued a final prudential standard (Prudential Standard APS 121 Covered Bonds) setting out the prudential requirements that apply to ADIs that issue covered bonds in accordance with the Covered Bonds Provisions and the capital treatment of covered bonds for ADIs that invest in covered bonds. The standard became effective on 1 August 2012. APRA has indicated that the requirements under the standard are aimed at ensuring ADIs adopt prudent practices when issuing covered bonds to manage risks associated with exposures to a covered bond special purpose vehicle. The standard also governs the capital treatment for an issuing ADI of the assets in covered bond programmes.

Eligible issuers

The Australian Banking Act allows for ADIs that are regulated by APRA to issue covered bonds subject to compliance with the requirements of the Australian Banking Act. Any such covered bonds must be secured by assets beneficially owned by a covered bond special purpose vehicle. The Covered Bond Guarantor is a "covered bond special purpose vehicle" for the purposes of the Australian Banking Act.

Cap on issuance

Under the Australian Banking Act, an ADI is precluded from issuing covered bonds if, at the time of issuance, the value of the assets in all Cover Pools (as defined below) maintained by the ADI exceeds 8 per cent. (or such other percentage prescribed by regulation for the purposes of section 28 of the Australian Banking Act) of the ADI's assets in Australia at that time.

Cover Pool and Eligible assets

The Australian Banking Act provides that the cover pool for covered bonds consists of the assets beneficially owned by the covered bond special purpose vehicle to the extent that they secure the liabilities to the covered bondholders equally or in priority to any other liabilities (**Cover Pool**). It also sets out the assets eligible for inclusion in a cover pool held by the covered bond special purpose vehicle for the purposes of securing covered bonds issued by an ADI. Accordingly, the assets in a Cover Pool must comprise of one or more of the following types of assets:

(a) at call deposits held with an ADI and convertible into cash within two business days;

(b) bank accepted bills or certificates of deposit not issued by the Issuer that are eligible for repurchase transactions with the RBA and mature within 100 days;

(c) government debt instruments issued or guaranteed by the Commonwealth, a State or a Territory;

(d) residential mortgage loans;

(e) commercial mortgage loans;

(f) mortgage insurance policies or other assets related to a loan referred to in paragraphs (d) and (e) above;

(g) a contractual right relating to the holding or management of another asset in the Cover Pool;

(h) certain types of derivatives; and

(i) any other asset prescribed from time to time by regulation for the purposes of section 31(1)(i) of the Australian Banking Act.

The value of assets in the Cover Pool which are bank accepted bills or certificates of deposit as described in paragraph (b) above must not exceed 15 per cent. of the face value of the covered bonds. There is no such limit in relation to the other types of assets set out above.

Further, the Cover Pool must not contain an asset of a kind prescribed by regulation for the purposes of section 31(3) of the Australian Banking Act. There are currently no assets prescribed by regulation.

The Covered Bonds Provisions expressly provide that a statutory manager or an external administrator of the issuing ADI has no powers in relation to the assets in the cover pool apart from any contractual powers that the ADI may have and the contractual obligations of the issuing ADI in relation to the assets.

Any Swap Collateral Excluded Amount will not form part of the Cover Pool and will be paid to the relevant Swap Provider directly and not via the Priorities of Payments.

APRA's powers under the Australian Banking Act

In addition to the powers that APRA had in relation to an ADI under the Australian Banking Act prior to the enactment of the Covered Bonds Provisions, the Amendment Act has given APRA specific powers relating to covered bond issuances. Those powers include the following:

(a) *No issue*: APRA has the power to direct an issuing ADI not to issue covered bonds where APRA gives a direction under section 11CA of the Australian Banking Act or in circumstances where APRA has reason to believe that the ADI has contravened the Covered Bonds Provisions, the Australian Banking Act, a prudential requirement, regulation or a prudential standard relating to covered bonds.

(b) *No top-up*: APRA has the power to direct the issuing ADI, in certain circumstances, not to transfer any asset to the covered bond special purpose vehicle. The relevant circumstances in which APRA may exercise such a power include where APRA has reason to believe that the issuing ADI is unable to meet its liabilities, there has been a material deterioration in the issuing ADI's financial condition, the issuing ADI is conducting its affairs in an improper or financially unsound way, the failure to issue a direction would materially prejudice the interests of the issuing ADI's depositors or the issuing ADI is conducting its affairs in a way that may cause or promote instability of the Australian financial system.

Further, APRA also has the power to direct a covered bond special purpose vehicle in certain circumstances to return assets to the issuing ADI which do not secure covered bond liabilities. A covered bond liability does not include a liability to the issuing ADI (other than a liability in respect of derivatives and for the provision of services) which is secured in priority to any liability to covered bondholders. However, as described under "*Cover Pool and Eligible assets*" above, to the extent that assets secure the covered bond liabilities of the issuing ADI, the Covered Bonds Provisions expressly provide that a statutory manager or an external administrator of the issuing ADI has no powers in relation to those assets.

For a more detailed description of APRA's powers and the potential consequences for the programme, see "*Risk Factors – General Risk Factors - APRA's powers under the Australian Banking Act*" above.

Maintenance of the Cover Pool

The Covered Bonds Provisions require the issuing ADI to maintain the value of the Cover Pool at an amount which is no less than a specified minimum. The issuing ADI must ensure that the value of the assets in the Cover Pool is at least 103 per cent. of the face value of the outstanding covered bonds. For the purpose of

calculating the value of the assets in the Cover Pool, the Australian Banking Act imposes a maximum loan to value ratio of no greater than 80 per cent. in respect of loans secured by a mortgage over residential property and a maximum loan to value ratio of no greater than 60 per cent. in respect of loans secured by a mortgage over commercial property, in each case, taking into account any prior or equal ranking loans secured by that property.

The Australian Banking Act does not specify a maximum level of over-collateralisation which affords ADIs the flexibility to determine the appropriate level of over-collateralisation. However APRA has the power to prevent an ADI from maintaining the Cover Pool in particular circumstances, such as where the ADI is facing financial difficulty. See "*Risk Factors – General Risk Factors - APRA's powers under the Australian Banking Act*" above.

Cover Pool Monitor

The Covered Bonds Provisions require a cover pool monitor to be appointed in respect of the Cover Pool securing the covered bonds issued by an ADI. The cover pool monitor must be an auditor registered under the Corporations Act, the holder of an Australian financial services licence (**AFSL**) covering the provision of financial services as a cover pool monitor or be exempt from holding such an AFSL. The issuing ADI or an associated entity (as defined in the Corporations Act) of the issuing ADI is not permitted to be the cover pool monitor.

The functions of the cover pool monitor include, amongst others:

(a) to assess the maintenance of an accurate register by the ADI or the covered bond special purpose vehicle of the assets in the Cover Pool every six months;

(b) to assess the ADI's compliance with the requirement to maintain the value of the Cover Pool as described above in "- *Maintenance of the Cover Pool*" above and that the assets in the Cover Pool are eligible assets as described in "- *Cover Pool and Eligible* a*ssets*" every six months; and

(c) to provide reports in respect of these functions to the ADI and, upon request, to APRA.

BOOK-ENTRY CLEARANCE SYSTEMS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of the Clearing Systems currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but none of the Issuer, the Covered Bond Guarantor, the Bond Trustee, the Agents nor any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Covered Bond Guarantor nor any other party to the Agency Agreements will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Covered Bonds held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Book-entry Systems

Clearing and settlement in Australia

Upon the issuance of an A$ Registered Covered Bond, the Issuer will (unless otherwise agreed with the Covered Bondholder including by specification of such in the relevant Final Terms) procure that the A$ Registered Covered Bond is entered into the Austraclear System. Upon entry, Austraclear will become the sole registered holder (**Registered Holder**) of the A$ Registered Covered Bond.

Members of the Austraclear System (**Accountholders**) may acquire rights against the Registered Holder in relation to an A$ Registered Covered Bond entered in the Austraclear System. If potential investors are not Accountholders, they may hold their interest in the relevant A$ Registered Covered Bond through a nominee who is an Accountholder. All payments in respect of A$ Registered Covered Bonds entered in the Austraclear System will be made directly to an account of the Registered Holder or as it directs in accordance with the Austraclear Regulations.

Secondary market transfers

Secondary market transfers of A$ Registered Covered Bonds held in the Austraclear System will be conducted in accordance with the Austraclear Regulations and the A$ Registry Agreement.

Relationship of Accountholders with the Registered Holder

Each of the persons shown in the records of the Austraclear System as having an interest in an A$ Registered Covered Bond issued by the Issuer must look solely to Austraclear for such person's share of each payment made to the Registered Holder in respect of that A$ Registered Covered Bond and to any other rights arising under that A$ Registered Covered Bond, subject to and in accordance with the Austraclear Regulations. Unless and until such A$ Registered Covered Bond Covered Bonds are uplifted from the Austraclear System and registered in the name of an Accountholder, such person has no claim directly against the Issuer or the Covered Bond Guarantor in respect of payments by the Issuer or the Covered Bond Guarantor and such obligations of the Issuer or the Covered Bond Guarantor will be discharged by payment to the Registered Holder (or as it directs) in respect of each amount so paid. Where a Registered Holder is registered as the holder of A$ Registered Covered Bonds that are lodged in the Austraclear System, the Registered Holder may, in its absolute discretion, instruct the A$ Registrar to transfer or "uplift" the A$ Registered Covered Bonds to the person in whose "Security Record" (as defined in the Austraclear Regulations) those A$ Registered Covered Bonds are recorded without any consent or action of such transferee and, as a consequence, remove those A$ Registered Covered Bonds from the Austraclear System.

Austraclear and Cross-Trading with Euroclear and Clearstream

Subject to the rules of the relevant clearing and settlement system, Covered Bondholders may elect to hold interests in A$ Registered Covered Bonds (i) directly through the Austraclear System, (ii) indirectly through Euroclear or Clearstream if they are participants in such systems or (iii) indirectly through organisations which are participants in the Austraclear System, Euroclear or Clearstream Luxembourg. The Issuer has been advised that Euroclear and Clearstream, Luxembourg will hold interests on behalf of their participants through customers' securities accounts in their respective names on the books of their respective Australian sub-custodians, which in turn will hold such interests in customers' securities accounts in the names of the Australian sub-custodians. The rights of a holder of interests in A$ Registered Covered Bonds held through Euroclear or Clearstream, Luxembourg are subject to the respective rules and regulations for accountholders of Euroclear and Clearstream, Luxembourg, the terms and conditions of agreements between Euroclear and Clearstream, Luxembourg and their respective nominee and the Austraclear Regulations. Participants in any of such systems should contact the relevant clearing system(s) if they have any questions in relation to clearing, settlement and cross-market transfers and/or trading.

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.

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 Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system.

On or after the Issue Date for any Series, transfers of Covered Bonds of such Series between accountholders in Clearstream, Luxembourg and Euroclear 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.

Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Covered Bonds among participants and accountholders of Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Bond Trustee, the Security Trustee, the Issuer, the Covered Bond Guarantor, the Agents or any Dealer will be responsible for any performance by Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Covered Bonds represented by Registered Global Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial interests.

TAXATION

Australian Taxation

The following taxation summary is of a general nature only and addresses only some of the key Australian tax implications that may arise for a prospective Covered Bondholder as a result of acquiring, holding or transferring a Covered Bond. The following is not intended to be and should not be taken as a comprehensive taxation summary for a prospective Covered Bondholder.

The taxation summary is based on the Australian taxation laws in force and the administrative practices of the ATO generally accepted as at the date of this Prospectus. Any of these may change in the future without notice and legislation introduced to give effect to announcements may contain provisions that are currently not contemplated and may have retroactive effect.

Prospective Covered Bondholders should also be aware that particular terms of issue of any Series or Tranche of Covered Bonds may affect the tax treatment of that and other Series or Tranches of Covered Bonds. Covered Bondholders should consult their professional advisers in relation to their tax position. Covered Bondholders who may be liable to taxation in jurisdictions other than Australia in respect of their acquisition, holding or disposal of Covered Bonds are particularly advised to consult their professional advisers as to whether they are so liable (and, if so, under the laws of which jurisdictions), since the following comments relate only to certain Australian taxation aspects of the Covered Bonds. In particular, Covered Bondholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Covered Bonds even if such payments may be made without withholding or deduction for or on account of taxation under the laws of Australia.

Taxation of interest on Covered Bonds

Onshore Covered Bondholders

Covered Bondholders who are Australian tax residents or who are non-residents that hold the Covered Bonds in carrying on business at or through a permanent establishment in Australia will be taxable by assessment in respect of any interest income derived in respect of the Covered Bonds. Such Covered Bondholders will generally be required to lodge an Australian tax return. The timing of assessment of the interest (e.g. a cash receipts or accruals basis) will depend upon the tax status of the particular Covered Bondholder, the Conditions of the Covered Bonds and the potential application of the "Taxation of Financial Arrangements" provisions of the Tax Act.

Tax at the current rate of 47 per cent. may be deducted from payments to such a Covered Bondholder if the Covered Bondholder does not provide a tax file number (**TFN**) or an Australian Business Number (**ABN**) (where applicable), or proof of a relevant exemption from quoting such numbers.

Section 126 of the Tax Act imposes a type of withholding tax at the rate of 45 per cent. on the payment of interest on Bearer Covered Bonds if the Issuer fails to disclose the names and addresses of the relevant Covered Bondholders to the ATO (or in the case of a Bearer Covered Bond held by a clearing house, the name and address of the clearing house). These rules generally only apply to Covered Bondholders who are Australian tax residents, or non-residents that hold the Covered Bonds in carrying on business at or through a permanent establishment in Australia.

Offshore Covered Bondholders

Interest (which for the purposes of withholding tax is defined in section 128A(1AB) of the Tax Act to include amounts in the nature of, or in substitution for, interest and certain other amounts, including premiums on redemption or, for a Covered Bond issued at a discount, the difference between the amount repaid and the issue price) will be subject to interest withholding tax at a current rate of 10 per cent., where the interest is paid to a

non-resident of Australia and not derived in carrying on business at or through an Australian permanent establishment, or to an Australian resident who derived the interest in carrying on business at or through a permanent establishment outside Australia.

The Issuer does not intend to issue any Covered Bonds that would be characterised other than as ordinary debt interests for tax purposes.

Various exemptions are available from interest withholding tax, including the "public offer" exemption, tax treaty exemption, and pension fund exemption (each discussed further below).

Public offer exemption

An exemption from Australian interest withholding tax will be available under section 128F of the Tax Act in respect of the Covered Bonds if the Issuer remains an Australian resident company both at the time it issues the relevant Series or Tranche of Covered Bonds and at the time interest is paid in respect of the Covered Bonds, and the Series or Tranche of Covered Bonds is issued in a manner which satisfies the "public offer test".

There are five principal methods of satisfying the public offer test, being broadly:

(a) offers to ten or more unrelated financial institutions or securities dealers;

(b) offers to 100 or more investors;

(c) offers of listed Covered Bonds;

(d) offers via publicly available electronic or other information sources; and

(e) offers to a dealer, manager or underwriter who offers to sell those Covered Bonds within 30 days by one of the preceding methods.

The public offer test will not be satisfied in respect of an issue of a Series or Tranche of Covered Bonds if, at the time of issue, the Issuer knew, or had reasonable grounds to suspect, that any of the Covered Bonds, or an interest in any of the Covered Bonds, would be acquired either directly or indirectly by an Offshore Associate (as defined below) of the Issuer, other than in the capacity of a dealer, manager or underwriter in relation to the placement of the Covered Bonds, or in the capacity of a clearing house, custodian, funds manager or responsible entity of a registered scheme.

Accordingly, the Covered Bonds should not be acquired by any Offshore Associate of the Issuer, subject to the exceptions referred to above.

Even if the public offer test is initially satisfied in respect of a Series or Tranche of Covered Bonds, if such Covered Bonds later come to be held by an Offshore Associate of the Issuer, and at the time of payment of interest on those Covered Bonds, the Issuer knows or has reasonable grounds to suspect that such person is an Offshore Associate of the Issuer, the exemption under section 128F does not apply to interest paid by the Issuer to such Offshore Associate in respect of those Covered Bonds, unless the Offshore Associate receives the payment in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme.

For the purposes of this section, an **Offshore Associate** is an "associate" of the Issuer as defined in section 128F(9) of the Tax Act who is:

(a) a non-resident of Australia that does not acquire the Covered Bonds or an interest in the Covered Bonds in carrying on a business in Australia at or through a permanent establishment of the associate in Australia; or

(b) a resident of Australia that acquires the Covered Bonds or an interest in the Covered Bonds in carrying on a business in a country outside Australia at or through a permanent establishment of the associate in that country.

The definition of **associate** includes, among other things, persons who have a majority voting interest in the Issuer, or who are able to influence or control the Issuer, and persons in whom the Issuer has a majority voting interest, or whom the Issuer is able to influence or control (however this is not a complete statement of the definition).

Unless otherwise specified herein (or another relevant supplement to this Prospectus), the Issuer intends to issue the Covered Bonds in a manner which will satisfy the requirements of section 128F of the Tax Act.

Tax treaty exemption

Various Australian double tax agreements, including those with the United States of America, the United Kingdom, Norway, Finland, the Republic of France, Japan, Switzerland, Germany, the Republic of South Africa and New Zealand (each a **Specified Country**), include exemptions from interest withholding tax for interest derived by:

(a) the government of the relevant Specified Country and certain governmental authorities and agencies in the Specified Country; and

(b) certain unrelated banks, and financial institutions which substantially derive their profits by carrying on a business of raising and providing finance, which are resident in the Specified Country, and which are dealing wholly independently with the Issuer. Interest paid under a back-to-back loan or economically equivalent arrangement will not qualify for this exemption.

The Australian Government is progressively amending its other double tax agreements to include similar kinds of interest withholding tax exemptions. The availability of relief under Australia's double tax agreements may be limited by Australia's adoption of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting in circumstances where a Covered Bondholder has an insufficient connection with the relevant jurisdiction. Prospective Covered Bondholders should obtain their own independent tax advice as to whether any of the exemptions under the relevant double tax agreements may apply to their particular circumstances.

Pension fund exemption

An exemption is available in respect of interest paid to a non-resident superannuation fund where that fund is a superannuation fund maintained solely for foreign residents and the interest arising from the Covered Bonds is exempt from income tax in the country in which such superannuation fund is resident. However, this exemption may not apply if the fund has either (i) an ownership interest (direct and indirect) of 10% or more in the Issuer, or (ii) influence over the Issuer's key decision making.

Payment of additional amounts

As set out in more detail in the Conditions, if the Issuer is at any time compelled by law to deduct or withhold an amount in respect of any withholding taxes imposed or levied by the Commonwealth of Australia in respect of the Covered Bonds and the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement) indicate that tax gross-up by the Issuer is applicable, the Issuer must, subject to certain exceptions, pay such additional amounts as may be necessary in order to ensure that the net amounts received by the holders of those Covered Bonds after such deduction or withholding are equal to the respective amounts which would have been received had no such deduction or withholding been required. If the Issuer is compelled by law to pay such additional amounts in relation to any Covered Bonds, the Covered Bonds may be redeemed

at the option of the Issuer in whole, or in part, on giving not less than 30 nor more than 60 days' notice to the Bond Trustee (see further Condition 6(b)).

The Covered Bond Guarantor will not be required to pay any additional amounts in these circumstances. Refer to section "-*Payments by the Covered Bond Guarantor*" below.

Taxation of gains on disposal or redemption

Onshore Covered Bondholders

Covered Bondholders who are Australian tax residents, or who are non-residents that hold the Covered Bonds in carrying on business at or through a permanent establishment in Australia, will be required to include any gain or loss on disposal or redemption of the Covered Bonds in their assessable income.

The determination of the amount and timing of any gain or loss on disposition or redemption of the Covered Bonds may be affected by the "Taxation of Financial Arrangements" provisions of the Tax Act, which provide for a specialised regime for the taxation of financial instruments, and, where the Covered Bonds are denominated in a currency other than Australian Dollars, the foreign currency rules. Prospective Covered Bondholders should obtain their own independent tax advice in relation to the determination of any gain or loss on disposal or redemption of the Covered Bonds.

Offshore Covered Bondholders

A Covered Bondholder who is a non-resident of Australia and who has never held the Covered Bonds through a permanent establishment in Australia will not be subject to Australian income tax on gains realised on the disposal or redemption of the Covered Bonds, provided such gains do not have an Australian source. A gain arising on the sale of the Covered Bonds by a non-Australian resident holder to another non-Australian resident where the Covered Bonds are sold outside Australia and all negotiations are conducted, and documentation executed, outside Australia, should generally not be regarded as having an Australian source. In certain cases, a non-Australian resident holder may be able to claim an exemption from Australian income tax on Australian-sourced gains pursuant to the terms of an applicable double tax agreement.

Special rules can apply to treat a portion of the purchase price of the Covered Bonds as interest for withholding tax purposes where deferred-return Covered Bonds (for example, Covered Bonds which pay a return that is deferred by more than 12 months) are sold to an Australian resident. Any deemed interest under these rules is able to qualify for an exemption from withholding tax as described above.

Payments by the Covered Bond Guarantor

If the Issuer fails to pay an amount of principal or interest on the Covered Bonds, then the Covered Bond Guarantor may be required to make payments to the holders of Covered Bonds under the Covered Bond Guarantee. Where such payments relate to interest (including premiums on redemption or, for a Covered Bond issued at a discount, the difference between the amount repaid and the issue price), it is not clear whether such payments would also be treated as interest for Australian withholding tax purposes. The definition of interest for Australian withholding tax purposes in subsection 128A(1AB) of the Tax Act is very broad and includes amounts in the nature of interest and amounts in substitution for interest.

The ATO's view, as reflected in *Taxation Determination* TD 1999/26, is that such payments under the Covered Bond Guarantee would be interest for Australian withholding tax purposes. Based on this approach, interest withholding tax would be imposed at the rate of 10 per cent. in relation to any payments made by the Covered Bond Guarantor in respect of interest on the Covered Bonds (or other amounts due under the Covered Bonds other than the repayment of amounts subscribed for the Covered Bonds) subject to such relief as may be available under the provisions of any applicable double taxation treaty or to any other exemption that may apply.

As discussed above, the exemption that is commonly relied upon by Australian debt issuers is the public offer exemption in section 128F of the Tax Act. The ATO states in TD 1999/26 that guarantee payments would be treated as exempt from withholding tax under section 128F of the Tax Act if the requirements of that section are satisfied with respect to the underlying Covered Bonds. If the requirements of section 128F of the Tax Act are satisfied with respect to the Covered Bonds, then payments by the Covered Bond Guarantor should not be subject to Australian withholding tax.

In the event that payments by the Covered Bond Guarantor are subject to any withholding or deduction for or on account of tax, the Covered Bond Guarantor will not be required to pay any additional amounts (see further Condition 7).

Stamp duty

No ad valorem stamp, issue, registration or similar taxes are payable in Australia on the issue, transfer or redemption of the Covered Bonds.

Goods and Services Tax

Neither the issue nor receipt of the Covered Bonds will give rise to a liability for GST in Australia on the basis that the supply of Covered Bonds will comprise either an input taxed financial supply or (in the case of certain offshore non-resident subscribers) a GST-free supply. Furthermore, neither the payment of principal or interest on the Covered Bonds would give rise to a GST liability.

Garnishee notices

The Australian Commissioner of Taxation may issue a notice requiring any person who owes, or who may later owe, money to a taxpayer who has a tax-related liability, to pay to him the money owed to the taxpayer. If the Issuer or the Covered Bond Guarantor is served with such a notice in respect of a Covered Bondholder, then the Issuer or Covered Bond Guarantor (as applicable) would be required to comply with that notice.

Tax treatment of the Covered Bond Guarantor

The tax treatment of the Covered Bond Guarantor could affect the Covered Bond Guarantor's ability to make payments under the Intercompany Notes, the Demand Note, the Interest Rate Swaps, the Covered Bond Swaps and, if called upon, the Covered Bond Guarantee.

Income Tax Status of the Covered Bond Guarantor

As the Covered Bond Guarantor is wholly owned by the Issuer, it will be a member of the Issuer's tax consolidated group, and will be taken to be a part of the head company of that group for most Australian income tax purposes. The primary responsibility for income tax liabilities rests with the head company of a tax consolidated group. As a result, the Covered Bond Guarantor will not be subject to any income tax liability in respect of the income of the Covered Bond Guarantor in the first instance.

All members of the Issuer tax consolidated group, including the Covered Bond Guarantor, can become jointly and severally liable for the tax liabilities of that group where the head company of that group defaults on those tax liabilities. However, where the members of that group have entered into a valid and effective tax sharing agreement covering all of the group’s tax liabilities, the liability of each member, including the Covered Bond Guarantor, will be limited to a reasonable allocation of such group tax liabilities. Under the Issuer tax consolidated group's tax sharing agreement, subject to certain assumptions regarding the operation of the Covered Bond Guarantor and the Issuer tax consolidated group, the Covered Bond Guarantor should have a nil allocation of that group's tax liabilities.

It is the opinion of Allen & Overy that the Issuer tax consolidated group's tax sharing agreement is consistent with the current guidance published by the Australian Commissioner of Taxation in relation to tax sharing agreements. It should be noted however that it is possible that the Commissioner of Taxation could change his current views, and any ultimate determination rests with the Courts. In addition, certain prescribed circumstances can operate to invalidate a tax sharing agreement, however, the Issuer will seek to ensure that no such circumstances occur. Subject to those qualifications, it is the opinion of Allen & Overy that the Issuer tax consolidated group's tax sharing agreement is valid and effective.

Additionally, the Covered Bond Guarantor has acceded to the Issuer tax consolidated group's tax funding agreement, under which members of the tax consolidated group may be required to pay funding obligations to the head company of the group in respect of taxes. However, under the terms of the tax funding agreement, the Covered Bond Guarantor should not be liable to pay any funding obligations in respect of its activities.

Potential tax reform

The former Australian Government announced proposed changes to update the law regarding the taxation of trusts. The changes enacted to date (which affect managed funds) do not impact the Trust. Depending on the final form of any further legislation, it is possible that the law could be amended in a way that would cause the Covered Bond Guarantor to become subject to a liability in respect of taxes in certain circumstances (including under the Issuer tax consolidated group's tax sharing agreement or tax funding agreement), however, there has been no express statement that such an outcome is intended. In addition, the proposed changes (other than the changes relating to managed funds) have not progressed beyond consultation and could potentially be withdrawn.

GST treatment of Covered Bond Guarantor

Pursuant to the terms of the Bond Trust Deed, the Covered Bond Guarantor has guaranteed payments of interest and principal under the Covered Bonds. The Covered Bond Guarantor has agreed to pay an amount equal to the Guaranteed Amount when the same becomes Due for Payment but which would otherwise be unpaid by the Issuer. In addition, the Covered Bond Guarantor has agreed to pay certain other amounts in accordance with the relevant Priority of Payments. The GST treatment of the Covered Bond Guarantor could affect the Covered Bond Guarantor's ability to make such payments.

The Covered Bond Guarantor became a member of the GST group of which Bank of Queensland Limited is the representative member (the **BOQ GST Group**) with effect from 1 July 2019. This means that the Covered Bond Guarantor is taken to be a part of the BOQ GST Group for GST purposes from 1 July 2019. The primary liability for GST rests with the representative member of the BOQ GST Group. As a result, the Covered Bond Guarantor will not be subject to any GST liability in respect of supplies made by the Covered Bond Guarantor in the first instance on and from 1 July 2019.

All members of the BOQ GST Group, including the Covered Bond Guarantor, can become jointly and severally liable for the GST liabilities of the BOQ GST Group where the representative member of the group defaults on those GST liabilities. However, where the members of the group have entered into a valid and effective indirect tax sharing agreement, the liability of each member, including the Covered Bond Guarantor, will be limited to a reasonable allocation of the group's GST liabilities as determined under the indirect tax sharing agreement. The Covered Bond Guarantor became a party to the BOQ GST Group's indirect tax sharing deed on 15 April 2020.

It is the opinion of Allen & Overy that the BOQ GST Group's indirect tax sharing deed is consistent with the current guidance published by the Australian Commissioner of Taxation in relation to indirect tax sharing agreements. It should be noted however, that it is possible that the Commissioner of Taxation could change his current views, and any ultimate determination rests with the Courts. In addition, certain prescribed circumstances can operate to invalidate an indirect tax sharing agreement, however, the Issuer will seek to ensure that no such circumstances occur. Subject to those qualifications, it is the opinion of Allen & Overy that the BOQ GST

Group's indirect tax sharing deed is a valid and effective indirect tax sharing agreement. Accordingly, the BOQ GST Group's indirect tax sharing deed will limit the Covered Bond Guarantor's GST liability to the amount determined under that indirect tax sharing deed on and from 15 April 2020.

For the period from 1 July 2019 to 15 April 2020, no such limitation of liability for GST will be available to the Covered Bond Guarantor. However, Allen & Overy have been advised that Bank of Queensland Limited, as representative member, has complied with its GST obligations and made all payments in respect of GST for the GST tax periods since 1 July 2019, such that no amounts are currently outstanding for this period.

The supply of some services made to the Covered Bond Guarantor may give rise to a liability for GST on the part of the relevant service provider. The GST position in this regard is covered below. However, where the Covered Bond Guarantor and the relevant service provider are grouped for GST purposes, no GST liability arises and input tax credit entitlements in respect of acquisitions made from outside of the GST group will depend on the supplies and acquisitions of the GST group as a whole.

In relation to the acquisition of taxable services by the Covered Bond Guarantor from a service provider who is not part of the same GST group:

(a) In the ordinary course of business, the service provider would charge the Covered Bond Guarantor an additional amount on account of GST unless the agreed fee is already GST-inclusive.

(b) Assuming that the Covered Bond Guarantor exceeds the financial acquisitions threshold for the purposes of Division 189 of the GST Act, the Covered Bond Guarantor would not be entitled to an input tax credit or a full input tax credit from the ATO to the extent that the acquisition relates to the Covered Bond Guarantor's input taxed supplies (including in respect of the Intercompany Notes, the Demand Note and any Mortgage Loan Rights).

(c) In the case of acquisitions which relate to the making of supplies of the nature described above, the Covered Bond Guarantor may still be entitled to a "reduced input tax credit" in relation to certain acquisitions prescribed in the GST regulations, but only where the Covered Bond Guarantor is the recipient of the taxable supply and the Covered Bond Guarantor either provides, or is liable to provide, the consideration for the taxable supply. As at the date of this Prospectus, the reduced input tax credit for entities that are not "recognised trust schemes" as defined in the GST Law is 75 per cent. of 1/11th of the GST inclusive consideration payable by the Covered Bond Guarantor to the relevant service provider, and for entities that are "recognised trust schemes" as defined in the GST Law, is equal to 55 per cent. of 1/11th of the GST inclusive consideration payable by the Covered Bond Guarantor.

(d) Where services are provided to the Covered Bond Guarantor by an entity comprising an associate of the Covered Bond Guarantor for income tax purposes (but who is not a member of the same GST group), those services are provided for nil or less than market value consideration, and the Covered Bond Guarantor would not be entitled to a full input tax credit, the relevant GST (and any input tax credit) would be calculated by reference to the market value of those services.

In the case of supplies performed outside Australia for the purposes of the Covered Bond Guarantor's business, these may attract a liability for Australian GST if they are supplies of a kind which would have been taxable if they occurred in Australia and if the Covered Bond Guarantor would not have been entitled to a full input tax credit if the supply had been performed in Australia. This is known as the "reverse charge" rule. Where the rule applies, the liability to pay GST to the ATO falls not on the supplier, but on the Covered Bond Guarantor.

Where GST is payable on a taxable supply made to the Covered Bond Guarantor but a full input tax credit is not available, this will mean that less money is available to the Covered Bond Guarantor to make payments in accordance with the relevant Priority of Payments (which would include Guaranteed Amounts).

United Kingdom Taxation

The comments below are of a general nature based on a summary of the Issuer's understanding of current United Kingdom law and published HM Revenue and Customs practice. They relate only to the position of persons who are the absolute beneficial owners of their Covered Bonds and all payments made thereon. The comments relate only to the United Kingdom withholding tax treatment of payments of interest (as that term is understood for United Kingdom tax purposes) in respect of the Covered Bonds and do not deal with any other aspect of the United Kingdom taxation treatment that may be applicable to holders of Covered Bonds (including, for instance, income tax, capital gains tax and corporation tax). References in the following to "interest" shall mean amounts that are treated as interest for the purposes of United Kingdom taxation. The comments do not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of the Covered Bonds. Prospective holders of Covered Bonds should note that the particular terms of issue of any Series of Covered Bonds as specified in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement) may affect the tax treatment of that and any other Series of Covered Bonds and should be treated with appropriate caution. The comments below do not deal with the tax consequences of any substitution of the Issuer in accordance with Condition 14 of the Covered Bonds.

Any holders of Covered Bonds who may be in doubt as to their tax position should consult their professional advisers. Holders of Covered Bonds who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of Covered Bonds are particularly advised to consult their professional advisers as to whether they are so liable (and, if so, under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments of interest in respect of the Covered Bonds. In particular, holders of Covered Bonds should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Covered Bonds even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

Payment of interest in respect of the Covered Bonds

Payments of interest on the Covered Bonds that does not have a United Kingdom source may be made without deduction or withholding on account of United Kingdom income tax.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Australia) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Covered Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Covered Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Covered Bonds, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register. Covered Bonds issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. However, if additional Covered Bonds (as described in Condition 16) that are not distinguishable from previously issued Covered Bonds are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all

Covered Bonds, including the Covered Bonds offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Covered Bonds.

The Proposed Financial Transactions Tax (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **Participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Covered Bonds (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No. 1287/2006 are expected to be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Covered Bonds where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

However, the FTT proposal remains subject to negotiation between the Participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and/or participating Member States may decide to withdraw. Therefore, it is currently uncertain whether and when the proposed FTT will be enacted by the participating Member States and when it will take effect with regard to dealings in the Covered Bonds.

Prospective holders of the Covered Bonds are advised to seek their own professional advice in relation to the FTT.

EXCHANGE CONTROLS AND LIMITATIONS

Under the Charter of the United Nations Act 1945 (Cth) and the Australian Charter of United Nations (Dealings with Assets) Regulations 2008 the approval of the Australian Minister for Foreign Affairs, or the Minister's delegate, is required with respect to certain payments and actions in relation to an asset proscribed or listed under, or which is owned or controlled directly or indirectly by a person or entity proscribed or listed under those regulations or is an asset derived or generated from such assets (proscribed persons presently include, among others, persons associated with the Qadhafi regime in Libya, the Taliban, Usama bin Laden, a member of the Al-Qaida organisation and other persons and entities connected with them). The Australian Department for Foreign Affairs and Trade maintains a consolidated list of all such proscribed and listed persons and entities, which is publicly available on its website. The identity of such proscribed persons or entities under those regulations may change in the future.

Additionally, under Part 4 of the Charter of the United Nations Act 1945 (Cth), it may be an offence under Australian law to deal with certain assets or certain persons or entities which have either been listed by the Australian Minister for Foreign Affairs or proscribed in regulations made by the Australian Governor General unless the prior approval of the Australian Minister for Foreign Affairs is granted in relation to that dealing. Generally, assets, persons or entities are listed or proscribed by regulation for the purpose of giving effect to resolutions adopted by the United Nations Security Council in relation to terrorism. Assets, persons or entities listed or proscribed by regulation are subject to change from time to time – as at the date of this Prospectus, regulations were in effect in relation to assets, persons or entities associated with, among others, Al-Qaida, ISIL (Da-esh) and the Taliban, Central African Republic, Democratic Republic of the Congo, Guinea-Bissau, Iran, Iraq, Libya, Lebanon, Mali, Democratic People's Republic of Korea (North Korea), Somalia, South Sudan, Sudan, Syria and Yemen.

Under Section 102.6 and 102.7 of the Australian Criminal Code Act 1995 (Cth), a person commits a criminal offence if the person intentionally receives funds from, makes funds available to, or provides support or resources to a terrorist organisation. Certain organisations are prescribed as terrorist organisations by regulations enacted pursuant to Division 102 of the Criminal Code Act 1995 (Cth). Under the Australian Autonomous Sanctions Act 2011 (Cth) and the Autonomous Sanctions Regulations 2011 (Cth), sanctions are imposed against certain specifically identified persons and entities associated with particular countries, currently including the Democratic People's Republic of Korea (North Korea), Zimbabwe, the former Federal Republic of Yugoslavia, Myanmar, Syria, Russia and Ukraine (including Crimea and Sevastopol), Libya and Iran, and certain transactions involving the named persons or entities may only be conducted with specific approval from the Minister of Foreign Affairs. Contravention of these sanctions constitutes a criminal offence.

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealers have in the Programme Agreement dated on or about the Programme Date (as the same may be amended and/or supplemented and/or restated from time to time, the **Programme Agreement**), agreed with the Issuer and the Covered Bond Guarantor a basis upon which such Dealers or any of them may from time to time agree to subscribe for, offer and/or place Covered Bonds. Any such agreement for any particular subscription, offer and/or placement by a Dealer will extend to those matters stated under the sections of this Prospectus entitled "*Form of the Covered Bonds*" and "*Terms and Conditions of the Covered Bonds*" above. The Issuer may pay the Dealers commission from time to time in connection with any such subscription, offer and/or placement of the 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 subscribe for, offer and/or place Covered Bonds under the Programme Agreement in certain circumstances prior to payment to the Issuer.

Selling Restrictions

United States

The Covered Bonds and the Covered Bond Guarantee have not been and will not be registered under the Securities Act, or the securities laws of any state or other jurisdiction of the United States, subject to certain exceptions, 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.

Each Dealer has represented, warranted and agreed that neither it nor any of its affiliates has offered and sold Covered Bonds, or will offer and sell Covered Bonds within the United States or to, or for the account of, U.S. persons (a) as part of its distribution at any time and (b) otherwise until 40 days after the later of the date of issue of the identifiable Series or Tranche of Covered Bonds of which such Covered Bonds are a part and the completion of the distribution of such identifiable Series or Tranche (the **distribution compliance period**), as determined and certified to the Principal Paying Agent or the Issuer by the relevant Dealer (or in the case of a sale of an identifiable Series or Tranche of Covered Bonds to or through more than one Dealer, by each of such Dealers as to the Covered Bonds of such identifiable Series or Tranche purchased by or through it, in which case the Principal Paying Agent or the Issuer will notify each such Dealer when all such Dealers have so certified), except in accordance with Regulation S. Accordingly each Dealer has represented, warranted and agreed that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts as defined in Regulation S under the Securities Act with respect to Covered Bonds, and it and they have complied and will comply with the offering restrictions requirements of Regulation S under the Securities Act. Each Dealer has agreed that, at or prior to confirmation of sale of Covered Bonds it will have sent to each distributor, dealer or persons receiving a selling concession, fee or other remuneration that purchases Covered Bonds from it during the distribution compliance period, a confirmation or notice to substantially the following effect:

"The Covered Bonds and the Covered Bond Guarantee covered hereby have not been registered under the United States Securities Act of 1933, as amended (the **Securities Act**) or with any securities regulation authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the date of issue of the identifiable Series or Tranche of Covered Bonds of which such Covered Bonds are a part and the completion of the distribution of such identifiable Series or Tranche of Covered Bonds, as determined and certified to the Principal Paying Agent or the Issuer by [*Name of Dealer or Dealers as the case may be*] (or in the case of a sale of an identifiable Series or Tranche of Covered Bonds to or through more than one dealer, by each of such Dealers as to the Covered Bonds of such identifiable Series or Tranche purchased by or through it, in which case the Principal Paying Agent or the Issuer will notify each such Dealer

when all such Dealers have so certified), except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meaning given to them in Regulation S under the Securities Act."

Each Dealer has represented, warranted and agreed that it, its Affiliates or any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to any Covered Bond, and it and they have complied and will comply with the offering restrictions requirement of Regulation S.

In addition in respect of Bearer Covered Bonds where TEFRA D is specified in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement):

(i) except to the extent permitted under U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D) (or any successor U.S. Treasury Regulation Section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (the **D Rules**), each Dealer has (a) represented, warranted and agreed that it has not offered or sold, and agrees that during the restricted period it will not offer or sell, Bearer Covered Bonds to a person who is within the United States or its possessions or to a United States person, and (b) represented, warranted and agreed that it has not delivered and agrees that it will not deliver within the United States or its possessions definitive Bearer Covered Bonds that are sold during the restricted period;

(ii) each Dealer has represented, warranted and agreed that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Bearer Covered Bonds are aware that such Covered Bonds may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;

(iii) if it is a United States person, each Dealer has represented, warranted and agreed that it is acquiring Bearer Covered Bonds for purposes of resale in connection with their original issuance and if it retains Bearer Covered Bonds for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. Section l.163-5(c)(2)(i)(D)(6) (or any successor U.S. Treasury Regulation Section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010);

(iv) with respect to each Affiliate that acquires Bearer Covered Bonds from a Dealer for the purpose of offering or selling such Covered Bonds during the restricted period, such Dealer has (i) repeated and confirmed the representations and agreements contained in paragraphs (i), (ii), (iii) and (v) on such Affiliate's behalf or (ii) has agreed that it will obtain from such Affiliate, for the benefit of the Issuer, the representations contained in paragraphs (i), (ii), (iii) and (v); and

(v) each Dealer has represented, warranted and agreed that it will not enter into a written contract (apart from a confirmation or other notice of the transaction) for the offer or sale during the restricted period of Bearer Covered Bonds with any person other than its Affiliate(s) unless it obtains the representations and agreements contained in this paragraph from the person with whom it enters into such written contract.

Terms used in the above paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations promulgated thereunder, including the D Rules.

In respect of Bearer Covered Bonds where TEFRA C is specified in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement), such Bearer Covered Bonds must be issued and delivered outside the United States and its possessions in connection with their original issuance. Each Dealer has represented, warranted and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, such Bearer Covered Bonds within the United States or its possessions in connection with

their original issuance. Further, each Dealer has represented, warranted and agreed in connection with the original issuance of such Bearer Covered Bonds that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if such purchaser is within the United States or its possessions and will not otherwise involve its U.S. office in the offer or sale of such Bearer Covered Bonds. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations promulgated thereunder, including U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(C) (or any successor U.S. Treasury Regulation Section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (the **C Rules**).

Australia

No prospectus or other disclosure document (as defined in the Corporations Act) in relation to the Programme or any Covered Bonds has been or will be lodged with ASIC. Accordingly, each Dealer has represented and agreed that unless the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement) (or another supplement to any disclosure documents) otherwise provides, it:

(a) has not (directly or indirectly) made or invited, and will not make or invite, an offer of the Covered Bonds for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and

(b) has not distributed or published, and will not distribute or publish, any draft, preliminary or definitive disclosure document or any other offering material or advertisement relating to any Covered Bonds in Australia,

unless (i) the aggregate consideration payable by each offeree or invitee is at least A$500,000 (or its equivalent in an alternate currency) (disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors under Part 6D.2 or Part 7.9 of the Corporations Act, (ii) the offer or invitation is not made to a person who is a "retail client" within the meaning of section 761G of the Corporations Act, (iii) such action complies with applicable laws, regulations and directives and (iv) such action does not require any document to be lodged with ASIC.

Section 708(19) of the Corporations Act provides that an offer of debentures for issue or sale does not need disclosure to investors under Part 6D.2 of the Corporations Act if the issuer is an Australian authorised deposit-taking institution (**ADI**). As at the date of this Prospectus, the Issuer is an ADI.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Covered Bonds which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms (or Pricing Supplement, as the case may be) in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression retail investor means a person who is one (or more) of the following:

  (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); or

  (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

(iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and

(b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds.

Other regulatory restrictions

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Covered Bonds having a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Covered Bonds other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Covered Bonds would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Covered Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Covered Bond Guarantor and would not, if the Issuer was not an authorised person, apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Covered Bonds in, from or otherwise involving the United Kingdom.

Prohibition of Sales to EEA Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Covered Bonds which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms (or Pricing Supplement, as the case may be) in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or

(ii) a customer within the meaning of Directive (EU) 2016/97 (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the **Prospectus Regulation**); and

(b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Covered Bonds.

Denmark

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Covered Bonds have not been offered or sold and will not be offered, sold or delivered directly or indirectly in the Kingdom of Denmark by way of a public offering, unless in compliance with, as applicable, the Prospectus Regulation, the Danish Consolidated Act no. 931 of 6 September 2019 on Capital Markets, as amended from time to time, and Executive Orders issued thereunder and in compliance with Executive Order No. 1580 of 17 December 2018, as amended, supplemented or replaced from time to time, issued pursuant to the Danish Consolidated Act no. 937 of 6 September 2019 on Financial Business, as amended.

Sweden

Each Dealer has confirmed and agreed that it will not, directly or indirectly, offer for subscription or purchase or issue invitations to subscribe for or buy the Covered Bonds or distribute any draft or final document in relation to any such offer, invitation or sale except in circumstances that will not result in a requirement to prepare a prospectus pursuant to the provisions of the Swedish Financial Instruments Trading Act (*lag (1991:980) om handel med finansiella instrument*).

Japan

The Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended (the **FIEA**)) and each Dealer has represented and agreed that it will not offer or sell any Covered Bonds, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that no document (including the Base Prospectus) has been registered, or will be registered, as a prospectus with the Monetary Authority of Singapore, and the Covered Bonds will be offered pursuant to exemptions under the Securities and Futures Act (Chapter 289) of Singapore (as modified or amended from time to time, the **Securities and Futures Act**). Accordingly, each Dealer has represented and agreed that the Covered Bonds have not and may not be offered or sold or made the subject of an invitation for subscription or purchase nor may the Base Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Covered Bonds be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act) pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person (as defined in Section 275(2) of the Securities and Futures Act) pursuant to Section 275(1) of the Securities and Futures Act, or to any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where the Covered Bonds are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which is:

(a) a corporation (which is not an accredited investor) (as defined in Section 4A of the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust will not be transferable for six months after that corporation or that trust has acquired the Covered Bonds pursuant to an offer made under Section 275 of the Securities and Futures Act except:

(i) to an institutional investor or to a relevant person defined in Section 275(2) of the Securities and Futures Act or to any person arising from an offer referred to in Section 275(1A) and Section 276(4)(i)(B) of the Securities and Futures Act;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the Securities and Futures Act; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Notification under Section 309B(1)(c) of the SFA - Unless otherwise stated in the Applicable Final Terms in respect of any Covered Bonds (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement), in connection with Section 309B of the Securities and Futures Act and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the **CMP Regulations 2018**), the Issuer has determined, and hereby notifies all relevant persons as defined in Section 309A(1) of the Securities and Futures Act, unless otherwise specified before an offer of Covered Bonds, that all Covered Bonds issued or to be issued under the Programme are classified as capital markets products other than prescribed capital markets products (as defined in the CMP Regulations 2018) and Specified Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Hong Kong

Each Dealer has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Covered Bonds (except for Covered Bonds which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (**SFO**) other than (a) to "professional investors" as defined in the SFO and any rules made thereunder; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the **C(WUMP)O**) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere any advertisement, invitation or document relating to the Covered Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Covered Bonds which are or are intended to be to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made thereunder.

The Netherlands

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Covered Bonds will only be offered in The Netherlands to qualified investors as defined in the Prospectus Regulation.

Switzerland

This Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Covered Bonds described herein. Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that the Covered Bonds have not been and will not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland within the meaning of the Swiss Financial Services Act (the **FinSA**) and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Covered Bonds constitutes a prospectus pursuant to the FinSA, and each Dealer has further represented and agreed and each further Dealer appointed under the Programme will be required to further represent and agree that neither this Prospectus nor any other offering or marketing material relating to the Covered Bonds has been or will be publicly distributed or otherwise made publicly available in Switzerland.

General

Each Dealer has represented and agreed that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Covered Bonds or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Covered Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer, the Covered Bond Guarantor, the Seller, the Bond Trustee, the Arranger and any of the other Dealers will have any responsibility therefor. Furthermore, they will not directly or indirectly offer, sell or deliver any Covered Bonds or distribute or publish any form of application, prospectus, advertisement or other offering material except under circumstances that will, to the best of their knowledge and belief, result in compliance with any applicable laws and regulations, and all offers, sales and deliveries of Covered Bonds by them will be made on the same terms.

None of the Issuer, the Covered Bond Guarantor, the Bond Trustee, the Arranger or any of the Dealers have made any representation that Covered Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.

With regard to each Series or Tranche, the relevant Dealer will be required to comply with any additional restrictions agreed between the Issuer and the relevant Dealer and set out in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement).

The Dealers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The Dealers may engage in transactions with, or perform services for the Issuer or the Covered Bond Guarantor in the ordinary course of business. Some of the Dealers or their affiliates have, directly or indirectly, performed investment and/or commercial banking or financial advisory services for the Issuer and the Covered Bond Guarantor, for which they have received customary fees and commissions, and they expect to provide these services to the Issuer and the Covered Bond Guarantor in the future, for which they will receive customary fees and commissions. In the ordinary course of their various business activities, the Dealers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of

the Issuer or the Covered Bond Guarantor. If any of the Dealers or their affiliates have a lending relationship with the Issuer or the Covered Bond Guarantor, certain of those Dealers or their affiliates routinely hedge, and certain other of those Dealers or their affiliates may hedge, their credit exposure to the Issuer or the Covered Bond Guarantor consistent with their customary risk management policies. Typically, these Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the securities of the Issuer, including potentially the Covered Bonds offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the Covered Bonds offered hereby. The Dealers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

This Prospectus may be used by any Dealer for offers and sales related to market-making transactions in the Covered Bonds. Each Dealer may act as principal or agent in these transactions. These sales will be made at prices relating to prevailing market prices at the time of sale. Each Dealer does not have any obligation to make a market in the Covered Bonds, and any market-making may be discontinued at any time without notice.

GENERAL INFORMATION

Authorisation

The establishment and update of the Programme and the issue of Covered Bonds have been duly authorised by resolutions of the board of directors of BOQ dated 28 July 2016, 30 November 2017, 29 November 2018, 21 January 2020 and 14 April 2021.

Listing and admission to trading of Covered Bonds

The admission of the Programme to listing on the Official List of the FCA and to trading on the Main Market of the London Stock Exchange is expected to take effect on or about 20 April 2021. The price of the Covered Bonds on the price list of the London Stock Exchange will be expressed as a percentage of their principal amount (exclusive of accrued interest). It is expected that each Tranche of Covered Bonds which is to be admitted to trading on the Main Market of the London Stock Exchange will be so admitted to trading upon submission to the London Stock Exchange of the Applicable Final Terms and any other information required by the London Stock Exchange, subject to the issue of the relevant Covered Bonds. Prior to admission to trading, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working day in London after the day of the transaction.

Documents Available

For 12 months following the date of this Prospectus, the following documents will be available at: https://www.boq.com.au/Shareholder-centre/debt-investor-information/covered-bonds (other than in the case of the constitutive documents of the Covered Bond Guarantor, which will be available at the office of the Issuer):

(i) the constitutive documents of the Issuer;

(ii) the constitutive documents of the Covered Bond Guarantor;

(iii) any Final Terms relating to Covered Bonds of the Issuer which are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system (in the case of any Exempt Covered Bonds which are not admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, copies of the Applicable Pricing Supplement will only be available for inspection by the relevant Covered Bondholders from the registered office of the Issuer or the specified office of the Principal Paying Agent);

(iv) the Bond Trust Deed (which includes the Covered Bond Guarantee and the forms of the Global Covered Bonds, the Definitive Covered Bonds, the Coupons and the Talons) but excluding the Final Terms and Pricing Supplement as set out in paragraph (iii) above); and

(v) a copy of this Prospectus, together with any supplement to this Prospectus or further Prospectus and any documents incorporated by reference.

The Prospectus and the Applicable Final Terms for each Tranche of Covered Bonds will be published on the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com and are also available, without charge, on the internet site www.boq.com.au. The Issuer will also provide, without charge, upon the written request of any person, a copy of this Prospectus, the Applicable Final Terms for each Tranche of Covered Bonds issued subject to the provisions described in this Prospectus and any supplement hereto and any or all of the documents which, or portions of which, are incorporated in this Prospectus by reference. Copies of the Final Terms will also be available from the office of the Issuer and the specified office of the Principal Paying Agent set out in the section "*Directory*" at the end of this Prospectus. Written requests for such documents should be directed to the Issuer at its office set out in the section "*Directory*" at the end of this Prospectus.

Clearing Systems

The Bearer Covered Bonds to be issued under the Programme have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and the International Securities Identification Number (**ISIN**) for each Tranche of Bearer Covered Bonds allocated by Euroclear and Clearstream, Luxembourg and (where applicable) the identification number for any other relevant clearing system for each Series of Covered Bonds will be set out in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement). The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg, Luxembourg.

The A$ Registered Covered Bonds may be cleared through Austraclear. If A$ Registered Covered Bonds are lodged into the Austraclear System, Austraclear will become the registered holder of those A$ Registered Covered Bonds in the A$ Register. While those A$ Registered Covered Bonds remain in the Austraclear System:

(i) all payments and notices required of the Issuer, the Covered Bond Guarantor and the Trust Manager in relation to those A$ Registered Covered Bonds will be directed to Austraclear; and

(ii) all dealings and payments in relation to those A$ Registered Covered Bonds within the Austraclear System will be governed by the Austraclear Regulations.

If the Covered Bonds are to be cleared through an additional or alternative clearing system, the appropriate information will be specified in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement).

Conditions for determining price

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.

Significant or Material Change

There has been no significant change in the financial performance or financial position of the BOQ Group since 28 February 2021 and no material adverse change in the prospects of the Issuer since 31 August 2020. In addition, there have been no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.

There has been no significant change in the financial performance or financial position of the Covered Bond Guarantor or the Trust since 31 August 2020 and no material adverse change in the prospects of the Covered Bond Guarantor or the Trust since the same date.

Litigation

Save as disclosed in the section "*Risk Factors - Risk Factors related to the Issuer and the BOQ Group – Litigation and regulatory proceedings"* in this Prospectus, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) of which the Issuer or any of its Subsidiaries is aware in the 12 months immediately preceding the date of this Prospectus which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Issuer and/or the BOQ Group.

There are no governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened) of which the Covered Bond Guarantor is aware in the 12 months immediately preceding the date of

this Prospectus which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Covered Bond Guarantor or the Trust.

Independent Auditors

The financial statements of the Issuer and its subsidiaries have been audited for the financial years ended 31 August 2019 and 31 August 2020 by KPMG, independent auditors of the Issuer and its subsidiaries for that period, and unqualified opinions have been reported thereon in accordance with generally accepted auditing standards in Australia. KPMG has no material interest in the Issuer.

KPMG partners are members or affiliate members of the Australian Institute of Chartered Accountants.

Reports

The Bond Trust Deed provides that the Bond Trustee may rely on the advice, report, certificate or opinion of or any information obtained from certain professional advisers or other experts in accordance with the provisions of the Bond Trust Deed, whether or not any such advice, report, certificate or opinion of, or any other information, or engagement letter or other document entered into by the Bond Trustee and the relevant person in connection therewith, contains any monetary or other limit on the liability of the relevant person.

The Trust Manager will prepare monthly Asset Coverage Reports detailing, among other things, compliance with the Asset Coverage Test. Copies of the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement) for each Series (including in relation to unlisted Covered Bonds of any Series) and the Asset Coverage Reports are available to Covered Bondholders during normal business hours at the specified office of the Issuer as set out in the section "*Directory*" at the end of this Prospectus.

Contracts

The Issuer is not aware of any material contracts having been entered into by the Covered Bond Guarantor other than the Programme Documents and which could result in it being under an obligation or entitlement that is material to its ability to meet its obligations to Covered Bondholders in respect of the Covered Bonds that may be issued.

Post-issuance information

Except as set out in the monthly Asset Coverage Reports and in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement) relating to a particular Series of Covered Bonds, the Issuer does not intend to provide any post-issuance information in relation to any issue of Covered Bonds.

Audited financial statements of the Trust

The audited financial statements of the Trust (including the auditor's report and the notes thereto) in respect of the year ended 31 August 2019 and in respect of the year ended 31 August 2020, to the extent applicable, comply with the Australian Accounting Standards adopted by the Australian Accounting Standards Board which are equivalent of the International Financial Reporting Standards as issued by the International Accounting Standards Board.

The audited financial statements of the Trust (including the auditor's report and the notes thereto) in respect of the year ended 31 August 2019 and in respect of the year ended 31 August 2020 have been prepared to assist the Trust Manager in meeting the financial reporting requirements as set out in the Bond Trust Deed. As a result, the audited financial statements of the Trust (including the auditor's report and the notes thereto) in respect of the year ended 31 August 2019 and in respect of the year ended 31 August 2020 may not be suitable for another purpose.

The auditor's report and the notes thereto are intended solely for investors in the Covered Bonds and should not be used by parties other than investors in the Covered Bonds. KPMG disclaims any assumption of responsibility for any reliance on the auditor's report or the audited financial statements of the Trust to which it relates, to any person other than the investors in the Covered Bonds or for any other purpose than that for which it was prepared. Please refer to the section titled "*Emphasis of matter – basis of preparation and restriction on use*" on page 16 of the annual financial report of the Trust in respect of the year ended 31 August 2019 and on page 15 of the annual financial report of the Trust in respect of the year ended 31 August 2020, in each case, as incorporated by reference into this Prospectus.

GLOSSARY

A$ Registered Covered Bonds	means covered bonds denominated in A$ issued in registered form by entry in the A$ Register maintained by the A$ Registrar.
A$ Register	means the register of holders of the A$ Registered Covered Bonds maintained by the A$ Registrar.
A$ Registrar	means Austraclear Services Limited ABN 28 003 284 419 or any other person appointed by the Issuer and/or the Covered Bond Guarantor under an Agency Agreement to maintain the A$ Register and perform any payment and other duties as specified in that agreement.
A$ Registry Agreement	means the ASX Austraclear Registry and IPA Services Agreement entered into on or about the Programme Date, between the Issuer, the A$ Registrar, the Covered Bond Guarantor and the Bond Trustee, as amended, restated, supplemented, replaced or novated from time to time.
Account Bank	means Macquarie Bank Limited ABN 46 008 583 542 in its capacity as Account Bank pursuant to the Account Bank Agreement together with any successor or replacement account bank appointed from time to time in accordance with the terms of the Account Bank Agreement.
Account Bank Agreement	means the account bank agreement dated on or about the Programme Date between the Covered Bond Guarantor, the Trust Manager, the Account Bank, the Issuer and the Security Trustee, as amended, restated, supplemented, replaced or novated from time to time.
Account Bank Mandate	means either of the GIC Account Mandate or the Swap Collateral Cash Account Mandate to be set up by the Covered Bond Guarantor (acting at the direction of the Trust Manager).
Accrual Period	has the meaning given to it in Condition 4(a).
Accrued Interest Adjustment	in relation to a Mortgage Loan, means (without double counting) the amount of interest accrued on that Mortgage Loan for, and any fees in relation to that Mortgage Loan falling due for payment during, the period commencing on (and including) the Mortgage Loan Scheduled Payment Date for that Mortgage Loan immediately prior to the Closing Date for that Mortgage Loan and ending on (but excluding) that Closing Date and any accrued interest and fees due but unpaid in relation to that Mortgage Loan prior to that Mortgage Loan Scheduled Payment Date.
Additional Business Centre	means, in relation to a Series of Covered Bonds, the Additional Business Centre as specified in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement).
ADI	means an Authorised Deposit-Taking Institution.
Adjusted Aggregate Mortgage Loan Amount	has the meaning given to it in the section "*Overview of the Principal Documents – Establishment Deed – Asset Coverage Test*" of this Prospectus.

Adjusted Required Redemption Amount

means in relation to a Series of Covered Bonds:

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

(b) the Australian Dollar Equivalent of any swap termination amounts payable under the Covered Bond Swaps corresponding to the Series to or by the Covered Bond Guarantor less (where applicable) amounts standing to the credit of:

(i) the GIC Account; and

(ii) the principal balance of any Substitution Assets and Authorised Investments (excluding all amounts to be applied on the next following Distribution Date to repay higher ranking amounts in the relevant Priority of Payments and those amounts that are required to repay any Series of Covered Bonds which mature prior to or on the same date as the relevant Series of Covered Bonds); plus or minus

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

Agency Agreements

means the Principal Agency Agreement and the A$ Registry Agreement, and each an **Agency Agreement**.

Agents

means the Paying Agents, the Registrar, the Transfer Agent, the Calculation Agents and the A$ Registrar and each, an **Agent**.

Amortisation Test

has the meaning given to it in the section "*Overview of the Principal Documents – Establishment Deed – Amortisation Test*" of this Prospectus.

Amortisation Test Aggregate Mortgage Loan Amount

has the meaning given to it in the section "*Overview of the Principal Documents – Establishment Deed – Amortisation Test*" of this Prospectus.

Amortisation Test Current Principal Balance

has the meaning given to it in the section "*Overview of the Principal Documents – Establishment Deed – Amortisation Test*" of this Prospectus.

Amortisation Test Deterioration

in connection with an event or circumstance, will occur if A is greater than B, where:

A = the ratio of the Amortisation Test Aggregate Mortgage Loan Amount to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds (expressed as a percentage) as determined by the Trust Manager on the Determination Date immediately preceding such event or circumstance; and

B = the ratio of the Amortisation Test Aggregate Mortgage Loan Amount to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds (expressed

as a percentage) as determined by the Trust Manager immediately following such event or circumstance.

Annual Accounting Date means in respect of the Trust, 31 August in each year or such other date as the Covered Bond Guarantor (acting on the directions of the Trust Manager) may determine.

Applicable Final Terms means, in relation to a Series or Tranche of Covered Bonds (other than Exempt Covered Bonds), the Final Terms (or the relevant provisions thereof) attached to or endorsed on the Covered Bonds comprising that Series or Tranche.

Applicable Pricing Supplement means, in relation to a Series or Tranche of Exempt Covered Bonds, the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on the Exempt Covered Bonds comprising that Series or Tranche.

Appointee means any attorney, manager, Receiver, agent, delegate, nominee, custodian or other person appointed by the Bond Trustee under the Bond Trust Deed or by the Security Trustee under the Security Deed.

APRA means the Australian Prudential Regulation Authority.

Arranger in relation to any issuance of Covered Bonds, means NAB.

ASIC Australian Securities and Investments Commission.

Asset Coverage Reports means the monthly reports in a form agreed from time to time between the parties to the Management Agreement, and each an **Asset Coverage Report**.

Asset Coverage Test has the meaning given to it in the section "*Overview of the Principal Documents – Establishment Deed – Asset Coverage Test*" of this Prospectus.

Asset Coverage Test Breach Notice means the notice required to be served by the Bond Trustee on the Covered Bond Guarantor pursuant to the Establishment Deed indicating that the Asset Coverage Test has not been satisfied on two consecutive Determination Dates.

Asset Percentage means the lowest of:

(a) the Programme Asset Percentage;

(b) such percentage figure determined by the Trust Manager on each Determination Date (and on such other dates as may be agreed from time to time between the Issuer and the Trust Manager) in accordance with the terms of this deed, being the percentage figure that is necessary to ensure that the Covered Bonds maintain the then current ratings assigned to them by Fitch;

(c) such percentage figure as may be determined by the Covered Bond Guarantor, or the Trust Manager acting on its behalf, from time to time, in accordance with the terms of this deed, and notified to Moody's and the Security Trustee on the Determination Date, or if no notification is made to Moody's and the Security Trustee on such Determination Date, on the last date of such notification. If the Trust Manager so elects to notify Moody's and the Security Trustee of a new percentage figure (without being obliged to do so), this percentage figure will be the

difference between 100 and the percentage amount of credit enhancement that is necessary to ensure that there is sufficient credit enhancement for the Covered Bonds to achieve an Aaa rating by Moody's using Moody's expected loss methodology (regardless of the actual Moody's rating of the Covered Bonds at the time); and

(d) such other percentage figure as may be determined by the Issuer from time to time and notified to each of the Covered Bond Guarantor and the Trust Manager.

Asset Percentage Adjusted Mortgage Loan Balance Amount has the meaning given to it in the section "*Overview of the Principal Documents – Establishment Deed – Asset Coverage Test*" of this Prospectus.

Assets in relation to the Trust means all assets and property, real and personal (including choses in action and other rights), tangible and intangible, present or future, held by the Covered Bond Guarantor as trustee of the Trust from time to time, including but not limited to:

(a) the Mortgage Loan Rights;

(b) Authorised Investments;

(c) Substitution Assets;

(d) the rights of the Covered Bond Guarantor in, to and under the Programme Documents and the Trust Accounts;

(e) the proceeds of realisation, sale, transfer or surrender of any Assets of the Trust;

(f) all additions or accretions (if any) to the Trust which arise by way of dividend, interest, premium or distribution, or which are otherwise received and are for the time being retained by the Covered Bond Guarantor in respect of the Trust;

(g) all income from the Trust held pending distribution or reinvestment.

(h) the benefit of all representations, warranties, undertakings, covenants, indemnities, promises and choses in action in favour of the Covered Bond Guarantor under the Programme Documents; and

(i) amounts derived or accrued from any of the assets referred to in the preceding paragraphs of this definition.

Attorney means any attorney appointed under the Security Deed.

AU Business Day means any day (other than a Saturday, Sunday or public holiday) on which banks are open for business in Sydney, Brisbane and Melbourne and on which the Austraclear System is operating.

Auditors means the auditors for the time being of the Issuer or, as the case may be, the Trust (or any replacement auditor of the Trust appointed in accordance with the Establishment Deed) and each, an **Auditor**.

Austraclear	means Austraclear Ltd ABN 94 002 060 773.
Austraclear Regulations	means the regulations established by Austraclear to govern the use of the Austraclear System.
Austraclear System	means the "System" as defined in the Austraclear Regulations.
Australian Banking Act	means the Banking Act 1959 (Cth).
Australian Bureau of Statistics Index	means the quarterly index of increases or decreases in established house prices (determined on the basis of the weighted average of house prices in eight capital cities), issued by the Australian Bureau of Statistics, Australia's official statistical organisation, in relation to established house prices in Australia or, if this index is unavailable, a suitably widely recognised property price index selected by the Trust Manager (in its sole discretion).
Australian Bureau of Statistics Indexed Valuation	means in relation to any Mortgaged Property at any date the Latest Valuation of that Mortgaged Property as increased or decreased as appropriate by the increase or decrease in the Australian Bureau of Statistics Index since the date of that Latest Valuation.
Australian Dollar Equivalent	means in relation to an amount which is denominated in: (a) a currency other than Australian Dollars, the Australian Dollar equivalent of such amount ascertained using the relevant Covered Bond Swap Rate; and (b) Australian Dollars, the applicable amount in Australian Dollars.
Authorised Deposit-Taking Institution	means an authorised deposit-taking institution as defined in the Australian Banking Act.
Authorised Investments	means Australian Dollar demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper) (which may include deposits into any account which earns a rate of interest related to the Bank Bill Rate) provided that in all cases such investments have a maturity date of 30 days or less and mature on or before the next following Distribution Date and the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being an Authorised Deposit Taking Institution) has: (a) a short-term deposit rating of at least P-1 by Moody's; and (b) a credit rating of at least F1 by Fitch assigned to its short-term unsecured, unguaranteed and unsubordinated debt obligations or a credit rating of at least A by Fitch assigned to its long term, unsecured, unsubordinated and unguaranteed debt obligations, or which are otherwise acceptable to the Rating Agencies (if they are notified in advance) to maintain the then current rating of the Covered Bonds.
Authorised Signatory	in relation to a Transaction Party, means an officer of the Transaction Party, or such other person appointed by the Transaction Party to act as its authorised signatory and notified to the other Transaction Parties.

Available Income Amount

means in relation to a Collection Period and the Determination Date immediately following the end of that Collection Period, an amount equal to the aggregate of:

(a) the lesser of:

(i) Collections for that Collection Period; and

(ii) Finance Charge Collections for that Collection Period;

(b) all amounts of interest received on the Trust Accounts and all amounts of interest or income received in respect of the Substitution Assets and Authorised Investments, in each case, during the immediately preceding Collection Period;

(c) all amounts receivable from the Interest Rate Swap Providers under the Interest Rate Swaps on the immediately following Distribution Date;

(d) prior to the service on the Covered Bond Guarantor of a Notice to Pay or an Asset Coverage Test Breach Notice, amounts standing to the credit of the Reserve Fund as at the Determination Date in excess of the Reserve Fund Required Amount to the extent that such amounts were funded by the Available Income Amount on previous Distribution Dates;

(e) following the service on the Covered Bond Guarantor of a Notice to Pay or an Asset Coverage Test Breach Notice, amounts standing to the credit of the Reserve Fund as at the Determination Date; and

(f) any other income receipts not referred to in paragraphs (a) to (e) above (inclusive) of this definition received during any previous Collection Period and standing to the credit of the Income Ledger of the GIC Account, but excluding, subject to the Establishment Deed, any amount receivable by the Covered Bond Guarantor under the Covered Bond Swap Agreements,

but excluding:

(g) Third Party Amounts, which will be paid on receipt in cleared funds to the Seller;

(h) any Swap Collateral Excluded Amounts which will be applied in accordance with the terms of the relevant Swap Agreements; and

(i) any amounts invested in Substitution Assets during the immediately preceding Collection Period in accordance with the Establishment Deed.

Available Principal Amount

means in relation to a Collection Period and the Determination Date immediately following the end of that Collection Period, an amount equal to the aggregate of (without double counting):

(a) the Principal Collections in relation to that Collection Period less any Principal Collections applied during that Collection Period towards the funding of Trust Further Advances in accordance with the Servicing Deed;

(b) the proceeds of issue of, or Increase in, the Demand Note (where such proceeds have not been applied to acquire Mortgage Loan Rights from the Seller or to invest in Substitution Assets or Authorised Investments) and any Excess Proceeds;

(c) the amount of any termination payment received from a Swap Provider which is not applied to acquire a replacement Swap for the relevant terminated Swap and the amount of any premium received from a replacement Swap Provider which is not applied to make a termination payment to a Swap Provider;

(d) prior to the service on the Covered Bond Guarantor of a Notice to Pay or an Asset Coverage Test Breach Notice, amounts standing to the credit of the Reserve Fund as at the Determination Date in excess of the Reserve Fund Required Amount, to the extent that such amounts were funded by a Reserve Fund Demand Note Funding; and

(e) any other principal receipts not referred to in paragraphs (a) to (d) above (inclusive) of this definition received during any previous Collection Period and standing to the credit of the Principal Ledger of the GIC Account, but excluding, subject to the Establishment Deed, any amount of principal received by the Covered Bond Guarantor under the Swap Agreements,

but excluding:

(f) any Swap Collateral Excluded Amounts which will be applied in accordance with the terms of the relevant Swap Agreements;

(g) any amounts invested in Substitution Assets during the immediately preceding Collection Period in accordance with clause 22.1 of the Establishment Deed; and

(h) all amounts applied towards the acquisition of any Mortgage Loan Rights during the immediately preceding Collection Period.

BA-CDOR has the meaning given to it in Condition 4(b)(ii)(A)(3).

Bank Bill Rate in relation to a specified term means the rate expressed as a percentage per annum determined by ASX Limited (**ASX**) and published at approximately 10.30 a.m. Sydney time (or such other time at which such rate customarily appears on that page (**Publication Time**) on the first day of that specified term on the Thompson Reuters screen page "BBSW" having a tenor equal to that specified term. If the relevant rate is not published on the Thompson Reuters screen page at that time, then the Bank Bill Rate means the rate expressed as a percentage per annum determined by ASX and published at approximately 11.00 a.m. Sydney time (or such other time that is 30 minutes after the then prevailing Publication Time) on that day on the Bloomberg LLP screen page

	"AFMB" having a tenor equal to that specified term. If a rate cannot be determined in accordance with the foregoing procedures, then the Bank Bill Rate means such rate as is specified by the Trust Manager (other than in the case of the Account Bank Agreement, in which case such determination is to be made by the Account Bank) at or around that time on that day, having regard, to the extent possible, to comparable indices then available.
Base Prospectus	means this base prospectus prepared in connection with the Programme and constituting a base prospectus for the purposes of Article 8 of the Prospectus Regulation and the UK Prospectus Regulation.
Basis Swap	means a basis swap transaction as evidenced by a confirmation that supplements, forms part of and is subject to, an Interest Rate Swap Master Agreement, pursuant to which the Covered Bond Guarantor pays to the relevant Interest Rate Swap Provider an amount in respect of Mortgage Loans forming part of the Assets of the Trust that do not bear interest at a fixed rate and the relevant Interest Rate Swap Provider pays to the Covered Bond Guarantor an amount calculated by reference to the Bank Bill Rate.
BBSW	has the meaning given to it in Condition 4(b)(ii)(A)(3).
Bearer Covered Bonds	means Covered Bonds in bearer form.
Bearer Definitive Covered Bonds	has the meaning given to it in the Conditions.
Bearer Global Covered Bonds	means together, the Temporary Bearer Global Covered Bond and the Permanent Bearer Global Covered Bond, and Bearer Global Covered Bond means either one of them.
Benchmarks Regulation	means the Regulation (EU) No. 2016/1011.
BKBM	has the meaning given to it in Condition 4(b)(ii)(A)(3).
Bond Trust Deed	means the bond trust deed dated on or about the Programme Date, between the Issuer, the Covered Bond Guarantor, the Trust Manager, and the Bond Trustee, each of the schedules thereto and any supplemental bond trust deed and schedules (if any), thereto, as amended, restated, supplemented, replaced or novated from time to time.
Bond Trustee	means BNY Trust Company of Australia Limited ABN 49 050 294 052, in its capacity as bond trustee under the Bond Trust Deed together with any additional or replacement bond trustee appointed from time to time in accordance with the terms of the Bond Trust Deed.
BOQ	means Bank of Queensland Limited ABN 32 009 656 740.
BOQ Group	means BOQ and the group of companies of which it is the parent company.
BOQ Trust	has the meaning given to it in the section "*Overview of the Principal Documents – Mortgage Sale Agreement – BOQ Trust*" of this Prospectus.
BOQ Trustee	means, in respect of a BOQ Trust, the Covered Bond Guarantor as bare trustee of that BOQ Trust.

Borrower in relation to a Mortgage Loan means the person or persons to whom a loan or other financial accommodation has been provided under that Mortgage Loan and includes, where the context requires, the mortgagor under the corresponding Mortgage.

BQLM means B.Q.L. Management Pty Ltd ABN 87 081 052 342.

Break Benefits in relation to a Mortgage Loan forming part of the Assets of the Trust, means any benefits payable to a Borrower under the terms of that Mortgage Loan or as required by law (and to the extent the former is inconsistent with the latter, the latter will prevail) upon, and solely in respect of, the early termination of a given fixed interest rate relating to all or part of that Mortgage Loan prior to the scheduled termination of that fixed interest rate.

Break Costs means any costs payable by the Borrower, the insurer under a Mortgage Insurance Policy or any other person in relation to a Mortgage Loan forming part of the Assets of the Trust (or a Mortgage Loan which was immediately prior to its being written off by the Servicer in accordance with the Servicing Guidelines or the date that it was assigned under a Mortgage Insurance Policy, an Asset of the Trust) arising from the early termination of that Mortgage Loan or the early termination of a fixed interest rate period under that Mortgage Loan.

Business Day means in the case of Covered Bonds, any day (other than a Saturday, Sunday or public holiday) which is:

(a) a day on which banks and foreign exchange markets settle payments and are open for business (including dealing in foreign exchange and foreign currency deposits) in Sydney, Brisbane, Melbourne and any Additional Business Centre specified in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement); and

(b) in the case of any sum payable, either:

(i) in relation to any sum payable in a Specified Currency other than Australian Dollars, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than Sydney, Brisbane, Melbourne and any Additional Business Centre specified in the Applicable Final Terms) (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement); or

(ii) in relation to any Covered Bonds denominated or payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system (the **TARGET2**) is open.

Calculation Agency Agreement means the agreement in substantially the form set out in schedule 1 of the Principal Agency Agreement.

Calculation Agent	means in relation to all or any Series of the Covered Bonds, the person initially appointed as calculation agent in relation to such Covered Bonds by the Issuer and the Covered Bond Guarantor pursuant to the relevant Agency Agreement or such other person specified in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement) or, if applicable, any successor or separately appointed calculation agent in relation to all or any Series of the Covered Bonds.
Calculation Management Services	has the meaning given to it in the section "*Overview of the Principal Documents – Management Agreement*" of this Prospectus.
Capital Unit	means a Unit in the Trust which is designated as a "Capital Unit" in the Instrument Register.
Capital Unitholder	means a person registered as the holder of a Capital Unit in the Trust in the Instrument Register.
Charged Property	means all the Assets of the Trust acquired by, or accruing to, the Covered Bond Guarantor as trustee of the Trust after the date of first execution of the Security Deed.
Clearing Systems	means Euroclear, Clearstream, Luxembourg and/or the Austraclear System and will be deemed to include references to any additional or alternative clearing system as is approved by the Issuer, the Principal Paying Agent (other than in the case of A$ Registered Covered Bonds) and the Bond Trustee or as may otherwise be specified in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement).
Clearstream, Luxembourg	has the meaning given to it in Condition 1.
Closing Date	means: (a) the date specified by the Seller to the Covered Bond Guarantor and the Trust Manager in a Sale Notice (if any) to be the Closing Date (or such other date as the Trust Manager may notify the Covered Bond Guarantor and the Seller in accordance with that Sale Notice); and (b) in relation to a Mortgage Loan, the Closing Date (as determined under paragraph (a)) for that Mortgage Loan.
Code	means the U.S. Internal Revenue Code of 1986, as amended.
Collateral Security	means in respect of a Mortgage Loan: (a) any: (i) Security Interest; or (ii) guarantee, indemnity or other assurance,

which secures or otherwise provides for the repayment or payment of that Mortgage Loan but does not include the Mortgage relating to that Mortgage Loan; or

(b) any Mortgage Insurance Policy or Insurance Policy in respect of the Mortgage relating to the Mortgage Loan or the Land secured by the Mortgage relating to that Mortgage Loan.

Collection Period means:

(a) with respect to the first Determination Date, the period commencing on (and including) the first Closing Date and ending on the last day of the calendar month in which the first Closing Date occurs; and

(b) with respect to each subsequent Determination Date, the calendar month immediately preceding that Determination Date.

Collections in relation to a Collection Period means the aggregate of the following amounts (without double counting) in respect of the Mortgage Loans then forming part of the Assets of the Trust:

(a) A less the sum of (B + C) where:

(i) A = the sum of amounts for which a credit entry is made during the period to the accounts established in the records for those Mortgage Loans;

(ii) B = amounts for which a credit entry is made to the accounts established in the records for those Mortgage Loans which relates to any Defaulted Amount on those Mortgage Loans during the period; and

(iii) C = reversals made during the period to the accounts established in the records in respect of those Mortgage Loans where the original credit entry (or part thereof) was made in error or was made but subsequently reversed due to funds not being cleared;

(b) any Recoveries received by or on behalf of the Covered Bond Guarantor under or in respect of the Mortgage Loans and the related Mortgages and Collateral Securities during that period (less any reversals made during the period in respect of Recoveries where the original debit entry (or part thereof) was in error);

(c) the proceeds from any sale of Mortgage Loans during that Collection Period pursuant to the terms of the Establishment Deed or the Mortgage Sale Agreement (but not including any such proceeds that comprise accrued interest or arrears of interest) that have been, or are to be, on

the immediately following Distribution Date, credited to the Principal Ledger of the GIC Account;

(d) in respect of any sale or transfer of Mortgage Loans during that Collection Period pursuant to the terms of the Establishment Deed or the Mortgage Sale Agreement:

(i) the proceeds of such sale or transfer to the extent the proceeds comprise accrued interest or arrears of interest (if any) that has been, or is to be, on the immediately following Distribution Date credited to the Income Ledger of the GIC Account; and

(ii) that are purchased by the Seller in accordance with clause 8 of the Mortgage Sale Agreement, interest on the related amount that will be paid by the Seller on the immediately following Distribution Date in accordance with clause 8.3 of the Mortgage Sale Agreement;

(e) any amount in respect of damages or pursuant to an indemnity received by or on behalf of the Covered Bond Guarantor as a result of a breach of any representation or warranty or undertaking by any party to the Programme Documents; and

(f) any insurance proceeds received during the period by or on behalf of the Covered Bond Guarantor in accordance with any Mortgage Insurance Policy or any Insurance Policy,

but excluding, for the avoidance of doubt any amount debited during the period to the accounts established in the records for those Mortgage Loans representing fees or charges imposed by any Governmental Authority, bank accounts debits tax or similar tax or duty imposed by any Governmental Authority (including any tax or duty in respect of payments or receipts to or from bank or other accounts) or insurance premiums paid.

Compound Daily SONIA has the meaning given to it in Condition 4(b)(ii)(C)(1) of the Conditions.

Conditions means the terms and conditions of the Covered Bonds (as set out in schedule 1 of the Bond Trust Deed) as completed by the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement) in relation to a particular Series or Tranche of Covered Bonds, as the same may be modified from time to time in accordance with the Bond Trust Deed. References herein to the Conditions are to each of such terms and conditions, or to the relevant terms and conditions, as the context requires.

Consideration means the aggregate Current Principal Balance of the Mortgage Loans assigned to the Covered Bond Guarantor as at the relevant Cut-Off Date.

Consumer Credit Code means the Consumer Credit Code set out in the Appendix to the Consumer Credit (Queensland) Act 1994 or any equivalent legislation of any Australian jurisdiction.

Conversion has the meaning given to it in Condition 6(a).

Conversion Event Date has the meaning given to it in Condition 6(a).

Corporations Act	means the Corporations Act 2001 (Cth).
Couponholders	has the meaning given to it in the Conditions.
Coupons	has the meaning given to it in the Conditions.
Cover Pool	has the meaning given to it in the section "*Description of the Covered Bond Provisions of the Australian Banking Act – Cover Pool and Eligible assets*" of this Prospectus.
Cover Pool Monitor	means KPMG whose registered office is at Riparian Plaza, 71 Eagle Street, Brisbane QLD 4000, Australia or any successor or replacement cover pool monitor appointed from time to time in accordance with the terms of the Cover Pool Monitor Agreement.
Cover Pool Monitor Agreement	means the cover pool monitor agreement entered into on the Programme Date, between the Cover Pool Monitor, the Covered Bond Guarantor, the Trust Manager, the Issuer, the Seller, the Bond Trustee and the Security Trustee, as amended, restated, supplemented, replaced or novated from time to time.
Cover Pool Monitor Report	means the results of the tests conducted by the Cover Pool Monitor in accordance with the Cover Pool Monitor Agreement to be delivered to the Covered Bond Guarantor, the Trust Manager, the Issuer, the Bond Trustee and the Security Trustee, substantially in the form set out in Schedule 1 of the Cover Pool Monitor Agreement.
Covered Bond Guarantee	means the unconditional and irrevocable guarantee by the Covered Bond Guarantor under the Bond Trust Deed for the payment of an amount equal to the Guaranteed Amounts in respect of the Covered Bonds.
Covered Bond Guarantee Acceleration Notice	means, following the occurrence of a Covered Bond Guarantor Event of Default which is continuing, a notice in writing given by the Bond Trustee to the Issuer and the Covered Bond Guarantor (copied to the Trust Manager and the Security Trustee), that each Covered Bond of each Series is, and each Covered Bond of each Series will as against the Issuer (if not already due and repayable against it following an Issuer Event of Default) and as against the Covered Bond Guarantor, thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in and in accordance with the Bond Trust Deed and thereafter the Security will become enforceable.
Covered Bond Guarantor	means Perpetual Corporate Trust Limited ABN 99 000 341 533 incorporated with limited liability in the Commonwealth of Australia and having its registered office at Level 18, 123 Pitt Street, Sydney, NSW 2000, as trustee of the BOQ Covered Bond Trust and any Substitute Covered Bond Guarantor appointed from time to time in accordance with the terms of the Establishment Deed.
Covered Bond Guarantor Event of Default	has the meaning given to it in Condition 9(b).

Covered Bondholders	means the holders of the Covered Bonds and, for the avoidance of doubt from time to time.
Covered Bonds	means the covered bonds issued or to be issued pursuant to the Programme Agreement and which are or are to be constituted under or in accordance with the Bond Trust Deed (including any A$ Registered Covered Bonds), which covered bonds may be represented by a Global Covered Bond or any Definitive Covered Bond and includes any replacements or a Covered Bond issued pursuant to Condition 10, and each a **Covered Bond**.
Covered Bond Swap	means each currency and/or interest rate transaction entered into with respect to a Series or Tranche of Covered Bonds, as evidenced by a confirmation that supplements, forms part of and is subject to, a Covered Bond Swap Master Agreement (and which, for the avoidance of doubt, does not include the Interest Rate Swaps).
Covered Bond Swap Agreement	means a Covered Bond Swap Master Agreement, together with one or more confirmations thereunder, each evidencing a Covered Bond Swap.
Covered Bond Swap Master Agreement	means a Swap Master Agreement entered into between the Covered Bond Guarantor, the Trust Manager, the Security Trustee and a Covered Bond Swap Provider governing one or more Covered Bond Swaps, as amended, restated, supplemented, replaced or novated from time to time.
Covered Bond Swap Provider	means, in relation to a Covered Bond Swap, the entity appointed as covered bond swap provider from time to time under the relevant Covered Bond Swap Agreement, together with any transferee, successor thereto or replacement Covered Bond Swap Provider.
Covered Bond Swap Rate	means in relation to a Covered Bond or a Series or Tranche of Covered Bonds, the exchange rate specified as being the **Swap Rate** in the Covered Bond Swap relating to such Covered Bond or Series or Tranche of Covered Bonds or, if such Covered Bond Swap has terminated, the applicable spot rate.
Current Principal Balance	means in relation to any Mortgage Loan forming part of the Assets of the Trust as at any given date, the principal balance of that Mortgage Loan to which the Seller applies the relevant interest rate to and at which interest on that Mortgage Loan accrues interest, and is the aggregate (but avoiding double counting) of: (a) the original principal amount advanced to the relevant Borrower and any further amount advanced on or before any given date to the relevant Borrower under that Mortgage Loan secured or intended to be secured by the Collateral Security; (b) the amount of any Further Advances secured or purported to be secured by the Collateral Security; and (c) any interest or expenses that have been capitalised, less any repayment or payment of any of the foregoing made on or before the end of the AU Business Day immediately preceding that given date.

Cut-Off Date	means the date specified by the Seller as such in a Sale Notice (or such other date as the Trust Manager may notify the Covered Bond Guarantor and the Seller in accordance with that Sale Notice).
Day Count Fraction	has the meaning given to it in Condition 4(a).
Dealer and Dealers	in relation to any issuance of Covered Bonds, means NAB and any other dealer appointed from time to time in accordance with the Programme Agreement.
Deed of Accession	means any deed of accession entered into between, amongst others, the Covered Bond Guarantor, the Trust Manager and Security Trustee (on behalf of all Secured Creditors) on the terms substantially set out in the form set out in schedule 1 of the Security Deed.
Defaulted Amount	in relation to a Collection Period means the aggregate principal amount of any Mortgage Loans which have been written off by the Servicer as uncollectible during that Collection Period.
Defaulted Mortgage Loan	means any Mortgage Loan in respect of which the Current Principal Balance is greater than the Scheduled Balance and is calculated to be greater than 90 days in arrears in accordance with the relevant Loan Agreement.
Definitions Schedule	has the meaning given to it in the Conditions.
Definitive Covered Bond	means a Bearer Definitive Covered Bond and/or, as the context may require, a Registered Definitive Covered Bond.
Demand Note	has the meaning given to it in the section "*Overview of the Principal Documents – Demand Note Subscription Agreement*" of this Prospectus.
Demand Noteholder	means at any given time the person then appearing in the Instrument Register as the holder of the Demand Note.
Demand Note Funding Date	means, in relation to a Demand Note, the date specified in the Demand Note Funding Request.
Demand Note Funding Request	means the request received by the Demand Note Subscriber from the Covered Bond Guarantor to either subscribe for the Demand Note or fund an Increase in the Demand Note (which has been previously issued).
Demand Note Interest Period	means: (a) in relation to the first Demand Note Interest Period, the period commencing on and including the first Demand Note Funding Date and ending on (but excluding) the next Distribution Date; and (b) in relation to all subsequent Demand Note Interest Periods, the period commencing on (and including a Distribution Date) and ending on (but excluding) the next Distribution Date.
Demand Note Subscriber	means BOQ.

Demand Note Subscription Agreement means the demand note subscription agreement dated on or about the Programme Date between the Covered Bond Guarantor, the Trust Manager, the Demand Note Subscriber, the Seller and the Security Trustee, as amended, restated, supplemented, replaced or novated from time to time.

Designated Account has the meaning given to it in Condition 5(d).

Designated Bank has the meaning given to it in Condition 5(d).

Determination Date means the date which is three AU Business Days prior to a Distribution Date.

Determination Period has the meaning given to it in Condition 4(a).

Distribution Compliance Period has the meaning given to it in Condition 2(g).

Distribution Date means:

(a) the 22nd day of each calendar month (or if such a day is not an AU Business Day, the next AU Business Day); and

(b) the Vesting Date.

Due for Payment means the requirement by the Covered Bond Guarantor to pay any Guaranteed Amount following the delivery of a Notice to Pay on the Covered Bond Guarantor:

(a) prior to the occurrence of a Covered Bond Guarantor Event of Default and the service of a Covered Bond Guarantee Acceleration Notice on the Issuer and the Covered Bond Guarantor:

(i) (if paragraph (ii) does not apply) on the date of the Original Due for Payment Date; and

(ii) in relation to any Guaranteed Amounts in respect of the Final Redemption Amount payable on the Final Maturity Date for a Series of Covered Bonds only, on the Extended Due for Payment Date, but only to the extent that the Covered Bond Guarantor having received a Notice to Pay no later than the date falling one Business Day prior to the Extension Determination Date does not pay Guaranteed Amounts equal to the Final Redemption Amount in respect of such Series of Covered Bonds by the Extension Determination Date, as the Covered Bond Guarantor has insufficient moneys available under the Guarantee Priority of Payments to pay such Guaranteed Amounts in full on the earlier of:

(A) the date which falls two Business Days after service of such Notice to Pay on the Covered Bond Guarantor or, if later, the Final Maturity Date (or, in each case, after the expiry of the grace period set out in Condition 9(b)(i)) under the terms of the Covered Bond Guarantee; or

(B) the Extension Determination Date,

or if, in either case, such day is not a Business Day, the next following Business Day. For the avoidance of doubt, Due for Payment does not refer to any earlier date upon which payment of any Guaranteed Amounts may become due under the guaranteed obligations, by reason of prepayment, acceleration of maturity, mandatory or optional redemption or otherwise; or

(b) following the occurrence of a Covered Bond Guarantor Event of Default, the date on which a Covered Bond Guarantee Acceleration Notice is served on the Issuer and the Covered Bond Guarantor.

Earliest Maturing Covered Bonds has the meaning given to it in Condition 6(a).

Early Redemption Amount in relation to a Series of Covered Bonds, means the early redemption amount determined in accordance with Condition 6(f).

EEA European Economic Area.

Eligibility Criteria has the meaning given to it in the section "*Overview of the Principal Documents – Mortgage Sale Agreement – Eligible Mortgage Loans*" of this Prospectus.

Eligible Mortgage Loan means, on any day, a Mortgage Loan which satisfies the Eligibility Criteria on that day.

Established Rate has the meaning given to it in Condition 5(j).

Establishment Deed means the establishment deed dated on or about the Programme Date between the Covered Bond Guarantor, the Issuer, the Trust Manager, the Security Trustee, the Seller and the Servicer.

EURIBOR has the meaning given to it in Condition 4(b)(ii)(A)(3).

Euro means the lawful currency for the time being of the member states of the European Union that adopt the single currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty.

Eurobond Basis has the meaning given to it in Condition 4(b)(iv)(F).

Euroclear has the meaning given to it in Condition 1.

EUWA means the European Union (Withdrawal) Act 2018.

Excess Proceeds means all moneys received by the Bond Trustee following the occurrence of an Issuer Event of Default and delivery of an Issuer Acceleration Notice and a Notice to Pay, from the Issuer or any receiver, manager, liquidator, administrator, controller, statutory manager or other similar official appointed in relation to the Issuer following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice and a Notice to Pay.

Exchange Date	means on or after the date which is 40 days after a Temporary Bearer Global Covered Bond is issued.
Exchange Notice	has the meaning given to it in Condition 5(i)(iv).
Excluded Scheduled Interest Amounts	has the meaning given to it in the definition of **Scheduled Interest** in this Prospectus.
Excluded Scheduled Principal Amounts	has the meaning given to it in the definition of **Scheduled Principal** in this Prospectus.
Excluded Swap Termination Amount	means, in relation to a Swap Agreement, an amount equal to the amount of any termination payment due and payable: (a) to the relevant Swap Provider as a result of a Swap Provider Default with respect to such Swap Provider and such Swap Agreement; or (b) to the relevant Swap Provider following a Swap Provider Downgrade Event with respect to such Swap Provider and such Swap Agreement.
Exempt Covered Bonds	means Covered Bonds for which no prospectus is required to be published under the Prospectus Regulation or the FSMA.
Existing Covered Bonds	means, at any time, the Covered Bonds of all Series outstanding at such time.
Extended Due for Payment Date	has the meaning given to it in Condition 6(a).
Extension Determination Date	has the meaning given to it in Condition 6(a).
Extraordinary Resolution	has the meaning given to it in schedule 4 of the Bond Trust Deed.
FCA	means the Financial Conduct Authority.
Final Maturity Date	means, in relation to a Series of Covered Bonds, the Interest Payment Date specified as such in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement) on which such Series of Covered Bonds is required to be redeemed at their Principal Amount Outstanding in accordance with the Conditions.
Final Redemption Amount	means, in relation to a Series of Covered Bonds, the meaning given in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement).
Final Terms	means the final terms prepared in relation to each Series or Tranche of Covered Bonds (other than Exempt Covered Bonds) issued under the Programme (substantially in the form set out in this Prospectus) and giving details of that Series or Tranche and, in relation to any particular Series or Tranche of Covered Bonds (other than Exempt Covered Bonds) and which, as appropriate, will constitute final terms for the purposes of Article 8.2 of the Prospectus Regulation and the UK Prospectus Regulation.

Finance Charge Collections

in relation to a Collection Period means the aggregate of the following amounts (without double counting) as determined by the Trust Manager in respect of the Mortgage Loans then forming part of the Assets of the Trust:

(a) the aggregate of:

(i) all debit entries representing interest or other charges that have been charged (net of any interest off-set benefits under the Interest Off-Set Accounts in relation to those Mortgage Loans or other charges charged) during that period made to the accounts established in the records for those Mortgage Loans;

(ii) subject to paragraph (iii) below of this definition, any Break Costs charged in relation to those Mortgage Loans during a prior period and received by or on behalf of the Covered Bond Guarantor during that period; and

(iii) any amounts received by or on behalf of the Covered Bond Guarantor during that period from the enforcement of any Mortgage or in accordance with any Mortgage Insurance Policy in relation to those Mortgage Loans, where such amounts:

(A) exceed the aggregate of the costs of enforcement of any such Mortgage and the interest and principal then outstanding on the related Mortgage Loan in respect of which the amounts are received; and

(B) represent part or all of the Break Costs charged during a prior period on those Mortgage Loans in respect of which the amounts are received,

less the aggregate of:

(iv) any reversals made during that period in respect of interest or other charges in relation to any of the accounts established in the records for those Mortgage Loans where the original debit entry (or part thereof) was in error;

(v) any Break Benefits paid to a Borrower in relation to those Mortgage Loans during that period; and

(vi) any Break Costs charged to the accounts established in the records for those Mortgage Loans during that period that have not been received by or on behalf of the Covered Bond Guarantor during that period;

(b) in respect of any sale or transfer of Mortgage Loans during that Collection Period pursuant to the terms of the Establishment Deed or the Mortgage Sale Agreement:

(i) the proceeds of such sale or transfer to the extent the proceeds comprise accrued interest or arrears of interest (if any) that has

been, or is to be, on the immediately following Distribution Date credited to the Income Ledger of the GIC Account; and

(ii) that are purchased by the Seller in accordance with clause 8 of the Mortgage Sale Agreement, interest on the related amount that will be paid by the Seller on the immediately following Distribution Date in accordance with clause 8.3 of the Mortgage Sale Agreement; and

(c) any amount in respect of damages or pursuant to an indemnity received by or on behalf of the Covered Bond Guarantor as a result of a breach of any representation or warranty or undertaking by any party to the Programme Documents which represents amounts on account of interest, as determined by the Trust Manager,

but excluding, for the avoidance of doubt any amount debited during the period to the accounts established in the records for those Mortgage Loans representing fees or charges imposed by any Governmental Authority, bank accounts debits tax or similar tax or duty imposed by any Governmental Authority (including any tax or duty in respect of payments or receipts to or from bank or other accounts) or insurance premiums paid.

Financial Reports has the same meaning given to the term "financial statements" in section 9 of the Corporations Act.

Financial Year means, in relation to the Trust, a period of 12 months ending on and including the next following Annual Accounting Date, except for the first Financial Year which is the period beginning on the Programme Date and ending on 31 August 2017, unless the Trust is a member of a Tax Consolidated Group, in which case **Financial Year** means the same period as the 'income year' of the head company of the Tax Consolidated Group for the purposes of the Tax Act, provided in either case that:

(a) the first Financial Year of the Trust is the period commencing on the date of constitution of the Trust and ending on the next succeeding 30 June or the last day of the then current period which is the income year of the head company of the Tax Consolidated Group for the purposes of the Tax Act; and

(b) the last Financial Year of the Trust is the period to the date of termination of the Trust from the immediately preceding 1 July or the commencement of the then current period which is the income year of the head company of the Tax Consolidated Group for the purposes of the Tax Act.

Fitch means Fitch Australia Pty Ltd. and includes any successor to its ratings business.

Fitch Specified Ratings means a credit rating of:

(a) short-term, unsecured, unsubordinated and unguaranteed debt obligations of at least F1 by Fitch; or

(b) long term, unsecured, unsubordinated and unguaranteed debt obligations of at least A by Fitch.

First Determination Date has the meaning given to it in the Section *"Overview of the Principal Documents – Establishment Deed – Asset Coverage Test"* of this Prospectus.

First Refinance Date has the meaning given to it in the Section "*Overview of the Principal Documents – Establishment Deed – Sale of Selected Mortgage Loan Rights following service of a Notice to Pay"* of this Prospectus.

First Layer of Collateral Securities in relation to a Mortgage Loan means:

(a) the Collateral Securities (other than any Mortgage Insurance Policy relating to that Mortgage Loan or any related Insurance Policies) from time to time appearing in the records of the Seller in relation to that Mortgage Loan to be intended as security for that Mortgage Loan;

(b) any Mortgage Insurance Policy relating to that Mortgage Loan; and

(c) any Insurance Policies relating to that Mortgage Loan,

notwithstanding that by their terms the Collateral Securities (other than the Mortgage Insurance Policies or any Insurance Policies) may also secure other liabilities to the Seller.

Fixed Coupon Amount has the meaning given to it in Condition 4(a).

Fixed Interest Period has the meaning given to it in Condition 4(a).

Fixed Rate Mortgage Loans means each Mortgage Loan which is subject to a fixed interest rate for a specified period of time and at the expiration of that period is generally subject to a variable rate.

Fixed Rate Swap means each fixed rate swap transaction as evidenced by a confirmation that supplements, forms part of and is subject to, an Interest Rate Swap Master Agreement pursuant to which the Covered Bond Guarantor pays the relevant Interest Rate Swap Provider an amount in respect of Fixed Rate Mortgage Loans forming part of the Assets of the Trust and the relevant Interest Rate Swap Provider pays to the Covered Bond Guarantor an amount calculated by reference to the Bank Bill Rate.

Floating Rate Convention has the meaning given to it in Condition 4(b)(C).

Following Business Day Convention has the meaning given to it in Condition 4(b)(D).

FSMA means the United Kingdom Financial Services and Markets Act 2000.

Further Advances	means in relation to a Mortgage Loan forming part of the Assets of the Trust, any advances of further money by the Seller to the relevant Borrower which is recorded as a debit to the account in respect of that Mortgage Loan in the Seller's records in accordance with the Mortgage Sale Agreement, and each a **Further Advance**.
GIC Account	means the account in the name of the Covered Bond Guarantor held with the Account Bank and maintained subject to the terms of the Account Bank Agreement and the GIC Account Mandate and/or such additional or replacement account as may from time to time be in place pursuant to the terms of the Account Bank Agreement.
GIC Account Mandate	means the resolutions, instructions and signature authorities relating to the GIC Account substantially in the form set out in schedule 1 to the Account Bank Agreement.
Global Covered Bond	has the meaning given to it in the Conditions.
Governmental Authority	means any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government in any relevant jurisdiction.
GST	means the goods and services tax imposed pursuant to the GST Act.
GST Act	means A New Tax System (Goods and Services Tax) Act 1999 (Cth).
Guarantee Priority of Payments	has the meaning given to it in the section "*Cashflows – Guarantee Priority of Payments*" of this Prospectus.
Guaranteed Amounts	means (a) prior to the service of a Covered Bond Guarantee Acceleration Notice, with respect to any Original Due for Payment Date or 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 any Extended Due for Payment Date, or (b) after service of a Covered Bond Guarantee Acceleration Notice, an amount equal to the relevant Early Redemption Amount as specified in the Conditions or, if applicable, the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement) plus all accrued and unpaid interest and at other amounts due and payable in respect of the Covered Bonds, Excluded Scheduled Interest Amounts, all Excluded Scheduled Principal Amounts (whenever the same arose) and all amounts payable by the Covered Bond Guarantor under the Bond Trust Deed.
HIBOR	has the meaning given to it in Condition 4(b)(ii)(A)(3).
Higher Redemption Amount	means the amount (if any) specified in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement).
In Specie Failure	means a failure (as determined by the Demand Noteholder) for any reason whatsoever by the Covered Bond Guarantor (acting at the direction of the Trust Manager) or the Security Trustee, as applicable, to distribute Mortgage Loan Rights to the Demand Noteholder as an *in specie* distribution in satisfaction of the Demand Note.

In Specie Mortgage Loan Rights means any Mortgage Loan Rights identified by the Trust Manager for the purposes of an *in specie* distribution to the Demand Noteholder in accordance with the applicable Priority of Payments.

Income Ledger means the ledger of such name maintained by the Trust Manager pursuant to the Management Agreement to record credits of certain items described in the definition of Available Income Amount and debits in accordance with the terms of the Establishment Deed.

Income Unit means the Unit in the Trust which is designated as the "Income Unit" in the Instrument Register.

Income Unitholder means the person registered as the holder of the Income Unit in the Trust in the Instrument Register.

Increase means the funding of an increase in the principal amount outstanding of the Demand Note previously issued to the Demand Note Subscriber.

Indexed Valuation means at any date in relation to any Mortgage Loan secured over any Mortgaged Property:

(a) where the Latest Valuation of that Mortgaged Property is equal to or greater than the Australian Bureau of Statistics Indexed Valuation as at that date, the Australian Bureau of Statistics Indexed Valuation; or

(b) where the Latest Valuation of that Mortgaged Property is less than the Australian Bureau of Statistics Indexed Valuation as at that date, the Latest Valuation plus 85 per cent. of the difference between the Latest Valuation and the Australian Bureau of Statistics Indexed Valuation.

Insolvency Event in relation to a person (for the purposes of this definition, the **Relevant Entity**), means any of the following events:

(a) an order is made that the Relevant Entity be wound up;

(b) a liquidator, provisional liquidator, controller (as defined in the Corporations Act) or administrator is appointed in respect of the Relevant Entity or a substantial portion of its assets whether or not under an order;

(c) except to reconstruct or amalgamate on terms reasonably approved by the Covered Bond Guarantor (or in the case of a reconstruction or amalgamation of the Covered Bond Guarantor, on terms reasonably approved by the Trust Manager), the Relevant Entity enters into, or resolves to enter into, a scheme of arrangement, deed of company arrangement or composition with, or assignment for the benefit of, all or any class of its creditors;

(d) the Relevant Entity resolves to wind itself up, or otherwise dissolve itself, or gives notice of its intention to do so, except to reconstruct or amalgamate on terms reasonably approved by the Covered Bond Guarantor (or in the case of a reconstruction or amalgamation of the

Covered Bond Guarantor, except on terms reasonably approved by the Trust Manager) or is otherwise wound up or dissolved;

(e) the Relevant Entity is or states that it is insolvent;

(f) as a result of the operation of section 459F(1) of the Corporations Act, the Relevant Entity is taken to have failed to comply with a statutory demand;

(g) the Relevant Entity takes any step to obtain protection or is granted protection from its creditors, under any applicable legislation;

(h) any writ of execution, attachment, distress or similar process is made, levied or issued against or in relation to a substantial portion of the body corporate's assets and is not satisfied or withdrawn or contested in good faith by the body corporate within 21 days; or

(i) anything analogous or having a substantially similar effect to any of the events specified above happens under the law of any applicable jurisdiction.

Instrument Holder means a Unitholder, Intercompany Noteholder and Demand Noteholder.

Instrument Register means the register of Instrument Holders in the Trust established and maintained in accordance with the Establishment Deed.

Instruments means the Units, Intercompany Notes and Demand Note.

Insurance Policies means any insurance policy (both present or future), other than a Mortgage Insurance Policy, in which the Seller has an interest and which is in force from time to time in respect of Land the subject of a Mortgage or a Collateral Security which forms part of the Assets of the Trust.

Intercompany Noteholder means at any given time the person then appearing in the Instrument Register as the holder of an Intercompany Note.

Intercompany Note means a note issued or to be issued by the Covered Bond Guarantor to the Intercompany Note Subscriber pursuant to the Intercompany Note Subscription Agreement.

Intercompany Note Interest Payment Date means, unless otherwise specified in the relevant Intercompany Note Notice (in the form set out in schedule 2 of the Intercompany Note Subscription Agreement), each date on which interest is payable on the relevant Covered Bonds to which the Intercompany Note is referable.

Intercompany Note Issue Date means, in relation to an Intercompany Note, the date specified in the Intercompany Note Subscription Request for the issue of that Intercompany Note, which must be a Business Day.

Intercompany Note Subscriber means BOQ.

Intercompany Note Subscription Agreement means the intercompany note subscription agreement dated on or about the Programme Date, between the Intercompany Note Subscriber, the Covered

	Bond Guarantor, the Trust Manager, the Seller and the Security Trustee, as amended, restated, supplemented, replaced or novated from time to time.
Intercompany Note Subscription Request	means a request substantially in the form set out in the Intercompany Note Subscription Agreement.
Interest Amount	has the meaning given to it in Condition 4(b)(iv).
Interest Commencement Date	has the meaning given to it in Condition 4(a).
Interest Off-Set Account	means any interest off-set account or deposit account maintained by a Borrower with the Seller under which interest that would otherwise be earned in respect of the account is off-set (to the extent thereof) against interest that would otherwise be payable on a Mortgage Loan provided by the Seller to the Borrower.
Interest Payment Date	has the meaning given to it in Condition 4(b)(i)(B).
Interest Period	has the meaning given to it in Condition 4(b)(i).
Interest Rate Shortfall	has the meaning given to it in the section "*Overview of the Principal Documents – Servicing Deed – Interest Rate Shortfall Test*" of this Prospectus.
Interest Rate Shortfall Demand Note Funding	means an Increase in the Demand Note in accordance with the Demand Note Subscription Agreement on account of an Interest Rate Shortfall.
Interest Rate Shortfall Test	has the meaning given to it in the section "*Overview of the Principal Documents – Servicing Deed – Interest Rate Shortfall Test*" of this Prospectus.
Interest Rate Swap	means a Basis Swap and/or a Fixed Rate Swap, as applicable.
Interest Rate Swap Agreement	means an Interest Rate Swap Master Agreement, together with one or more confirmations thereunder evidencing an Interests Rate Swap.
Interest Rate Swap Master Agreement	means a Swap Master Agreement entered into between the Covered Bond Guarantor, the Trust Manager, the Security Trustee, an Interest Rate Swap Provider and a Standby Swap Provider, governing one or more Interest Rate Swaps, as amended, restated, supplemented, replaced or novated from time to time.
Interest Rate Swap Provider	means, in respect of an Interest Rate Swap BOQ in its capacity as interest rate swap provider under the relevant Interest Rate Swap Agreement together with any transferee, successor thereto or replacement Interest Rate Swap Provider and, in respect of a Fixed Rate Swap, the relevant Standby Swap Provider when acting as the fixed rate swap provider under that Fixed Rate Swap together with any transferee, successor thereto or replacement Standby Swap Provider.
ISDA	means the International Swaps and Derivatives Association, Inc.
ISDA 1995 Credit Support Annex	means the ISDA 1995 Credit Support Annex (Bilateral Form - Transfer) as published by ISDA.
ISDA Definitions	has the meaning given to it in Condition 4(b)(ii)(A).

ISDA Master Agreement	means the 2002 ISDA master agreement, as published by ISDA.
ISDA Rate	has the meaning given to it in Condition 4(b)(ii)(A).
Issue Date	means a date on which the Issuer issues Covered Bonds under the Programme.
Issue Price	means, in relation to a Series or Tranche (as applicable) of Covered Bonds, the price, generally expressed as a percentage of the nominal amount of the Covered Bonds, at which the Covered Bonds will be issued and which is specified in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement).
Issuer	means BOQ.
Issuer Acceleration Notice	has the meaning given to it in Condition9(a).
Issuer Event of Default	has the meaning given to it in Condition 9(a).
Junior Demand Note Component	has the meaning given to it in the section "*Overview of the Principal Documents – Demand Note Subscription Agreement*" of this Prospectus.
Land	means: (a) land (including tenements and hereditaments corporeal and incorporeal and every estate and interest in it whether vested or contingent, freehold or Crown leasehold, the term of which lease is expressed to expire not earlier than five years after the maturity of the relevant Mortgage, and whether at law or in equity) situated in Australia and including any fixtures to land; and (b) any parcel and any lot, common property and land comprising a parcel within the meaning of the Strata Schemes (Freehold Development) Act 1973 (New South Wales) or the Community Land Development Act 1989 (New South Wales) or any equivalent legislation in any other Australian jurisdiction.
Latest Valuation	means, in relation to the Land the subject of a Mortgaged Property, the value: (a) given to the Land by the most recent valuation report held by the Seller; or (b) in the absence of such a valuation report, the value of the Land most recently determined by the Seller or the Servicer in accordance with its credit policies.
Lead Manager	means, in relation to any Series or Tranche of Covered Bonds, the person named as the Lead Manager in the applicable Subscription Agreement.
Ledgers	means each of the following ledgers established and maintained by the Covered Bond Guarantor or the Trust Manager on its behalf: (a) the Principal Ledger;

(b) the Income Ledger; and

(c) the Reserve Ledger.

Legislated Collateralisation Test has the meaning given to it in the section "*Structure Overview – Structure Overview –Legislated Collateralisation Test*" of this Prospectus.

Liabilities means, in respect of any person, any losses, damages, costs, charges, awards, claims, demands, expenses, judgments, actions, proceedings or other liabilities whatsoever including properly incurred legal fees and penalties incurred by that person, and **Liability** is to be construed accordingly.

LIBOR has the meaning given to it in Condition 4(b)(ii)(A)(3).

Loan Agreement means, with respect to a Mortgage Loan, such of the following as evidence the obligation of a Mortgagor to repay that Housing Loan and the other terms of that Mortgage Loan:

(a) any agreement (other than a document referred to in paragraph (b)); or

(b) the relevant Mortgage, the relevant letter of offer or both, countersigned by, or accepted in writing by, or by the conduct of, the Borrower,

as such may be amended or replaced from time to time.

Long Maturity Covered Bond has the meaning given to it in Condition 5(b).

LVR Adjusted Mortgage Loan Balance Amount has the meaning given to it in the section "*Overview of the Principal Documents – Establishment Deed – Asset Coverage Test*" of this Prospectus.

Majority Secured Creditors means Secured Creditors whose Secured Obligations amount in aggregate to more than 66 per cent. of the total Secured Obligations.

Management Agreement means the management agreement dated on or about the Programme Date between the Seller, the Issuer, the Servicer, the Covered Bond Guarantor, the Trust Manager and the Security Trustee, as amended, restated, supplemented, replaced or novated from time to time.

Minimum Redemption Amount means in respect of a Series or Tranche of Covered Bonds, the amount (if any) specified in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement).

Modified Following Business Day Convention has the meaning given to it in Condition 4(b)(i)(E).

Moody's means Moody's Investors Service Pty Limited ABN 61 003 399 657 and includes any successor to its rating business.

Moody's Specified Rating means a credit rating of short-term deposit rating of at least P-1 by Moody's.

Mortgage in relation to a Mortgage Loan means each registered mortgage over Land situated in any State or Territory of Australia and appearing on the Seller's records as securing, amongst other things, the repayment of that Mortgage Loan and the payment of interest and all other moneys in respect of that Mortgage Loan notwithstanding that by its terms the mortgage may secure other liabilities to the Seller. If, at any time after the date of the corresponding Sale Notice, a mortgage is substituted, or added as security, for an existing Mortgage, then with effect from the date of such addition or substitution the definition of **Mortgage** will mean the substituted mortgage or include the additional mortgage, as the case may be.

Mortgage Documents in relation to a Mortgage Loan means:

(a) the Loan Agreement (other than the Mortgage) relating to that Mortgage Loan;

(b) the original or duplicate Mortgage documents in relation to that Mortgage Loan (including any document evidencing any substituted or additional Mortgage);

(c) the certificate of title, registration confirmation statement or other indicia of title (if any) in respect of the Land the subject of the Mortgage in relation to that Mortgage Loan;

(d) the original or duplicate of the First Layer of Collateral Securities documents (other than the Mortgage Insurance Policies and the Insurance Policies) in relation to that Mortgage Loan;

(e) each Mortgage Insurance Policy;

(f) any Insurance Policy (or certificate of currency for the Insurance Policy) held by the Seller (if any) in respect of the Mortgage or the First Layer of Collateral Securities in relation to that Mortgage Loan;

(g) each valuation report (or similar document) obtained from a third party in connection with the Mortgage or the First Layer of Collateral Securities in relation to that Mortgage Loan;

(h) each deed of priority or its equivalent in writing entered into in connection with the Mortgage or the First Layer of Collateral Securities in relation to that Mortgage Loan;

(i) each other document required to evidence the Seller's or the Covered Bond Guarantor's interest in the above Land, the above Mortgage and the above First Layer of Collateral Securities; and

(j) any amendment or replacement of or to any of the foregoing such documents which is entered into, and under which rights arise, whether before or after the commencement of business on the Cut-Off Date for that Mortgage Loan.

Mortgage Insurance Policy means each policy in force in respect of a Mortgage Loan which forms part of the Assets of the Trust for the insurance of principal and interest losses on that Mortgage Loan.

Mortgage Loan means each mortgage loan assigned or to be assigned (as the case may be) to the Covered Bond Guarantor and referred to in a Sale Notice (if issued) and, in relation to the Seller, means a Mortgage Loan assigned to the Covered Bond Guarantor by the Seller.

Mortgage Loan Rights means each of the following items (together with all rights, title and interest in each of those items) assigned, or which may be assigned, as the case may be, in accordance with the Mortgage Sale Agreement to the Covered Bond Guarantor as trustee of the Trust or the BOQ Trust:

(a) each Mortgage Loan identified in the schedule accompanying the Sale Notice;

(b) all Other Loans in existence from time to time in relation to the above Mortgage Loans;

(c) all Mortgages in existence from time to time in relation to the above Mortgage Loans;

(d) all Collateral Securities in existence from time to time in relation to the above Mortgage Loans;

(e) all Mortgage Receivables in existence from time to time in relation to the above Mortgage Loans; and

(f) all Mortgage Documents in existence from time to time in relation to the above Mortgage Loans.

Mortgage Loan Scheduled Payment means in respect of a Mortgage Loan, the amount which the applicable Mortgage Documents require a Borrower to pay on a Mortgage Loan Scheduled Payment Date in respect of such Mortgage Loan.

Mortgage Loan Scheduled Payment Date means, in relation to any Mortgage Loan, the day on which a Borrower is required to make a payment of interest and, if applicable, principal in accordance with the Mortgage Documents applicable to such Mortgage Loan.

Mortgage Loan System means the electronic and manual reporting database and record keeping system used by the Servicer to monitor Mortgage Loans, as updated and amended or replaced from time to time.

Mortgage Receivables in relation to a Mortgage Loan means all moneys, present and future, actual or contingent, owing at any time in respect of or in connection with that Mortgage Loan under the corresponding Mortgage Documents, including all principal, interest, reimbursable costs and expenses and any other amounts incurred by or payable to the Seller (including any payments made by the Seller on behalf of the Borrower in relation to that Mortgage Loan) irrespective of whether:

(a) such amounts become due and payable before or after the Cut-Off Date; and

(b) such amounts relate to advances made or other financial accommodation provided by the Seller to the Borrower before or after the Cut-Off Date.

Mortgage Sale Agreement means the mortgage sale agreement dated on or about the Programme Date, between the Seller, the Covered Bond Guarantor, the Trust Manager and the Security Trustee, as amended, restated, supplemented, replaced or novated from time to time.

Mortgage Transfer means in relation to a Mortgage a duly executed land titles office transfer which, upon registration at the land titles office in the relevant Australian jurisdiction, is effective to transfer the legal title to the Mortgage to the Covered Bond Guarantor or in accordance with the Mortgage Sale Agreement, the Seller.

Mortgaged Property in relation to a Mortgage means the Land and all other property which is subject to that Mortgage.

N Covered Bond means a Registered Covered Bond in definitive form made out in the name of a specified N Covered Bondholder issued or to be issued by the Issuer in the form of a German "*Namensschuldverschreibung*" and having the N Covered Bond Conditions applicable to it annexed thereto and subject to the provisions of the N Covered Bond Agreement relating thereto.

N Covered Bond Agreement means, in respect of any N Covered Bond, an agreement relating to an N Covered Bond between the initial N Covered Bondholder, the Issuer, the Covered Bond Guarantor, the Trust Manager and the Bond Trustee.

N Covered Bond Conditions means the terms and conditions of each N Covered Bond annexed thereto.

N Covered Bondholder means the registered holder of an N Covered Bond.

NAB means National Australia Bank Limited ABN 12 004 044 937.

National Consumer Credit Protection Laws means:

(a) the NCCP;

(b) the National Consumer Credit Protection (Fees) Act 2009 (Cth);

(c) the National Consumer Credit Protection (Transitional and Consequential Provisions) Act 2009 (Cth) (**Transitional Act**);

(d) regulations made under any of the legislation described at paragraphs (a) through (c) above; and

(e) Division 2 of Part 2 of the Australian Securities and Investment Commission Act 2001 (Cth), so far as it relates to obligations in respect of an Australian Credit Licence issued under the National Consumer Credit Protection Act 2009 (Cth) or registration as a registered person under the Transitional Act.

NCCP	means the National Consumer Credit Protection Act 2009 (Cth) including the National Credit Code annexed to that Act.
Negative Carry Factor	has the meaning given in the section "*Overview of the Principal Documents – Establishment Deed – Asset Coverage Test*" of this Prospectus.
Net Trust Income	means, in respect of a Financial Year in relation to the Trust, the income of the Trust for that Financial Year as determined by the Trust Manager under the Establishment Deed.
New Secured Creditor	means any person which becomes a Secured Creditor after the date upon which the Security Deed was executed pursuant to and in accordance with the Security Deed.
NIBOR	has the meaning given to it in Condition 4(b)(ii)(A)(3).
Notice to Pay	means the notice to pay (substantially in the form set out in schedule 3 to the Bond Trust Deed) served by the Bond Trustee on the Covered Bond Guarantor (and copied to the Security Trustee and the Trust Manager) pursuant to the Covered Bond Guarantee which requires the Covered Bond Guarantor to make payments of Guaranteed Amounts when they become Due for Payment in accordance with the terms of the Covered Bond Guarantee.
Observation Period	has the meaning given to it in Condition 4(b)(ii)(C)(1) of the Conditions.
Note Certificate	means a certificate issued by the Covered Bond Guarantor to the Noteholder recorded in the Instrument Register in relation to an Intercompany Note or a Demand Note.
Objected Modification	has the meaning given to it in Condition 14.
Offshore Associate	has the meaning given in the section "*Taxation – Australian Taxation – Taxation of interest on Covered Bonds*" of this Prospectus.
Original Due for Payment Date	means, in respect of the payment of Guaranteed Amounts, prior to the occurrence of a Covered Bond Guarantor Event of Default and following the delivery of a Notice to Pay on the Covered Bond Guarantor, the date on which the Scheduled Payment Date in respect of such Guaranteed Amounts occurs or, if later, the day which is two Business Days following the date of service of a Notice to Pay on the Covered Bond Guarantor in respect of such Guaranteed Amounts and the Scheduled Payment Date falling on the Final Maturity Date of such Series of Covered Bonds as if such date had been the Extended Due for Payment Date.
Other Loan	in relation to a Mortgage Loan means all loans, credit and financial accommodation of whatever nature (other than that Mortgage Loan or any other Mortgage Loan) the payment or repayment of which is secured by a Mortgage, or by a Collateral Security, which also secures that Mortgage Loan.
Outstanding or outstanding	means, in relation to the Covered Bonds of all or any Series, all the Covered Bonds of such Series issued other than:

(a) those Covered Bonds which have been redeemed in full and cancelled pursuant to the Bond Trust Deed and/or the Conditions;

(b) those Covered Bonds in respect of which the date (including, where applicable, any deferred date) for redemption in accordance with the Conditions has occurred and the redemption moneys (including all interest payable thereon) have been duly paid to the Bond Trustee or to the Principal Paying Agent in the manner provided in the Agency Agreement (and where appropriate notice to that effect has been given to the relative Covered Bondholders in accordance with Condition 13 and remain available for payment against presentation of the relevant Covered Bonds and/or Coupons;

(c) those Covered Bonds which have been purchased and cancelled in accordance with Conditions 6(g) and 6(h);

(d) those Covered Bonds which have become void or in respect of which claims have become prescribed, in each case under Condition 8;

(e) those mutilated or defaced Covered Bonds which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 10;

(f) (for the purpose only of ascertaining the Principal Amount Outstanding of the Covered Bonds outstanding and without prejudice to the status for any other purpose of the relevant Covered Bonds) those Covered Bonds which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Condition 10; and

(g) any Global Covered Bond to the extent that it has been exchanged for definitive Covered Bonds or another Global Covered Bond pursuant to its provisions, the provisions of the Bond Trust Deed and the Agency Agreement,

provided that for each of the following purposes, namely:

(i) the right to attend and vote at any meeting of the holders of the Covered Bonds of any Series, to give instruction or direction to the Bond Trustee and for the purposes of a resolution in writing as envisaged by paragraph 20 of schedule 4 to the Bond Trust Deed;

(ii) the determination of how many and which Covered Bonds of any Series are for the time being outstanding for the purposes the Bond Trust Deed, Conditions 9 and 14and paragraphs 2, 5, 6, and 9 of schedule 4 to the Bond Trust Deed;

(iii) any discretion, power or authority (whether contained in the Bond Trust Deed or vested by operation of law) which the Bond Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the holders of the Covered Bonds of any Series; and

(iv) the determination by the Bond Trustee whether any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the holders of the Covered Bonds of any Series,

those Covered Bonds of the relevant Series (if any) which are for the time being held by or on behalf of or for the benefit of the Issuer or the Covered Bond Guarantor, any Subsidiary or holding company of any of them or any other Subsidiary of any such holding company, in each case as beneficial owner, will (unless and until ceasing to be so held) be deemed not to remain outstanding except in the case of the Issuer or the Covered Bond Guarantor, any Subsidiary or holding company of any of them or any other Subsidiary of any such holding company (each a **Relevant Person**) holding, by itself or together with any other Relevant Person, all of the Covered Bonds then outstanding or, in respect of a Series of Covered Bonds holds all Covered Bond of such Series.

Partial Portfolio means part of any portfolio of Selected Mortgage Loan Rights offered for sale to purchasers by the Covered Bond Guarantor, or the Trust Manager on its behalf.

Pass-Through Covered Bonds has the meaning given to it in Condition 6(a).

Paying Agents means the Principal Paying Agent (including where the Principal Paying Agent is acting as Calculation Agent) and any other paying agent appointed pursuant to the Principal Agency Agreement, including any additional or successor paying agents.

Payment Day has the meaning given to it in Condition 5(g).

Penalty Payment means:

(a) any civil or criminal penalty incurred by the Covered Bond Guarantor under the Consumer Credit Code, the National Consumer Credit Protection Laws, section 11B of the Land Title Act 1994 (QLD), section 56C or 117 of the Real Property Act 1900 (NSW) or The Verification of Identity Practice issued jointly by the Western Australian Registrar of Titles and Commissioner of Titles;

(b) any money ordered to be paid by the Covered Bond Guarantor in relation to any claim against the Covered Bond Guarantor under the Consumer Credit Code, the National Consumer Credit Protection Laws, section 11B of the Land Title Act 1994 (QLD), section 56C or 117 of the Real Property Act 1900 (NSW) or The Verification of Identity Practice issued jointly by the Western Australian Registrar of Titles and Commissioner of Titles; or

(c) a payment by the Covered Bond Guarantor, with the consent of the Servicer, in settlement of a liability or alleged liability under the Consumer Credit Code, the National Consumer Credit Legislation, section 11B of the Land Title Act 1994 (QLD), section 56C or 117 of the Real Property Act 1900 (NSW) or The Verification of Identity Practice issued jointly by the Western Australian Registrar of Titles and Commissioner of Titles,

	in each case in respect of an Asset of the Trust and includes any legal costs and expenses incurred by the Covered Bond Guarantor or which the Covered Bond Guarantor is ordered to pay (in each case charged at the usual commercial rates of the relevant legal services provider) in connection with paragraphs (a) to (c) above.
Perfection of Title	means, in relation to a Mortgage or Mortgage Loan forming part of the Assets of the Trust, the date following the occurrence of a Perfection of Title Event on which the legal title to that Mortgage or Mortgage Loan, as the case may be, has been perfected in the name of the Covered Bond Guarantor in accordance with the Mortgage Sale Agreement.
Perfection of Title Event	has the meaning given to it in the section "*Overview of the Principal Documents – Mortgage Sale Agreement – Transfer of Title to the Mortgage Loan Rights to the Covered Bond Guarantor*" of this Prospectus.
Permanent Bearer Global Covered Bond	means a global bearer covered bond in the form or substantially in the form set out in Part 2 of schedule 2 to the Bond Trust Deed together with the copy of the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement) annexed thereto and with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s), comprising some or all of the Covered Bonds of the same Series, issued by the Issuer and the relevant Dealer(s) relating to the Programme, the Principal Agency Agreement and the Bond Trust Deed in exchange for the whole or part of any Temporary Bearer Global Covered Bond issued in respect of such Covered Bonds.
Permitted Investments	means: (a) Mortgage Loan Rights; (b) Substitution Assets; (c) Authorised Investments; and (d) amounts deposited in the Trust Accounts, in each case, acquired in accordance with the Programme Documents, and **Permitted Investment** means any of them.
Post-Enforcement Priority of Payments	has the meaning given to it in the section "*Cashflows – Post-Enforcement Priority of Payments*" of this Prospectus.
Potential Covered Bond Guarantor Event of Default	has the meaning given to it in Condition 14.
Potential Issuer Event of Default	has the meaning given to it in Condition 14.
PPSA	means the Personal Property Securities Act 2009 (Cth).
PPS Law	means:

(a) the PPSA;

(b) any regulations made at any time under the PPSA;

(c) any provision of the PPSA or regulations referred to in paragraph (b) above; or

(d) any amendment made at any time to any other legislation as a consequence of the PPS Law referred to in paragraphs (a) to (c) above.

PPSR means the Personal Property Securities Register established under section 147 of the PPSA.

Pre-Issuer Event of Default Income Priority of Payments has the meaning given to it in the section "*Cashflows – Pre-*I*ssuer Event of Default Income Priority of Payments*" of this Prospectus.

Pre-Issuer Event of Default Principal Priority of Payments has the meaning given to it in the section "*Cashflows – Pre-Issuer Event of Default Principal Priority of Payments*" of this Prospectus.

Pre-Issuer Event of Default Priorities of Payments means the Pre-Issuer Event of Default Principal Priority of Payments and the Pre-Issuer Event of Default Income Priority of Payments and each, a **Pre-**Issuer Event of Default **Priority of Payments**.

Preceding Business Day Convention has the meaning given to it in Condition 4(b)(i)(F).

Pricing Supplement means the Pricing Supplement prepared in relation to each Series or Tranche of Exempt Covered Bonds issued under the Programme (substantially in the form set out in this Prospectus) and giving details of that Series or Tranche.

Principal Agency Agreement means the agency agreement dated on or about the Programme Date and made between the Issuer, the Covered Bond Guarantor, the Trust Manager, the Bond Trustee, the Principal Paying Agent, the Transfer Agent and the Registrar., as amended, restated, supplemented, replaced or novated from time to time.

Principal Amount Outstanding has the meaning given to it in Condition 4(a).

Principal Ledger means the ledger of the GIC Account with such name maintained by the Trust Manager pursuant to the Management Agreement to record the credits of certain items described in the definition of Available Principal Amount and the debits in accordance with the terms of the Establishment Deed.

Principal Paying Agent means The Bank of New York Mellon, London Branch, or any other person from time to time appointed to perform the role of principal paying agent under the Principal Agency Agreement.

Priorities of Payments means the orders of priority for the allocation and distribution of amounts standing to the credit of the Trust Accounts in different circumstances including:

(a) the Pre-Issuer Event of Default Income Priority of Payments;

(b) the Pre-Issuer Event of Default Principal Priority of Payments;

(c) the Post-Enforcement Priority of Payments; and

(d) the Guarantee Priority of Payments,

each a **Priority of Payments**.

Priority Agreements means any agreement between the Seller and a subsequent mortgagee of Land the subject of a Mortgage or Collateral Security:

(a) under which the Seller and the subsequent mortgagee agree to a ranking of their respective securities over the said Land which provides for the Seller's security to be a first ranking security to an agreed amount and the subsequent mortgagee's security to be a second ranking security; and

(b) whose sole subject matter is the agreement as to ranking referred to in paragraph (a) above of this definition and matters ordinarily incidental thereto.

Privacy Act means the Privacy Act 1988 (Cth).

Programme means the covered bond programme established by the Issuer pursuant to the Programme Agreement.

Programme Agreement means the agreement dated on or about the Programme Date, entered into by the Issuer, the Covered Bond Guarantor, the Trust Manager, the Seller, the Arranger and the Dealers to agree a basis upon which the Dealer(s) may from time to time agree to purchase Covered Bonds, as amended, restated, supplemented, replaced or novated from time to time.

Programme Asset Percentage means 90.9%.

Programme Date means on or about 4 May 2017.

Programme Documents means the following documents:

(a) Mortgage Sale Agreement (and any documents entered into (including but not limited to any document setting out particulars of any Mortgage Loan Rights sold by the Seller to the Covered Bond Guarantor) pursuant to the Mortgage Sale Agreement);

(b) Servicing Deed;

(c) Cover Pool Monitor Agreement;

(d) Intercompany Note Subscription Agreement;

(e) Demand Note Subscription Agreement;

(f) Establishment Deed;

(g) Management Agreement;

(h) Interest Rate Swap Agreement;

(i) each Covered Bond Swap Agreement;

(j) Account Bank Agreement;

(k) Security Deed (and any documents entered into pursuant to the Security Deed, including each Deed of Accession);

(l) Bond Trust Deed;

(m) Programme Agreement;

(n) each Agency Agreement;

(o) each Subscription Agreement;

(p) Seller Power of Attorney;

(q) Definitions Schedule; and

(r) Deed of Amendment in relation to the Establishment Deed, the Definitions Schedule and the Security Deed,

and each document, agreement or deed ancillary or supplemental to any of such documents and each a **Programme Document**.

Programme Limit means AUD6,000,000,000, subject to increase as provided in the Programme Agreement.

Programme Resolution has the meaning given to it in Condition 14.

Prospectus means this prospectus.

Prospectus Regulation means Regulation (EU) 2017/1129.

Purchaser means the Seller or any third party to whom the Covered Bond Guarantor offers to sell Selected Mortgage Loan Rights.

Put Notice has the meaning given to it in Condition 6(d).

Qualified Institution means an ADI:

(a) which pays any relevant interest in the ordinary course of its business;

(b) whose short-term deposit rating is at least P-1 by Moody's; and

(c) whose:

(i) short term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least F1 by Fitch; or

(ii) long term unsecured, unsubordinated and unguaranteed debt obligations are rated at least A by Fitch,

or, in the case of paragraphs (b) and (c) (inclusive) above of this definition, such other lower rating as Fitch and/or Moody's may publish in order to maintain the then current ratings of the Covered Bonds.

Rate of Interest has the meaning given to it in Condition 5(j).

Rating Agencies means Moody's and Fitch or their successors, to the extent they provide ratings in respect of the Covered Bonds, and each a **Rating Agency**.

Rating Affirmation Notice means in relation to an event or circumstances, a notice in writing from the Issuer to the Covered Bond Guarantor confirming that it has notified the Rating Agencies of the event or circumstances and that:

(a) the Issuer is satisfied, for the purposes of the Programme Documents, following discussions with the Rating Agencies, that the event or circumstances, as applicable, will not result in a reduction, qualification or withdrawal of the ratings then assigned by the Rating Agencies; or

(b) the relevant Rating Agency has indicated to the Issuer that, notwithstanding that a Rating Agency confirmation may be stated in a Programme Document to be required in respect of the relevant event or circumstance, it does not consider such confirmation necessary. In such a case, the Issuer will be entitled to assume that the then current rating of the Covered Bonds from that Rating Agency will not be downgraded or withdrawn by such Rating Agency as a result of such event or circumstance.

RBA means the Reserve Bank of Australia.

Receiver means any person or persons appointed (and any additional person or persons appointed or substituted pursuant thereto) by the Security Trustee as a receiver, manager, or receiver and manager of the property charged or secured under the Security Deed.

Record Date has the meaning given to it in Condition 5(d).

Recoveries in relation to a Mortgage Loan means all amounts recovered in respect of the principal of that Mortgage Loan that was part (or the whole) of a Defaulted Amount.

Redeemed Covered Bonds	has the meaning given to it in Condition 6(c).
Redenomination Date	has the meaning given to it in Condition 5(j).
Refinance Date	has the meaning given to it in the section "*Overview of the Principal Documents – Establishment Deed – Method of Sale of Selected Mortgage Loan Rights*" of this Prospectus.
Register	means the register of holders of the Registered Covered Bonds maintained by the Registrar.
Registered Covered Bonds	means Covered Bonds (other than A$ Registered Covered Bonds) issued in registered form (being Registered Global Covered Bonds and/or Registered Definitive Covered Bonds, as the case may be).
Registered Definitive Covered Bond	has the meaning given to it in the Conditions.
Registered Global Covered Bond	has the meaning given to it in Condition 2(a).
Registrar	means The Bank of New York Mellon SA/NV, Luxembourg Branch, or any other person from time to time appointed to perform the role of registrar under the Principal Agency Agreement.
Regulation S	means Regulation S under the Securities Act.
Regulatory Event	means that the value of assets in cover pools securing covered bonds issued by the Issuer exceeds 8 per cent., or such other percentage as is prescribed by the regulations made under the Australian Banking Act, of the value of the Issuer's assets in Australia for the purposes of sections 28 and 31D(2) of the Australian Banking Act or such other event as determined by the Issuer and notified to the Covered Bond Guarantor and the Trust Manager.
Related Entity	has the meaning given to it in the Corporations Act.
Relevant Acquired Covered Bonds	means Covered Bonds which, having been purchased or otherwise acquired by the Covered Bond Guarantor, are cancelled in accordance with Condition 6(g) or Condition 6(h).
Relevant Covered Bonds	means, together with any Relevant Acquired Covered Bonds, any Covered Bonds in respect of which the Covered Bond Guarantor makes, or there is made on its behalf, a payment under the Covered Bond Guarantee.
Relevant Date	means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Bond Trustee or the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Covered Bondholders in accordance with Condition 13.
Representations and Warranties	means the representations and warranties made by the Seller in relation to the Mortgage Loan Rights as set out in the section "*Overview of the Principal*

Documents – Mortgage Sale Agreement – Representations and Warranties" of this Prospectus.

Required Current Principal Balance Amount has the meaning given to it in the section "*Overview of the Principal Documents – Establishment Deed – Method of Sale of Selected Mortgage Loan Rights*" of this Prospectus.

Required Redemption Amount means, in respect of a Series of Covered Bonds, the amount calculated in accordance with the following formula:

$$A\,x\left(1+\left(B\,x\,\frac{C}{365}\right)\right)$$

where,

A = the Principal Amount Outstanding of the relevant Series of Covered Bonds;

B = the Negative Carry Factor; and

C = days to maturity of the relevant Series of Covered Bonds.

Reserve Fund means the reserve fund established by the Covered Bond Guarantor in the GIC Account which will be credited with the proceeds of the Available Income Amount and/or (after the service of a Notice to Pay on the Covered Bond Guarantor but prior to the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer) the Available Principal Amount, proceeds from the issue of Intercompany Notes and/or the proceeds from the issue of, or Increase, the Demand Note up to an amount equal to the Reserve Fund Required Amount in accordance with the applicable Priority of Payments.

Reserve Fund Required Amount means:

(a) if, and for so long as, the Issuer's credit rating or deposit rating, as applicable, is equal to or higher than the Moody's Specified Rating and the Fitch Specified Ratings, nil or such other amount as the Issuer will direct the Covered Bond Guarantor from time to time; or

(b) if, and for so long as:

(i) the Issuer's credit rating or deposit rating, as applicable, is less than the Moody's Specified Rating but are higher than or equal to the Fitch Specified Ratings, an amount equal to the Australian Dollar Equivalent of: (i) in relation to each Series of Covered Bonds where a Covered Bond Swap is in place, the aggregate amounts due to each relevant Covered Bond Swap Provider in the immediately following three months; and/or (ii) in relation to each Series of Covered Bonds where a Covered Bond Swap is not in place, the aggregate amount of interest due in respect of each such Series of Covered Bonds in the immediately following three months; and (iii) an amount equal to one quarter of the anticipated aggregate annual amount payable in respect of the items specified in paragraphs (a) to

(d), and if applicable (e), of the Pre-Issuer Event of Default Income Priority of Payments provided that in determining the amount of the Reserve Fund Required Amount where any amount in respect of the Covered Bonds or the Covered Bond Swaps is by reference to a floating rate, the rate will be at the then current floating rate as at the date on which the amount is calculated; or

(ii) the Issuer's credit rating or deposit rating, as applicable, is less than the Fitch Specified Ratings but are equal to or higher than the Moody's Specified Rating, an amount equal to the Australian Dollar Equivalent of: (i) in relation to each Series of Covered Bonds where a Covered Bond Swap is in place and is provided by a party other than the Issuer (or a related party), the aggregate amounts due to each relevant Covered Bond Swap Provider in the immediately following three months; and/or (ii) in relation to each Series of Covered Bonds where a Covered Bond Swap is not in place and/or is provided by the Issuer (or a related party) or is guaranteed by a third party with an appropriate rating, the aggregate amount of interest due in respect of each such Series of Covered Bonds in the immediately following three months; and, the aggregate amount of interest due in respect of each such Series of Covered Bonds in the immediately following three months; and (b) an amount equal to the anticipated amount payable in respect of the items specified in paragraphs (a) to (d) and if applicable (e), of the Pre-Issuer Event of Default Income Priority of Payments in the immediately following three months provided that in determining the amount of the Reserve Fund Required Amount where any amount in respect of the Covered Bonds or the Covered Bond Swaps is by reference to a floating rate, the rate will be at the then current floating rate as at the date on which the amount is calculated; or

(iii) the Issuer's credit ratings are less than both the Moody's Specified Rating and the Fitch Specified Ratings, the higher of the amounts determined in accordance with paragraphs (b)(i) and (b)(ii) above.

Reserve Ledger means the ledger of such name maintained by the Trust Manager pursuant to the Management Agreement, to record the crediting of amounts to the Reserve Fund and the debiting of such Reserve Fund in accordance with the terms of the Establishment Deed.

Sale Notice means a notice from the Seller to the Covered Bond Guarantor (and copied to the Bond Trustee) in or substantially in the form of schedule 4 to the Mortgage Sale Agreement (or in such other form agreed between the Seller, the Trust Manager and the Covered Bond Guarantor).

Sale Proceeds means the cash proceeds realised from the sale of Selected Mortgage Loan Rights.

Scheduled Balance means in relation to a Mortgage Loan means the amount that would be owing on that Mortgage Loan at the date of determination if the Borrower had made prior to that date the minimum payments required on that Mortgage Loan.

Scheduled Interest means an amount equal to the amount in respect of interest which would have been due and payable under the Covered Bonds on each Interest Payment Date as specified in Condition 4 (but excluding any additional amounts relating to premiums, default interest or interest upon interest (**Excluded Scheduled Interest Amounts**) payable by the Issuer following service of an Issuer Acceleration Notice but including such amounts (whenever the same arose) following service of a Covered Bond Guarantee Acceleration Notice) as if the Covered Bonds had not become due and repayable prior to their Final Maturity Date or, if the Issuer has failed to pay the Final Redemption Amount on the Final Maturity Date or following a Conversion, as if the maturity date of the Covered Bonds had been the Extended Due for Payment Date (but taking into account any principal repaid in respect of such Covered Bonds or any Guaranteed Amounts paid in respect of such principal prior to the Extended Due for Payment Date), less any additional amounts the Issuer would be obliged to pay are as a result of any gross-up in respect of any withholding or deduction made under the circumstances set out in Condition 7.

Scheduled Payment Date means in relation to payments under the Covered Bond Guarantee:

(a) each Interest Payment Date; or

(b) the Final Maturity Date as if the Covered Bonds had not become due and repayable prior to their Final Maturity Date.

Scheduled Principal means an amount equal to the amount in respect of principal which would have been due and repayable under the Covered Bonds on each Interest Payment Date or the Final Maturity Date (as the case may be) as specified in Condition 6(a) and Condition 6(e) (but excluding any additional amounts relating to prepayments, early redemption, broken funding indemnities, penalties, premiums or default interest (**Excluded Scheduled Principal Amounts**) payable by the Issuer following service of an Issuer Acceleration Notice but including such amounts (whenever the same arose) following service of a Covered Bond Guarantee Acceleration Notice) as if the Covered Bonds had not become due and repayable prior to their Final Maturity Date or, if the Issuer has failed to pay the Final Redemption Amount on the Final Maturity Date or following a Conversion, as if the maturity date of the Covered Bonds had been the Extended Due for Payment Date.

Second Layer of Collateral Securities in relation to a Mortgage Loan means all Collateral Securities in respect of that Mortgage Loan which do not constitute the First Layer of Collateral Securities for that Mortgage Loan.

Secured Creditors means the Security Trustee (in its own capacity and on behalf of the other Secured Creditors), the Covered Bond Guarantor (in its own capacity), the Bond Trustee (in its own capacity and on behalf of the Covered Bondholders), the Covered Bondholders, the Couponholders, the Issuer, the Seller, the Servicer, the Intercompany Note Subscriber, each Intercompany Noteholder, the Demand Note Subscriber, each Demand Noteholder, the Account Bank, the Swap Providers, the Trust Manager, the Cover Pool Monitor, the Agents and any other

person who becomes a Secured Creditor pursuant to the Security Deed, and each a **Secured Creditor**.

Second Determination Date has the meaning given to it in the Section *"Overview of the Principal Documents – Establishment Deed – Asset Coverage Test"* of this Prospectus.

Secured Obligations means all amounts (whether actual or contingent, present or future) which at any time for any reason or circumstance in connection with any Programme Document that relates to, or applies to, the Trust or the Security Deed or any transactions contemplated by any of them (insofar as such transactions relate to, or apply to, the Trust), whatsoever whether at law, in equity, under statute or otherwise:

(a) are payable, are owing but not currently payable, are contingently owing, or remain unpaid by the Covered Bond Guarantor to the Security Trustee on its own account or for the account of the Secured Creditors or to any Secured Creditor or to any Receiver;

(b) have been advanced or paid by the Security Trustee on its own account or for the account of the Secured Creditors or by any Secured Creditor:

(i) at the express request of the Covered Bond Guarantor; and

(ii) on behalf of the Covered Bond Guarantor;

(c) which the Security Trustee on its own account or for the account of the Secured Creditors or any Secured Creditor is liable to pay by reason of any act or omission of the Covered Bond Guarantor or has paid or advanced in the protection or maintenance of the Charged Property or the Security and the charge created by the Security Deed following an act or omission by the Covered Bond Guarantor; or

(d) are reasonably foreseeable as likely, after that time, to fall within any of paragraphs (a), (b) or (c) above,

and references to Secured Obligations includes references to any of them but excludes Liability Payments.

This definition applies:

(i) irrespective of the capacity in which the Covered Bond Guarantor, the Security Trustee or any Secured Creditor became entitled or is liable in respect of the amount concerned;

(ii) whether the Covered Bond Guarantor, the Security Trustee or any Secured Creditor is liable as principal debtor or surety or otherwise;

(iii) whether the Covered Bond Guarantor is liable alone or jointly, or jointly and severally with another person;

(iv) whether the Security Trustee or any Secured Creditor is the original obligee or an assignee or a transferee of the Secured Obligations and whether or not:

(A) the assignment or transfer took place before or after the delivery of the Security Deed; or

(B) the Covered Bond Guarantor consented to or was aware of the assignment or transfer; or

(C) the assigned or transferred obligation was secured; or

(v) whether the Security Trustee or any Secured Creditor is the original Security Trustee or an original Secured Creditor or an assignee or a transferee of the original Security Trustee or an original Secured Creditor, and whether or not the Covered Bond Guarantor consented to or was aware of the assignment or transfer.

Securities Act means the United States Securities Act of 1933, as amended.

Security means the Security Interests over the Charged Property granted pursuant to the Security Deed.

Security Deed means the security deed dated on or about the Programme Date and made between, among others, the Covered Bond Guarantor, the Trust Manager and the Security Trustee, as amended, restated, supplemented, replaced or novated from time to time.

Security Interest means any mortgage, security interest, charge, encumbrance, pledge, lien, hypothecation, assignment by way of security or other security interest or title retention arrangement and any agreement, trust or arrangement having substantially the same economic or financial effect as any of the foregoing (other than a lien arising in the ordinary course of business or by operation of law). It also includes a **security interest** within the meaning of section 12 of the PPSA, other than an interest in personal property that would not be a security interest but for section 12(3) of the PPSA.

Security Trust means the trust formed under the Security Deed.

Security Trustee means P.T. Limited ABN 67 004 454 666, in its capacity as security trustee under the Establishment Deed and the Security Deed together with any additional security trustee appointed from time to time in accordance with the terms of the Security Deed.

Selected Mortgage Loan Rights Offer Notice means a notice substantially in the form of schedule 6 of the Mortgage Sale Agreement from the Covered Bond Guarantor served on the Seller offering to sell Selected Mortgage Loan Rights to the Seller.

Selected Mortgage Loan Rights means Mortgage Loan Rights to be sold by the Covered Bond Guarantor pursuant to the terms of the Establishment Deed having in aggregate the Required Current Principal Balance Amount.

Selection Date has the meaning given to it in Condition 6(c).

Seller means BOQ in its capacity as seller pursuant to the Mortgage Sale Agreement.

Seller Powers of Attorney	has the meaning given to it in the section "*Overview of the Principal Documents – Mortgage Sale Agreement – Transfer of Title to the Mortgage Loan Rights to the Covered Bond Guarantor*" of this Prospectus.
Senior Demand Note Component	has the meaning given to it in the section "*Overview of the Principal Documents – Demand Note Subscription Agreement*" of this Prospectus.
Series	means a Tranche of Covered Bonds together with any further Tranche or Tranches of Covered Bonds which are: (a) expressed to be consolidated and form a single series; and (b) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.
Series Reserved Matter	has the meaning given to it in Condition 14.
Servicer	means BOQ or any other person from time to time appointed to perform the role of servicer under the Servicing Deed.
Servicer Default	has the meaning given to it in the section "*Overview of the Principal Documents – Servicing Deed – Removal or resignation of the Servicer*" of this Prospectus.
Services	means the services to be performed by the Servicer in accordance with the Servicing Deed.
Servicing Deed	means the Servicing Deed dated on or about the Programme Date, between the Covered Bond Guarantor, the Trust Manager, the Servicer and the Security Trustee, as amended, restated, supplemented, replaced or novated from time to time.
Servicing Guidelines	means the relevant written guidelines, policies and procedures established by the Servicer for servicing mortgage loans recorded on the Mortgage Loan System, including the Mortgages Loans, as amended or updated in writing from time to time.
Servicing Standards	at any time means the relevant standards and practices set out in the then Servicing Guidelines and, to the extent that a servicing function is not covered by the Servicing Guidelines, the standards of a prudent lender in the business of making retail home loans.
Shared Security	means any Security Interest, guarantee, indemnity or other form of assurance that by its terms secures both (on the one hand) the payment or repayment of any Mortgage Loan forming or to form part of the Assets of the Trust and (on the other hand) any Other Loan forming or to form part of the BOQ Trust Assets.
SIBOR	has the meaning given to it in Condition 4(b)(ii)(A)(3).
Specified Currency	means subject to any applicable legal or regulatory restrictions, Australian Dollars, Euro, Sterling, U.S. dollars, Yen, Swiss Franc and such other currency or currencies as may be agreed from time to time by the Issuer, the relevant

	Dealer(s), the Principal Paying Agent and the Bond Trustee and specified in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement).
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 (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement).
Specified Time	means 11.00 am (London time, in the case of determination of LIBOR or Brussels time, in the case of determination of EURIBOR or Hong Kong time, in the case of determination of HIBOR, or Singapore time, in the case of determination SIBOR), 10.15 a.m. (Sydney time, in the case of determination of BBSW), 10.15 a.m. (Toronto time in the case of determination BA-CDOR), 10.45 a.m. (Auckland time in the case of determination of BKBM) or as at 12.00 a.m. (Oslo time in the case of determination of NIBOR) or as specified in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement).
Standby Swap Provider	means, in respect of a Fixed Rate Swap, the entity appointed as the standby swap provider from time to time under that Fixed Rate Swap together with any transferee, successor thereto or replacement Standby Swap Provider.
Standby Swap Provider Fee	in relation to an Interest Rate Swap Agreement and a Standby Swap Provider, has the meaning given in that Interest Rate Swap Agreement.
Stock Exchange	means the London Stock Exchange or any other or further stock exchange(s) on which any Covered Bonds may from time to time be listed or admitted to trading and references to the relevant Stock Exchange will, in relation to any Covered Bonds, be references to the Stock Exchange on which such Covered Bonds are, from time to time, or are intended to be, listed or admitted to trading.
Subordinated Additional Spread	means in relation to a Covered Bond Swap Provider, if applicable, that additional spread payable to the Covered Bond Swap Provider by the Covered Bond Guarantor for the period from, in respect of the relevant Series of Covered Bonds, the earlier of (a) the Final Maturity Date; or (b) the date on which a Conversion occurs, to the Extended Due for Payment Date which is identified as "Subordinated Additional Spread" in the relevant Covered Bond Swap.
Subsidiary	has the meaning given in the Corporations Act.
Substitute Covered Bond Guarantor	at any given time means the entity then appointed as Covered Bond Guarantor in accordance with the Establishment Deed.
Substitute Servicer	at any given time means the entity then appointed as Servicer in accordance with the Servicing Deed.
Substitute Trust Manager	at any given time means the entity then appointed as Trust Manager in accordance with the Management Agreement.
Substituted Debtor	has the meaning given to it in Condition 14.
Substitution Assets	means:

(a) Australian Dollar bank accepted bills and certificates of deposit held with a Qualified Institution, with a remaining period to maturity of 100 days or less, provided that such Qualified Institution accepted bills and certificates of deposit are not issued by BOQ and satisfy the requirements for eligible assets that may collateralise covered bonds in accordance with RBA repo eligibility requirements (if any);

(b) Australian Dollar at call deposits held with a Qualified Institution and convertible into cash within two AU Business Days;

(c) Australian Dollar denominated bonds, notes, debentures or other instruments issued or guaranteed by the Commonwealth of Australia or an Australian state or territory, provided that such investments have a remaining period to maturity of one year or less and which are rated at least Aaa by Moody's and AA- or F1+ by Fitch or their equivalents by two other internationally recognised rating agencies; and

(d) any other asset of a kind prescribed in section 31(1) of the Australian Banking Act or by regulations for the purposes of section 31(1)(i) of the Australian Banking Act in respect of which the Issuer has issued a Rating Affirmation Notice,

and, for the avoidance of doubt, does not include any assets of a kind prescribed by regulation for the purposes of section 31(3) of the Australian Banking Act.

sub-unit has the meaning given to it in Condition 4(a).

Swap Agreements means the Interest Rate Swap Agreement and the Covered Bond Swap Agreements and each, a **Swap Agreement**.

Swap Agreement Credit Support Document means a credit support document entered into between the Covered Bond Guarantor and a Swap Provider in the form of the ISDA 1995 Credit Support Annex (Bilateral Form - Transfer) published by ISDA.

Swap Collateral means at any time, an amount of cash or securities which is paid or transferred by a Swap Provider to the Covered Bond Guarantor as collateral to secure the performance by such Swap Provider of its obligations under the relevant Swap Agreement together with any interest or income received in respect of such asset and any equivalent of such cash or securities, as applicable.

Swap Collateral Cash Account Mandate means the resolutions, instructions and signature authorities relating to the Swap Collateral Cash Accounts, substantially in the form set out in schedule 2 to the Account Bank Agreement.

Swap Collateral Cash Account means the account in the name of the Covered Bond Guarantor held with the Account Bank and maintained subject to the terms of the Account Bank Agreement, the Swap Collateral Cash Account Mandate and the relevant Swap Agreement Credit Support Document into which cash is deposited by an Interest Rate Swap Provider as collateral to secure the performance by that Interest Rate Swap Provider of its obligations under the relevant Interest Rate Swap Agreement.

Swap Collateral Excluded Amounts	means at any time, the amount of Swap Collateral which may not be applied under the terms of the relevant Swap Agreement at that time in satisfaction of the relevant Swap Provider's obligations to the Covered Bond Guarantor, including Swap Collateral, which is to be returned or paid to the relevant Swap Provider from time to time in accordance with the terms of the Swap Agreements and ultimately upon termination of the relevant Swap Agreement.
Swap Master Agreement	means an agreement between the Covered Bond Guarantor, the Trust Manager, a Swap Provider and the Security Trustee governing Swaps entered into with such Swap Provider in the form of a 2002 Master Agreement, as published by ISDA, together with the schedule thereto and any relevant Swap Agreement Credit Support Document.
Swap Provider Default	means, in relation to a Swap Agreement, the occurrence of an Event of Default or Termination Event (each as defined in such Swap Agreement) where the relevant Swap Provider is the Defaulting Party or sole the Affected Party (as defined in such Swap Agreement), as applicable, other than a Swap Provider Downgrade Event.
Swap Provider Downgrade Event	means, in relation to a Swap Agreement, the occurrence of an Additional Termination Event (as defined in such Swap Agreement) following a failure by the relevant Swap Provider to comply with the requirements of the ratings downgrade provisions set out in such Swap Agreement.
Swap Providers	means the Interest Rate Swap Providers, the Standby Swap Providers and the Covered Bond Swap Providers, and each a **Swap Provider**.
Swaps	means the Interest Rate Swap and the Covered Bond Swaps and each, a **Swap**.
Talons	means, if indicated in the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement), talons for further Coupons on interest-bearing Bearer Definitive Covered Bonds.
TARGET2 System	has the meaning given to it in Condition 4(b)(i).
Taxes	mean all present and future taxes, levies, imposts, duties, fees, deductions, withholdings or charges of any nature whatsoever and wheresoever imposed, including income tax, corporation tax, GST or other tax in respect of added value, stamp duties, and any franchise, transfer, sales, gross receipts, use, business, occupation, excise, personal property, real property or other tax imposed by any national, local or supranational taxing or fiscal authority or agency together with any penalties, fines or interest thereon and **Tax** or **Taxation** is to be construed accordingly.
Tax Act	means the means the Income Tax Assessment Act 1936 (Cth) or the Income Tax Assessment Act 1997 (Cth) as applicable.
Tax Authority	means any government, state, municipal, local, federal or other fiscal, revenue, customs or excise authority, body or official anywhere in the world and includes the Australian Taxation Office.
Tax Resident in Australia	means resident in Australia for the purposes of the Tax Act.

Temporary Bearer Global Covered Bond	means a temporary bearer global covered bond in the form or substantially in the form set out in Part 1 of schedule 2 to the Bond Trust Deed together with the copy of the Applicable Final Terms (or, in the case of Exempt Covered Bonds, the Applicable Pricing Supplement) annexed thereto with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s), comprising some or all of the Covered Bonds of the same series, issued by the Issuer pursuant to the Programme Agreement or any other agreement between the Issuer and the relevant Dealer(s) relating to the Programme, the Agency Agreement and the Bond Trust Deed.
Third Party Amounts	means any of the following amounts which are identified by the Seller and notified to the Trust Manager and Covered Bond Guarantor in respect of: (a) payments by a Borrower of any fees (including Break Costs) and other charges which are due to the Seller; and (b) any amount received from a Borrower for the express purpose of payment being made to a third party for the provision of a service (including giving insurance cover) to any of that Borrower or the Seller or the Covered Bond Guarantor, which amounts, if received by the Covered Bond Guarantor, may be paid daily from moneys on deposit in the GIC Account. It does not, for the avoidance of doubt, include interest payable on the Mortgage Loans.
Total Demand Note Commitment	means such amount agreed between the Demand Note Subscriber, the Trust Manager and the Issuer (and notified to the Covered Bond Guarantor and the Security Trustee), as amended from time to time in accordance with the Demand Note Subscription Agreement.
Total Intercompany Note Commitment	means such amount agreed between the Intercompany Note Subscriber, the Trust Manager and the Issuer (and notified to the Covered Bond Guarantor and the Security Trustee), as amended from time to time in accordance with the Intercompany Note Subscription Agreement.
Tranche	means Covered Bonds which are identical in all respects (including as to listing).
Transaction Party	means any person who is a party to a Programme Document and **Transaction Parties** means some or all of them.
Transfer Agent	means The Bank of New York Mellon, London Branch, or any other person from time to time appointed to perform the role of transfer agent under the Principal Agency Agreement.
Treaty	has the meaning given to it in Condition 5(j).
Trust	means the trust known as the "BOQ Covered Bond Trust" formed under the Establishment Deed.
Trust Accounts	means each of the GIC Account and the Swap Collateral Cash Account and each, a **Trust Account**.

Trust Corporation	means a corporation (as defined in the Law of Property Act 1925 (UK)) or a corporation entitled to act as trustee pursuant to any other comparable legislation applicable to a trustee in any other jurisdiction.
Trust Further Advance	has the meaning given to it in the section "*Overview of the Principal Documents – Mortgage Sale Agreement – Further Advances*" of this Prospectus.
Trust Manager	means BQLM or any other person from time to time appointed to perform the role of trust manager under the Management Agreement.
Trust Manager Default	has the meaning given to it in the Section "*Overview of Principal Documents – Management Agreement*" of this Prospectus.
Trust Management Services	means the trust management services set out in the Programme Documents which are expressed to be performed by the Trust Manager (including the services set out in schedule 1 and schedule 2 of the Management Agreement).
Trust Payment Period	means the period from (and including) a Distribution Date (or the first Transfer Date in the case of the first Trust Payment Period) to (but excluding) the next Distribution Date.
UK Benchmarks Regulation	means the Regulation (EU) No 2016/1011 as it forms part of domestic law by virtue of the EUWA.
UK Prospectus Regulation	means the Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.
Unit	means, in respect of the Trust, the Income Unit and each Capital Unit in that Trust.
Unitholder	means each person registered as the holder of a Unit in the Trust in the Instrument Register.
US$ or U.S. dollars	means the lawful currency for the time being of the United States of America.
Vesting Date	means, in relation to the Trust, the earliest of: (a) the day preceding the eightieth anniversary of the date upon which the Trust was established; (b) the date upon which the Trust terminates by operation of law or in accordance with the Establishment Deed; and (c) following the occurrence of a Covered Bond Guarantor Event of Default, the date on which the Security Trustee has notified the Covered Bond Guarantor in writing that it has enforced the Security and has distributed all of the amounts which it is required to distribute under the Security Deed.
Written Resolution	means a written resolution of Covered Bondholders passed as such under the terms of the Bond Trust Deed.

Yield Shortfall	has the meaning given to it the section "*Overview of the Principal Documents – Servicing Deed – Yield Shortfall Test*" of this Prospectus.
Yield Shortfall Test	has the meaning given to it in the section "*Overview of the Principal Documents – Servicing Deed – Yield Shortfall Test*" of this Prospectus.

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BOND TRUSTEE
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