ASB Bank Limited
(incorporated with limited liability in New Zealand under company number 398445)
as Issuer

€7,000,000,000 ASB Covered Bond Programme

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

ASB Covered Bond Trustee Limited
(incorporated with limited liability in New Zealand under company number 3389285)
as trustee of the ASB Covered Bond Trust

Under the €7,000,000,000 ASB Covered Bond Programme (**Programme**) established by ASB Bank Limited (**ASB** or the **Issuer**), the Issuer may from time to time issue covered bonds denominated in any currency agreed between the Issuer and the Relevant Dealer(s) (as defined below). The price and amount of the covered bonds to be issued under the Programme will be determined by the Issuer and the Relevant Dealer(s) at the time of issue in accordance with the prevailing market conditions. If covered bonds to be issued under the Programme will be listed (as defined on page 2 of this Prospectus) they are referred to herein as **Covered Bonds**. Any Covered Bonds issued under the Programme on or after the date of this Prospectus are issued subject to the provisions as described herein. Only the Covered Bonds are being offered pursuant to this Prospectus.

ASB Covered Bond Trustee Limited (the **Covered Bond Guarantor**) has guaranteed payments of interest and principal under the Covered Bonds pursuant to a guarantee which is secured over the Mortgage Loans and the Related Security (as defined below) and its other assets. Recourse against the Covered Bond Guarantor under its guarantee is limited to the Mortgage Loans and the Related Security and any other assets of the Covered Bond Guarantor.

The maximum aggregate nominal amount of all Covered Bonds from time to time outstanding under the Programme will not exceed €7,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to any increase as described herein.

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

Prospective investors should have regard to the factors described under the section headed "*Risk Factors*" on pages 10 to 57 of this Prospectus. 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 herein), the Security Trustee (as defined herein) or Bond Trustee (as defined herein) or the Relevant Dealer(s) in that regard.

This Prospectus has been approved as a base prospectus by the United Kingdom Financial Conduct Authority (the **FCA**), as competent authority under Regulation (EU) 2017/1129 as it forms part of domestic law in the United Kingdom (**UK**) by virtue of the European Union (Withdrawal) Act 2018 (the **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 or the Covered Bond Guarantor or 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 to the FCA in its capacity as competent authority for the purposes of the UK Prospectus Regulation for approval of this Prospectus as a base prospectus issued in compliance with the UK Prospectus Regulation for the purpose of giving information with regard to the issue of Covered Bonds issued under the Programme. Application has also been made to the FCA in its capacity as competent authority for Covered Bonds issued under the Programme during the period of 12 months from the date of this Prospectus to be admitted to the official list of the FCA (the **Official List**) and to the London Stock Exchange plc (the **London Stock Exchange**) for the relevant 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 in the UK by virtue of the EUWA (**UK MiFIR**) (the **main market of the London Stock Exchange**). References in this Prospectus to Covered Bonds being "**listed**" (and all related references) shall, unless the context otherwise requires, mean that the relevant Covered Bonds have been admitted to trading on the main market of the London Stock Exchange and have been admitted to the Official List.

This Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date in relation to Covered Bonds which are to be admitted to trading on a UK regulated market (as defined in UK MiFIR). 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 Financial Services and Markets Act 2000, as amended (the **FSMA**) only applies to Covered Bonds which are to be admitted to trading on a UK regulated market (as defined in the 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.

Notice of the aggregate nominal amount of Covered Bonds, interest (if any) payable in respect of Covered Bonds, the issue price of Covered Bonds and any other terms and conditions not contained herein which are applicable to each Tranche of Covered Bonds will be set out in a separate document containing the final terms for that Tranche (each, a **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.

References to Conditions in this Prospectus are (where the context requires) to Conditions contained in the section of this Prospectus entitled "*Terms and Conditions of the Covered Bonds*".

As set forth in the applicable Final Terms, the Covered Bonds and the Covered Bond Guarantee have not been, and will not be, registered under the U.S. Securities Act of 1933 (the **Securities Act**). Accordingly, the Covered Bonds and the Covered Bond Guarantee are being offered and sold (a) in the United States in reliance on Rule 144A under the Securities Act (**Rule 144A**) to "qualified institutional buyers" (as defined in Rule 144A) (**QIBs**) and/or (b) in accordance with Regulation S under the Securities Act (**Regulation S**), outside the United States in "offshore transactions" (as defined under Regulation S) to persons who are not, and are not acting for the account or benefit of ,"U.S. persons" (as defined in Regulation S). Prospective purchasers in the United States are hereby notified that the sellers of the relevant Covered Bonds and the Covered Bond Guarantees may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

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

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

Series or Tranches of Covered Bonds issued under the Programme will have the rating set out in the Final Terms for each issuance. The current ratings for ASB and each Series or Tranche of Covered Bonds included and/or referred to in this Prospectus have been issued by Moody's Investors Service Pty Limited (**Moody's**) and by Fitch Australia Pty Ltd (**Fitch** and, together with Moody's, the **Rating Agencies**). Moody's and Fitch are not established in the European Union or in the UK and have not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) or Regulation (EC) No. 1060/2009 as it forms part of domestic law in the UK by virtue of the EUWA (the **UK CRA Regulation**), respectively. The ratings have been endorsed by Moody's Deutschland GmbH, Moody's Investors Service Ltd., Fitch Ratings Ireland Limited and Fitch Ratings Limited respectively, in accordance with the CRA Regulation or the UK CRA Regulation, as applicable. Each of Moody's Deutschland GmbH and Fitch Ratings Ireland Limited is established in the EU and registered under the CRA Regulation. As such, as of the date of this Prospectus, they are included in the list of credit rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website (at https://www.esma.europa.eu/supervision/credit-rating-agencies/risk) in accordance with the CRA Regulation. Each of Moody's Investors Service Ltd. and Fitch Ratings Limited is established in the UK and is registered in accordance with the UK CRA Regulation. As such, as of the date of this Prospectus, it appears on the list of credit rating agencies registered or certified with the FCA published on its website https://www.fca.org.uk/firms/credit-rating-agencies. The ratings issued by Moody's Investors Service Limited and Fitch Ratings Limited may be used for regulatory purposes in the UK in accordance with the UK CRA Regulation. There can be no assurance that such endorsement of the credit ratings of Moody's and Fitch will continue. References in this Prospectus to Moody's and/or Fitch shall be construed accordingly.

Please also refer to "*Ratings of 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.

Amounts payable on Floating Rate Covered Bonds may be calculated by reference to one of the Euro Interbank Offered Rate (**EURIBOR**) or the Euro Short-Term Rate (**€STR**) or the Sterling Overnight Index Average (**SONIA**) or the Secured Overnight Financing Rate (**SOFR**) or the Singapore Overnight Rate Average (**SORA**) or the Canadian Overnight Repo Rate Average (**CORRA**) or the Japan Tokyo Overnight Average Rate (**TONA**) as specified in the relevant Final Terms. As at the date of this Prospectus: (i) the administrator of EURIBOR, European Money Markets Institute, is included in the ESMA register of administrators under Article 36 of Regulation (EU) No. 2016/1011 (as amended, the **EU Benchmarks Regulation**) and the register of administrators established and maintained by the FCA pursuant to Article 36 of Regulation (EU) No. 2016/1011 as it forms part of domestic law in the UK by virtue of the EUWA (the **UK Benchmarks Regulation**); and (ii) as at the date of this Prospectus, the European Central Bank, the Bank of England, the Federal Reserve Bank of New York, the Monetary Authority of Singapore, the Bank of Canada and the Bank of Japan, as the administrator of €STR, SONIA, SOFR, SORA, CORRA and TONA, respectively, are not included in such registers. As far as the Issuer is aware: (i) under Article 2 of the EU Benchmarks Regulation and the UK Benchmarks Regulation, the European Central Bank, the Bank of England, the Federal Reserve Bank of New York, the Monetary Authority of Singapore, the Bank of Canada and the Bank of Japan are not required to obtain authorisation or registration; and (ii) the transitional provisions in Article 51 of the EU Benchmarks Regulation and the UK Benchmarks Regulation apply, such that none of the other administrators are currently required to obtain authorisation or registration (or, if located outside the EU and the UK, respectively, recognition, endorsement or equivalence).

The registration status of any administrator under the EU Benchmarks Regulation or the UK Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update any Final Terms to reflect any change in the registration status of the administrator.

This Prospectus is issued in replacement of a Prospectus dated 7 December 2021 and accordingly supersedes that earlier Prospectus.

Arrangers for the Programme

Barclays

ASB Bank Limited

Dealer for the Programme

Barclays

The date of this Prospectus is 13 November 2024.

This Prospectus has been approved by the FCA as a base prospectus for the purposes of Article 8 of the UK Prospectus Regulation 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) or any other provision or order under the Securities Act. This Prospectus is not a prospectus for the purposes of Regulation (EU) 2017/1129 (the **EU Prospectus Regulation**).

The Issuer and the Covered Bond Guarantor (the **Responsible Persons**) each accept responsibility for the information in this Prospectus and the Final Terms for each Tranche of Covered Bonds issued or guaranteed by them, as the case may be, under the Programme. To the best of the knowledge of each of the Responsible Persons, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import. 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 shall, 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*"), 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 the Covered Bond Guarantor, but no assurance can be given by the Arrangers, the Dealers, the Agents, the Bond Trustee, the Trust Manager, the Seller, the Lead Manager (if applicable) or the Security Trustee as to the accuracy or completeness of this information. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arrangers, the Dealers, the Agents, the Bond Trustee, the Trust Manager, the Seller, the Lead Manager (if applicable) or the Security Trustee as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer or the Covered Bond Guarantor in connection with the Programme. Neither the Arrangers nor the Dealers nor the Agents nor the Bond Trustee nor the Trust Manager nor the Seller, the Lead Manager (if applicable) nor the Security Trustee accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer or the Covered Bond Guarantor in connection with the Programme.

No person has been authorised by the Issuer, the Covered Bond Guarantor, any of the Arrangers, the Dealers, the Agents, the Bond Trustee, the Trust Manager, the Seller, the Lead Manager (if applicable) or the Security Trustee to give any information or to make any representation not contained in this Prospectus or any other information supplied in connection with the Programme or the Covered Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Covered Bond Guarantor, any of the Arrangers, the Dealers, the Agents, the Bond Trustee, the Trust Manager, the Seller, the Lead Manager (if applicable) or the Security Trustee.

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 the Issuer, the Covered Bond Guarantor, the Seller, the Lead Manager (if applicable), any of the Arrangers, the Dealers, the Agents, the Bond Trustee, the Trust Manager or the Security Trustee that any recipient of this Prospectus or any other information supplied in connection with the Programme or any Covered Bonds should purchase any Covered Bonds. 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 the Issuer, the Covered Bond Guarantor, the Seller, the Lead Manager (if applicable), any of the Arrangers, the Dealers, the Agents, the Bond Trustee, the Trust Manager or the Security Trustee 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 shall in any circumstances imply that the information contained herein concerning the Issuer and/or the Covered Bond Guarantor and/or the Seller is correct at any time subsequent to the date of this Prospectus, that the information contained in any document incorporated by reference in this Prospectus is correct at any time subsequent to the date of such document 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. The Arrangers, the Dealers, the Lead Manager (if applicable), the Agents, the Bond Trustee, the Trust Manager and the Security Trustee expressly do not undertake to review the financial condition or affairs of the Issuer, the Covered Bond Guarantor or the

Seller 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.

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. The Issuer, the Covered Bond Guarantor, the Arrangers, the Lead Manager (if applicable), the Dealers, the Bond Trustee, the Trust Manager and the Security Trustee do not represent 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 the Issuer, the Covered Bond Guarantor, the Arrangers, the Lead Manager (if applicable), the Dealers, the Bond Trustee, the Trust Manager or the Security Trustee which would permit a public offering of any Covered Bonds outside the UK 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 New Zealand, Australia, the United States of America, the European Economic Area (including the Republic of Italy), Canada, the UK, Hong Kong, Singapore, Taiwan and Japan (see "*Subscription and Sale and Selling Restrictions*").

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

IMPORTANT – UK RETAIL INVESTORS – If the Final Terms in respect of the Covered Bonds includes a legend entitled "*Prohibition of sales to EEA Retail Investors*", the Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the 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 in the UK 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) No 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR; or (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law in the UK 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 PRIIP's Regulation.

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

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

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

A determination will be made in relation to each issue about whether, for the 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 none of the Arrangers, the Dealer and any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

Neither the Issuer, the Covered Bond Guarantor, the Trust Manager, the Dealers nor any other party to the Programme Documents have authorised, nor do they authorise, the making of any offer of Covered Bonds in circumstances in which an obligation arises for the Issuer, the Covered Bond Guarantor, the Trust Manager, the Dealers or any other such party to publish or supplement a prospectus for such offer.

Notification under section 309B of the Securities and Futures Act 2001 of Singapore, as amended or modified from time to time (the **Securities and Futures Act**) – 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 notify 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).

Sale to Ontario Permitted Investors – The Covered Bonds may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Covered Bonds must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

If applicable, pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Dealers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with the offering of any Covered Bonds.

This Prospectus has been prepared on the basis that any Covered Bonds with a minimum denomination of less than €100,000 (or equivalent in another currency) will: (i) only be admitted to trading on a UK regulated market, or a specific segment of a UK regulated market, to which only qualified investors (as defined in the UK Prospectus Regulation) can have access (in which case they shall not be offered or sold to non-qualified investors); or (ii) only be offered to the public pursuant to an exemption under section 86 of the FSMA.

All references to **U.S. dollars** and **U.S.$** are to the currency of the United States of America, to **$**, **NZ$**, **New Zealand $**, **NZ Dollars** and **New Zealand dollars** are to the lawful currency of New Zealand, to **A$** and **Australian dollars** are to the lawful currency of Australia, to **Sterling** and **£** are to the lawful currency of the UK and to **euro, EUR** and **€** are 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, as amended.

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

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

None of the Arrangers, the Lead Manager (if applicable), the Dealers, the Covered Bond Guarantor, the Agents, the Security Trustee, the Trust Manager, the Bond Trustee nor any other party to the Programme Documents makes any representation to any investor in the Covered Bonds regarding the legality of its investment under any applicable laws. Any investor in the Covered Bonds should be able to bear the economic risk of an investment in the Covered Bonds for an indefinite period of time.

The only persons authorised to use this Prospectus (and, therefore, acting in association with the Issuer) in connection with an offer of Covered Bonds are the Relevant Dealers.

The Covered Bonds may not be a suitable investment for all investors. Each potential investor in the Covered Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

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

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

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

(d) consult their own advisors as to regulatory capital requirements in respect of the Covered Bonds and as to the consequences and effect on them of any changes to the Basel II framework (including the Basel III changes and the relevant implementing measures);

(e) make themselves aware of any other applicable regulatory requirements with respect to their investment in the Covered Bonds;

(f) understand thoroughly the terms of the Covered Bonds and be familiar with any relevant financial market; and

(g) 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.

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

Covered Bonds are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Covered Bonds 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 Covered Bonds will not represent an obligation or be the responsibility of any of the Arrangers, the Lead Manager (if applicable), the Dealers, the Bond Trustee, the Security Trustee, any member of the CBA Group (as defined herein) (other than ASB in its capacity as the 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 and the Covered Bond Guarantor will each be liable solely in their corporate capacity for their obligations in respect of the Covered Bonds and such obligations will not be the obligations of their respective officers, members, directors, employees, security holders or incorporators.

U.S. INFORMATION

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

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

The Prospectus may be distributed on a confidential basis in the United States to a limited number of QIBs (as defined above) for informational use solely in connection with the consideration of the purchase of the Covered Bonds being offered hereby. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally distributed.

Registered Covered Bonds and Covered Bond Guarantees may be offered or sold within the United States to QIBs in transactions exempt from registration under the Securities Act in reliance on Rule 144A and/or outside the United States to persons that are not, and are not acting for the account or benefit of, U.S. persons (as defined in Regulation S) in "offshore transactions" (as defined in Regulation S) in reliance on Regulation S or any other applicable exemption. Each U.S. purchaser of Registered Covered Bonds is hereby notified that the offer and sale of any Registered Covered Bonds and the Covered Bond Guarantees to it may be made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A. Prospective purchasers in the United States are hereby notified that the sellers of the Covered Bonds and the Covered Bond Guarantees may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

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

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with any resales or other transfers of Covered Bonds that are "restricted securities" as defined in Rule 144(a)(3) under the Securities Act, the Issuer and/or the Covered Bond Guarantor, as applicable, has undertaken in the Programme Agreement to furnish, upon the request of a holder of such Covered Bonds or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Covered Bonds remain outstanding as "restricted securities" within the meaning

of Rule 144(a)(3) of the Securities Act and the Issuer and/or the Covered Bond Guarantor, as applicable, is neither subject to reporting under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934 (the **Exchange Act**), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer and the Covered Bond Guarantor are companies registered in New Zealand. All of their directors reside outside the United States and all or a substantial portion of the assets of the Issuer and the Covered Bond Guarantor are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer or the Covered Bond Guarantor, as applicable, or such directors, or to enforce judgments against them obtained in the United States courts predicated upon civil liabilities of the Issuer or the Covered Bond Guarantor, as applicable, or such directors, including any judgment predicated upon United States federal or state securities laws. The Issuer has been advised by Russell McVeagh, their New Zealand solicitors, that there is doubt as to the enforceability in New Zealand in original actions or in actions for enforcement of judgments of United States courts of civil liabilities predicated solely upon the federal or state securities laws of the United States.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements under the headings "*Risk Factors*", "*ASB Bank Limited*", elsewhere in this Prospectus constitute "forward-looking statements" with respect to the financial condition, operations and business of ASB and its subsidiaries (collectively, the **ASB Group**) and certain plans and objectives of the management of ASB Group. When used in this Prospectus, the words "estimate", "project", "intend", "anticipate", "believe", "expect", "should" and similar expressions as they relate to the ASB Group and its management, are intended to identify such forward-looking statements. Such forward-looking statements, including economic forecasts and assumptions and business and financial projections, involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of ASB Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such factors include the possibility of significant international banking market volatility, a downturn in the macroeconomic environment, liquidity and funding risks, extensive regulation and political scrutiny, competition and digital disruption, deteriorations in global financial markets, environmental and social risks, organisational capability and culture risks, failure to maintain capital adequacy requirements, damage to ASB Group's reputation, sub-optimal investment allocation and delivery risks, including through acquisitions or divestments of businesses, credit risk exposures, operational risks, cyber-security risks, data management risks, third party risks, transaction processing risks, non-technology business disruption risks, modelling risks, fraud risks, employment risks, accounting, legal and taxation risks, compliance risks, legal liability or regulatory action against ASB, inappropriate conduct of ASB Group's staff, failure to comply with financial crime legislation or privacy legislation, adverse financial and credit market conditions, failure to maintain adequate levels of liquidity and funding, failure to maintain credit ratings, failure to hedge effectively against market risks (including adverse fluctuations in exchange rates), insurance risk and various other factors, many of which may be beyond ASB Group's control. Given these risks, uncertainties and other factors, potential investors are cautioned not to place undue reliance on such forward-looking statements.

The ASB Group does not undertake any obligation to publicly release the result of any revision to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

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RISK FACTORS

Introduction

Any investment in the Covered Bonds issued under the Programme will involve risks including those described in this section. All principal or material risks that have been identified by the Issuer and the Covered Bond Guarantor are included in this section. The risks and uncertainties described below are not the only ones that the Issuer or the Covered Bond Guarantor may face. Additional risks and uncertainties that the Issuer or the Covered Bond Guarantor are unaware of, or that they currently deem to be immaterial, may also become important risk factors that affect them.

The Issuer believes that each factor included in each category of factors set out below 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 that 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 investors should carefully consider the following discussion of the risk factors and the other information in this Prospectus and consult their own financial and legal advisers about the risks associated with the Covered Bonds before deciding whether an investment in the Covered Bonds is suitable for them. Prospective investors should be aware that the risks set forth below are not exhaustive (as these will not include those risks that have not been identified by the Issuer or the Covered Bond Guarantor or that they currently deem to be immaterial) and should carefully consider the following factors in addition to the matters set out elsewhere in this Prospectus before investing in the Covered Bonds offered under this Prospectus.

As at the date of this Prospectus, the Issuer and the Covered Bond Guarantor believe that the following risk factors may affect the Issuer's ability to fulfil its obligations or the Covered Bond Guarantor's ability to perform its obligations, under or in respect of the Covered Bonds or the Covered Bond Guarantee and could be material for the purpose of assessing the market risks associated with the Covered Bonds.

If any of the listed or unlisted risks actually occurs, the Issuer's business operations, financial condition or reputation could be materially adversely affected, with the result that the trading price of the Covered Bonds of the Issuer could decline and an investor could lose all or part of its investment. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

*Notwithstanding anything in these risk factors, these risk factors should not be taken as implying that ASB will be unable to comply with its obligations as Issuer in respect of securities admitted to the Official List or that ASB will be unable to comply with its obligations as a registered New Zealand bank regulated by the Reserve Bank of New Zealand (the **RBNZ**).*

1. RISK FACTORS RELATED TO THE NATURE OF THE COVERED BONDS

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

The Issuer will be liable to make payments when due on the Covered Bonds issued by it. The obligations of the Issuer under the Covered Bonds will be direct, unsecured, unconditional and unsubordinated obligations, ranking *pari passu* without any preference amongst themselves (in the case of the Covered Bonds) and equally with all other present and future direct, unsecured, unconditional and unsubordinated obligations (other than any obligation preferred by mandatory provisions of applicable law).

The obligations of the Covered Bond Guarantor under the Covered Bond Guarantee will be secured by the Security created 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, the Covered Bonds of all Series then outstanding will accelerate 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

(following service of a Notice to Pay). The Covered Bond Guarantor will have no obligation to pay the Guaranteed Amounts payable 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 and service by the Bond Trustee on the Covered Bond Guarantor of a Notice to Pay. The occurrence of an Issuer Event of Default will not constitute a Covered Bond Guarantor Event of Default.

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 of an Issuer Acceleration Notice) and the obligations of the Covered Bond Guarantor under the Covered Bond Guarantee will accelerate.

No person other than the Issuer and the Covered Bond Guarantor may be relied on for payments under or in respect of the Covered Bonds. Neither the Bond Trustee nor the Security Trustee shall be bound to take enforcement proceedings unless instructed to do so and indemnified and/or prefunded and/or secured to its satisfaction. See further "*Risk Factors – Risk Factors Related to the Nature of the Covered Bonds – Certain decisions of Covered Bondholders taken at Programme level*".

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 to 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.

The Programme provides that covered bonds may be issued by an Issuer which share characteristics with the Covered Bonds and the holders of such covered bonds will have the same rights as the Covered Bondholders. Such covered bonds shall be counted as Covered Bonds for the purposes of (*inter alia*) the Asset Coverage Test, Amortisation Test, voting by Covered Bondholders (including in respect of an Issuer Event of Default or Covered Bond Guarantor Event of Default), the Covered Bond Guarantee and the Priorities of Payments. When reference is made to Covered Bonds and Covered Bondholders in this Prospectus in the context of the rights and characteristics listed above, such reference shall be deemed to include reference to such other covered bonds of the Issuer issued under the Programme. These other covered bonds issued by an Issuer are not being offered pursuant to this Prospectus.

There is a risk that a further issue of Covered Bonds may (among other things) dilute the voting rights of the existing Covered Bondholders. In order to ensure that any further issue of Covered Bonds under the Programme does not adversely affect existing Covered Bondholders:

(a) ASB (as Intercompany Loan Provider) will, subject to certain conditions precedent, be obliged to make a Term Advance to the Covered Bond Guarantor in an amount equal to either (i) the Principal Amount Outstanding on the Issue Date of such further issue of Covered Bonds in the Specified Currency of the relevant Series or Tranche of Covered Bonds or (ii) the NZ Dollar Equivalent of the Principal Amount Outstanding on the Issue Date of such further issue of Covered Bonds, and for a matching term.

The Covered Bond Guarantor will use the proceeds of such Term Advance (if not denominated in NZ Dollars, upon exchange into NZ Dollars under the applicable Non-Forward Starting Covered Bond Swap): if a New Mortgage Loan Portfolio (consisting of Mortgage Loans and the Related Security originated by the Seller) is being acquired in connection with the issue of a related Series or Tranche of Covered Bonds: (i) to fund (in whole or in part) the Purchase Price of the New Mortgage Loan Portfolio from the Seller in accordance with the terms of the Mortgage Sale Agreement; and/or (ii) acting on the directions of the Trust Manager, to invest in Substitution Assets in an amount not exceeding the prescribed limit (as specified in the Establishment Deed) to the extent required to meet the Asset Coverage Test; and thereafter or otherwise the Covered Bond Guarantor may use such proceeds (subject to complying with the Asset Coverage Test): (A) if an existing Series or part of an existing Series of Covered Bonds is being refinanced (by the issue of a further Series or Tranche of Covered Bonds to

which the Term Advance relates) to repay the Term Advance(s) corresponding to the Covered Bonds being so refinanced (after exchange into the currency of the Term Advance(s) being repaid, if necessary); and/or (B) to make a repayment of the Demand Loan, provided that the Calculation Manager has determined the outstanding balance of the Demand Loan by calculating the Asset Coverage Test as at the Intercompany Loan Drawdown Date having taken into account such repayment and the Calculation Manager has confirmed that the Asset Coverage Test will continue to be met after giving effect to such repayment; 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 prescribed limit);

(b) further Covered Bonds may not be issued if an Asset Coverage Test Breach Notice is outstanding; and

(c) on or prior to the date of issue of any further Covered Bonds, the Issuer will be obliged to obtain written confirmation from each of the Rating Agencies that such further issue would not adversely affect the then current ratings of the Existing Covered Bonds.

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

Final Maturity Date and Extendable obligations under the Covered Bond Guarantee

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

To the extent that the Covered Bond Guarantor has received a Notice to Pay and has sufficient moneys available to pay in whole or in part the Guaranteed Amounts corresponding to the unpaid portion of the Final Redemption Amount in respect of the relevant Series of Extendable Maturity Covered Bonds, the Covered Bond Guarantor will be required to make such payment in accordance with the Guarantee Priority of Payments and as described in Condition 5.1 (*Final Redemption*) on any Interest Payment Date (from, and including, subject to applicable grace periods, the Final Maturity Date for such Covered Bonds) up to and including the relevant Extended Due for Payment Date. The Extended Due for Payment Date will be specified in the applicable Final Terms. Interest will continue to accrue and be payable on the unpaid amount in accordance with Condition 4 (*Interest*) and the Covered Bond Guarantor will pay Guaranteed Amounts constituting Scheduled Interest on each Original Due for Payment Date and the Extended Due for Payment Date. In these circumstances, except where the Covered Bond Guarantor has failed to apply money in accordance with the Guarantee Priority of Payments, failure by the Covered Bond Guarantor to make payment in respect of the Final Redemption Amount on the Final Maturity Date (or such later date within any applicable grace period) shall not constitute a Covered Bond Guarantor Event of Default. However, failure by the Covered Bond Guarantor to pay Guaranteed Amounts corresponding to the Final Redemption Amount or the balance thereof, as the case may be, on the Extended Due for Payment Date and/or pay Guaranteed Amounts constituting Scheduled Interest on any Original Due for Payment Date up to and including the Extended Due for Payment Date will (subject to any applicable grace period) be a Covered Bond Guarantor Event of Default.

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

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

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

A wide range of Covered Bonds may be issued under the Programme. A number of these Covered Bonds may have features which contain particular risks for potential investors. Set out below is a description of the material known risks of Covered Bonds with the following features:

(a) *Covered Bonds subject to optional redemption by the Issuer*

An optional redemption feature is likely to limit the market value of 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 available at that time.

(b) *Fixed Rate Covered Bonds*

Investment in Fixed Rate Covered Bonds involves the risk that subsequent changes in the market interest rates applying to fixed rate debt instruments issued in the same currency and having the same term to maturity as those Fixed Rate Covered Bonds may adversely affect the value of the Fixed Rate Covered Bonds as an equivalent investment issued at the current market interest rate may be more attractive to investors.

In the future, the Issuer may issue Covered Bonds with different features and different risks associated with them such as dual currency covered bonds. It is not expected that the consent of the Covered Bondholders will be obtained in order to provide for the inclusion of such Covered Bonds in the Programme (see further "*The Bond Trustee and the Security Trustee may agree to modifications to the Programme Documents without, respectively, the Covered Bondholders or other Secured Creditors' prior consent*" below).

Ratings of the Covered Bonds

The credit ratings assigned to a Series of Covered Bonds to be issued under the Programme by Fitch address the likelihood of full and timely payment to Covered Bondholders of all payments of interest on each Interest Payment Date and the Final Maturity Date and the likelihood of ultimate payment of principal on the Final Maturity Date. The credit ratings assigned to the Covered Bonds to be issued under the Programme by Moody's address the probability of default, the loss given by default and the expected loss posed to potential investors. A credit rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Covered Bonds. A downgrade in the corporate credit rating of ASB or the sovereign rating of New Zealand may have a negative impact on the credit ratings of the Covered Bonds.

In the event that a credit rating assigned to the Covered Bonds or ASB (in its capacity as Issuer) is subsequently lowered or withdrawn or qualified for any reason, no other 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 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. 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, subject to transitional provisions that apply in certain circumstances. 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, for UK regulatory purposes, UK regulated investors are required to use 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 ratings can either be (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (i) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (ii) transitional provisions that apply in certain circumstances.

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.

Certain information with respect to the applicable credit rating agencies and ratings may be disclosed in the applicable Final Terms.

Rating Affirmation Notice in respect of Covered Bonds may not be available in all circumstances

The terms of certain of the Programme Documents provide that, if certain events or circumstances occur, the Trust Manager must deliver a Rating Affirmation Notice to the Covered Bond Guarantor (and copied to the Seller and each Rating Agency) confirming that it has notified the Rating Agencies of the event or circumstance and that the Trust Manager is satisfied, for the purposes of the Programme Documents, following discussions with the Rating Agencies, that the event or circumstance, as applicable, will not result in a reduction, qualification or withdrawal of the ratings then assigned by the Rating Agencies. If a Rating Agency confirmation is required for the purposes of the Programme Documents and the Rating Agency does not consider such confirmation necessary the Trust Manager shall 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, investors should be aware that any 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. Investors should also be aware 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 by a Rating Agency, if given, will be given at the sole discretion of the relevant Rating Agency on the basis of the facts and circumstances prevailing at the relevant time, and in the context of cumulative changes to the transaction of which the Covered Bonds form part since the relevant issuance closing date which may result in a reduction, qualification or withdrawal of the ratings then assigned by the Rating Agencies and could have a material adverse effect on the value or liquidity of any such Covered Bonds.

By acquiring the Covered Bonds, investors will be deemed to have acknowledged and agreed that, notwithstanding the foregoing, a credit rating is an assessment and does not address all matters that may be of relevance to Covered Bondholders, including, without limitation, in the case of a Rating Affirmation Notice, whether any action proposed to be taken by the Issuer, the Covered Bond Guarantor, the Seller, the Servicer, the Trust Manager, the Calculation Manager, the Bond Trustee, the Security Trustee or any other party to a Programme Document is either (a) permitted by the terms of the relevant Programme Document, or (b) 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 the Rating Agencies 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.

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

The Security Trustee shall not be obliged (other than as expressly provided in the Security Deed) to take any steps or exercise any of its powers, rights, trusts, authorities, duties, functions or discretions under or pursuant to the Security Deed or any other Programme Document to which the Security Trustee is a party (a) without first taking instructions from the Bond Trustee (so long as there are Covered Bonds outstanding) (provided that the Security Trustee shall not seek instructions from the Bond Trustee in relation to PPSR registrations, releasing security over the Charged Property in accordance with the Security Deed or investing in Authorised Investments) and (b) the Security Trustee shall have been indemnified and/or secured and/or pre-funded to its satisfaction against all Liabilities to which it may thereby render itself liable and all Liabilities which it may incur by so doing and (c) provided always that the Security Trustee shall 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. As a result of these limitations, there is no guarantee the Security Trustee will act in a timely manner to take any steps or exercise any power, trusts, authorities and discretions.

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 shall have regard only to the interests of the Covered Bondholders while any of the Covered Bonds remain outstanding and shall 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 shall have regard to the general interests of the Covered Bondholders (or any Series thereof) as a class and shall 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 shall not be entitled to require, nor shall 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 (*Taxation*).

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 shall not exercise such power, trust, authority or discretion without the approval of such Covered Bondholders by Extraordinary Resolution or by a direction in writing of such Covered Bondholders of not less than 25 per cent. of the NZ 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 NZ Dollar Equivalent received by the Security Trustee prior to exercise thereof. This may delay the exercise of such power, trust, authority or discretion by the Security Trustee.

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 the terms of the Bond Trust Deed, the Bond Trustee may without the consent or sanction of any of the Covered Bondholders of any Series and/or the related Couponholders and without the consent of the other Secured Creditors (other than any Secured Creditor who is a party to the relevant document) at any time and from time to time concur with the Issuer, and the Covered Bond Guarantor (or the Trust Manager on its behalf) and any other party, and/or direct the Security Trustee to concur with the Issuer, the Covered Bond Guarantor or any other party, in making any modification to the Covered Bonds of one or more Series, the related Coupons or to the Bond Trust

Deed, the Security Deed or the other Programme Documents (a) which does not relate to a Series Reserved Matter and which, in the opinion of the Bond Trustee, will not be materially prejudicial to the interests of the Covered Bondholders of any Series, (b) which in the opinion of the Bond Trustee is of a formal, minor or technical nature, or which in the opinion of the Bond Trustee is made to correct a manifest error or to comply with mandatory provisions of law (and for this purpose the Bond Trustee may disregard whether such modification relates to a Series Reserved Matter) or (c) which is made to enable Covered Bondholders and Secured Creditors to obtain the protection and/or other benefits of any legislation or regulations or any directive of any regulatory body including, without limitation, the RBNZ that are introduced in New Zealand for the purpose of supporting the issuance of covered bonds provided that the Bond Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the Covered Bondholders of any Series.

In addition, pursuant to Conditions 4.2 and 4.7 and the Bond Trust Deed, certain changes may be made to the interest calculation provisions of the Floating Rate Covered Bonds in the circumstances set out in the applicable provisions of those Conditions, without the requirement for consent of the Covered Bondholders. See also "*The occurrence of a Benchmark Event, SOFR Benchmark Transition Event, SORA Benchmark Event, CORRA Index Cessation Event or TONA Index Cessation Event, as applicable, may adversely affect the return on and the market value of Floating Rate Notes and Fixed Reset Notes*" below.

Pursuant to the terms of the Security Deed, while there are Covered Bonds outstanding, the Security Trustee may without the consent or sanction of any of the Covered Bondholders of any Series, the related Couponholders and without the consent of the other Secured Creditors (other than any Secured Creditor who is party to the relevant document) at any time and from time to time concur with the Issuer and the Covered Bond Guarantor (or the Trust Manager on its behalf) and any other party in making any modification to the Covered Bonds of one or more Series, the related Coupons or to the Bond Trust Deed, the Security Deed or the other Programme Documents if either (a) the Security Trustee is directed to do so by the Bond Trustee or (b) the modification is of a formal, minor or technical nature, made to correct a manifest error or made to comply with mandatory provisions of law and the Bond Trustee has approved of the modification.

The market continues to develop in relation to "Overnight Rates" such as SONIA, SOFR/SORA, €STR, CORRA and TONA

Where the applicable Final Terms for a series of Floating Rate Covered Bonds specifies that the interest rate for such Floating Rate Covered Bonds will be determined by reference to SONIA, SOFR, SORA, €STR, CORRA or TONA, interest will be determined on the basis of Compounded Daily SONIA, Compounded Daily SOFR, €STR Compounded Daily, €STR Index Compounded Daily, €STR Weighted Average, Compounded Daily SORA, Compounded Daily CORRA or Compounded Daily TONA, respectively (each as defined in the Conditions of the Covered Bonds and each an **Overnight Rate**). These Overnight Rates differ from the now discontinued inter-bank lending (**IBOR**) rates that they look to replace in a number of material respects, including (without limitation) that these Overnight Rates are backwards-looking, compounded, risk-free or secured overnight rates, whereas the previous IBOR rates were expressed on the basis of a forward-looking term and included a credit risk element based on inter-bank lending. As such, investors should be aware that there may be a material difference in the past behaviour of the relevant IBOR rate and the related Overnight Rate as interest reference rates for Floating Rate Covered Bonds. The use of Overnight Rates as a reference rate for Eurobonds is relatively new, 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 such Overnight Rates.

Certain historical indicative secured overnight financing rates are published, although such historical indicative data inherently involves assumptions, estimates and approximations. Potential investors in Covered Bonds referencing an Overnight Rate should not rely on such historical indicative data or on any historical changes or trends in the relevant Overnight Rate, as the case may be, as an indicator of the future performance of such Overnight Rate. For example, since the initial publication of certain Overnight Rates, daily changes in such Overnight Rates have, on occasion, been more volatile than daily changes in comparable benchmark or market rates (see "*Overnight Rates may be more volatile than other benchmarks or market rates*" below). Accordingly, any Overnight Rate over the term of any Covered Bond referencing such Overnight Rate may bear little or no relation to the historical actual or historical indicative data.

Prospective investors in any Floating Rate Covered Bonds referencing any Overnight Rate should be aware that the market continues to develop in relation to such rates as reference rates in the capital markets and their adoption

as an alternative to the discontinued IBOR rates. For example, in the context of backwards-looking Overnight Rates, market participants and relevant working groups continue to explore forward-looking 'term' reference rates for Overnight Rates (which seek to measure the market's forward expectation of an average Overnight Rate over a designated term). The adoption of Overnight Rates may also see component inputs into swap rates or other composite rates transferring from IBOR rates or another reference rate to such Overnight Rates.

The market or a significant part thereof may adopt an application of an Overnight Rate that differs significantly from that set out in the Conditions in the case of Floating Rate Covered Bonds for which the Rate of Interest is determined by reference to that Overnight Rate. Equally, in such circumstances, it may be difficult for the Covered Bond Guarantor to find any future required Swap Provider to properly hedge its then interest rate exposure on such a Floating Rate Covered Bond should a Swap Provider need to be replaced and such Floating Rate Covered Bond at that time uses an application of an Overnight Rate that then differs from products then prepared to be hedged by Swap Providers. Furthermore, the Issuer may in the future issue Floating Rate Covered Bonds referencing Overnight Rates that differ materially in terms of the interest determination provisions when compared with the provisions for such determination as set out in the Conditions. The relatively recent development of Overnight Rates as interest reference rates for the Eurobond markets, as well as continued development of rates based on such Overnight 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 Floating Rate Covered Bonds issued under the Programme from time to time referencing Overnight Rates.

In addition, the manner of adoption or application of rates referencing Overnight Rates in the Eurobond markets may differ materially compared with the application and adoption of rates referencing such Overnight Rates in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of reference rates referencing any Overnight 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 Floating Rate Covered Bonds referencing such Overnight Rates.

Since the Overnight Rates are relatively new market reference rates, Floating Rate Covered Bonds referencing such Overnight Rates may have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for debt securities referencing Overnight Rates, such as the margin over the reference rate reflected in the interest rate provisions, may evolve over time, and trading prices of such debt securities may be lower than those of later issued debt securities as a result. Further, if any of the Overnight Rates do not prove to be widely used in securities, the trading price of Floating Rate Covered Bonds referencing such Overnight Rates may be lower than those of debt securities referencing other reference rates that are more widely used.

Investors in Floating Rate Covered Bonds referencing any Overnight Rates may not be able to sell such Covered Bonds at all or may not be able to sell such Covered Bonds at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk. There can also be no guarantee that any Overnight Rate will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in such Covered Bonds. If the manner in which an Overnight Rate is calculated is changed, that change may result in a reduction in the amount of interest payable on Floating Rate Covered Bonds referencing that Overnight Rate and the trading prices of such Covered Bonds.

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

Any failure of an Overnight Rate to gain market acceptance could adversely affect Covered Bonds referencing that Overnight Rate

According to the Alternative Reference Rates Committee, convened by the Board of Governors of the Federal Reserve System and the Federal Reserve Bank of New York (the **FRBNY**), SOFR was developed for use in certain U.S. dollar derivatives and other financial contracts as an alternative to U.S. dollar LIBOR, in part because it is considered a good representation of general funding conditions in the overnight U.S. Treasury repurchase agreement market. However, as a rate based on transactions secured by U.S. Treasury securities, it does not measure bank-specific credit risk and, as a result, is less likely to correlate with the unsecured short-term funding costs of banks. Similar considerations apply in respect of other Overnight Rates. This may mean that market participants would not consider an Overnight Rate to be a suitable replacement or successor for all of the purposes

for which the related IBOR rate historically has been used (including, without limitation, as a representation of the unsecured short-term funding costs of banks), which may, in turn, lessen market acceptance of that Overnight Rate. Any failure of an Overnight Rate to gain market acceptance could adversely affect the return on and value and market price of Floating Rate Covered Bonds which reference that Overnight Rate and the price at which investors can sell such Covered Bonds in the secondary market.

The amount of interest payable with respect to each Floating Interest Period will only be determined near the end of the Interest Period for Floating Rate Covered Bonds referencing Overnight Rates

The Rate of Interest on Floating Rate Covered Bonds referencing an Overnight Rate 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 any such Floating Rate Covered Bonds to estimate reliably the amount of interest that will be payable on such Floating Rate Covered Bonds on each Interest Payment Date, and some investors may be unable or unwilling to trade such Floating Rate Covered Bonds without changes to their information technology systems, both of which factors could adversely impact the liquidity of such Floating Rate Covered Bonds. Further, if Floating Rate Covered Bonds referencing an Overnight Rate become due and payable as a result of an event of default under Condition 9 (*Events of Default and Enforcement*), or are otherwise redeemed early on a date that is not an Interest Payment Date, the final rate of interest payable in respect of such Floating Rate Covered Bonds shall only be determined by reference to a shortened period ending immediately prior to the date on which the Floating Rate Covered Bonds become due and payable.

Overnight Rates may be more volatile than other benchmarks or market rates

Publication of data in relation to Overnight Rates has a relatively limited history. In addition, the future performance of Overnight Rates cannot be predicted based on their historical performance. The level of an Overnight Rate over the term of the Covered Bonds may bear little or no relation to the historical level of that Overnight Rate. Prior observed patterns, if any, in the behaviour of market variables, such as correlations, may change in the future. While some pre-publication hypothetical performance data has been published, such data inherently involves assumptions, estimates and approximations. Furthermore, since the initial publication of Overnight Rates, daily changes in such Overnight Rates have, on occasion, been more volatile than daily changes in comparable benchmark or market rates. As a result, the return on and value and market price of Floating Rate Covered Bonds that reference an Overnight Rate may fluctuate more than floating rate debt securities that are linked to less volatile rates. In addition, the volatility of an Overnight Rate has reflected the underlying volatility of the relevant overnight market. The relevant central banks have at times conducted operations in the relevant overnight markets in order to help maintain other rates within a target range. There can be no assurance that such operations will continue to be conducted in the future, and the duration and extent of any such operations is inherently uncertain. The effect of any such operations, or of the cessation of such operations to the extent they are commenced, is uncertain and could be materially adverse to investors in Covered Bonds referencing the relevant Overnight Rate. The future performance of Overnight Rates is impossible to predict and therefore no future performance of an Overnight Rate or the Floating Rate Covered Bonds may be inferred from any of the hypothetical or actual historical performance data. Hypothetical or actual historical performance data is not indicative of, and has no bearing on, the potential performance of an Overnight Rate or the Covered Bonds. There can be no assurance that any of the Overnight Rate will be positive.

The interest rate on Covered Bonds referencing Overnight Rates are based on rates and indices that are relatively new in the marketplace or relatively new market indices

For each Floating Interest Period, the interest rate on any Floating Rate Covered Bonds referencing an Overnight Rate is based on that Overnight Rate as calculated on a daily compounded basis (or, where Index Determination is specified as being applicable in the applicable Final Terms, by reference to the relevant index) and not the Overnight Rate published on or in respect of a particular date during such Floating Interest Period or an arithmetic average of that Overnight Rate during such Floating Interest Period. Each of the indices for an Overnight Rate measures the cumulative impact of the compounding Overnight Rate on a unit of investment over time. The value of the index on a particular business day reflects the effect of the compounding Overnight Rate on such business day and allows the calculation of the compounded Overnight Rate averages over custom time periods. For this and other reasons, the interest rate on Floating Rate Covered Bonds referencing an Overnight Rate during any Floating Interest Period will not be the same as the interest rate on other Overnight Rate-linked investments that use an alternative basis to determine the applicable interest rate. Further, if the Overnight Rate in respect of a particular date during a Floating Interest Period is negative, its contribution to the relevant compounded rate will

be less than one, resulting in a reduction to such compounded rate used to calculate the interest payable on any Floating Rate Covered Bonds referencing that Overnight Rate on the interest payment date for such Floating Interest Period.

Limited market precedent exists for securities that use Overnight Rates as the interest rate and the method for calculating an interest rate based upon the different Overnight Rates in those precedents varies. In addition, publication of the indices for the relevant Overnight Rates only began recently. Accordingly, the specific formulas for the Overnight Rates set out in the Conditions and the use of the relevant indices for the calculation of those Overnight Rates may not be widely adopted by other market participants, if at all. If the market adopts a different calculation method, that would likely adversely affect the market value of any Covered Bonds referencing that Overnight Rate or index.

There can be no assurance that any of the Overnight Rates will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of holders of Covered Bonds referencing such Overnight Rates

Overnight Rates are published by the respective administrators of those Overnight Rates based on data received from sources other than the Issuer. The Issuer has no control over the determination, calculation or publication of any of the Overnight Rates. The administrator of an Overnight Rate may make changes that could change the value of that Overnight Rate or discontinue the relevant Overnight Rate and has no obligation to consider the interests of holders of Covered Bonds referencing that Overnight Rate in doing so. Each of the administrators of the Overnight Rates may also make methodological or other changes that could change the value of the relevant Overnight Rate, including changes related to the method by which the Overnight Rate is calculated, eligibility criteria applicable to the transactions used to calculate the Overnight Rate, or timing related to the publication of the Overnight Rate. In addition, the administrator of an Overnight Rate may alter, discontinue or suspend calculation or dissemination of SONIA or SOFR (in which case a fallback method of determining the interest rate on any Covered Bonds referencing the relevant Overnight Rate will apply, as further described in the Conditions).

There can be no assurance that an Overnight Rate will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of holders of Covered Bonds referencing that Overnight Rate. If the manner in which an Overnight Rate is calculated is changed, that change may result in a reduction of the amount of interest payable on any Covered Bonds referencing that Overnight Rate, which may adversely affect the trading prices of such Covered Bonds. If the rate at which interest accrues on any Covered Bond referencing an Overnight Rate for any Floating Interest Period declines to zero or becomes negative, no interest will be payable on such Covered Bonds on the Interest Payment Date for such Floating Interest Period. The administrators of the Overnight Rates have no obligation to consider the interests of holders of Covered Bonds referencing an Overnight Rate in calculating, adjusting, converting, revising or discontinuing that Overnight Rate. In addition, the administrator of any Overnight Rate may withdraw, modify or amend the published Overnight Rate or other data in its sole discretion and without notice. The indices for the Overnight Rates may be modified or discontinued, which could adversely affect the value and market price of any Floating Rate Covered Bonds referencing such indices.

The indices for the Overnight Rates are published by the administrators of those indices based on data received by them from sources other than the Issuer, and the Issuer has no control over their methods of calculation, publication schedule, rate revision practices or the availability of any of those indices at any time. There can be no guarantee that any such indices will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in any Floating Rate Covered Bonds referencing such an index. If the manner in which index for an Overnight Rate is calculated, including the manner in which that Overnight Rate is calculated, is changed, that change may result in a reduction in the amount of interest payable on any Floating Rate Covered Bonds referencing that Overnight Rate or index and the trading prices of such Covered Bonds. In addition, the administrator of any of the indices for the Overnight Rates may withdraw, modify or amend the published index or other Overnight Rate data in its sole discretion and without notice. The interest rate for any Floating Interest Period will not be adjusted for any modifications or amendments to an index for an Overnight Rate or other Overnight Rate data that the administrator of such index or Overnight Rate may publish after the interest rate for that Floating Interest Period has been determined.

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 EURIBOR) are the subject of 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 the value or liquidity of, and return on, any Floating Rate Covered Bonds or any other Covered Bonds which are linked to or reference a "benchmark".

The EU Benchmarks Regulation applies to the provision of "benchmarks", the contribution of input data to a "benchmark" and the use of a "benchmark" within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). The UK Benchmarks Regulation, among other things, applies to the provision of benchmarks, the contribution of input data to a "benchmark" 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).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Covered Bonds linked to or referencing a "benchmark", in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. 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.

The working group on euro risk-free rates has published a set of guiding principles and high-level recommendations for fallback provisions in, amongst other things, new euro-denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system. The working group on euro risk-free rates has published consultations, such as the one on 11 May 2021, on EURIBOR fallback trigger events and fallback rates. The working group issued its final statement and announced completion of its mandate on 4 December 2023.

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".

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

The occurrence of a Benchmark Event, SOFR Benchmark Transition Event, SORA Benchmark Event, CORRA Index Cessation Event or TONA Index Cessation Event, as applicable, may adversely affect the return on and the market value of Floating Rate Covered Bonds

Investors should be aware that in the case of Floating Rate Covered Bonds, the Conditions of the Covered Bonds provide for certain fallback arrangements in the event that a published Benchmark, including SONIA, SOFR, an inter-bank offered rate such as EURIBOR or other relevant reference rates, ceases to exist or be published or another Benchmark Event, SOFR Benchmark Transition Event, SORA Benchmark Event, CORRA Index Cessation Event or TONA Index Cessation Event, as applicable, occurs.

These fallback arrangements include the possibility that the Rate of Interest could be determined by reference to a Successor Rate or an Alternative Rate or a SOFR Benchmark Replacement, SORA Benchmark Replacement, another Applicable Rate in the case of CORRA or JPY Recommended Rate, as applicable, and that an Adjustment Spread or a SOFR Benchmark Replacement Adjustment, SORA Adjustment Spread or other spread or adjustment, respectively, may be applied to such Successor Rate, Alternative Rate, SOFR Benchmark Replacement, SORA Benchmark Replacement, Applicable Rate or JPY Recommended Rate, as the case may be, as a result of any such replacement of the relevant "benchmark" or screen rate (as applicable) originally specified. Certain Benchmark Amendments or other amendments, in the case of SOFR, SORA, CORRA or TONA, to the Conditions of such Covered Bonds may also be made without the consent or approval of holders of the relevant Floating Rate Covered Bonds. In the case of any Alternative Rate, any Adjustment Spread unless formally recommended or provided for and any Benchmark Amendments, and any SOFR Benchmark Replacement, SOFR Benchmark Replacement Adjustment, SORA Adjustment Spread or other spread or adjustment and related amendments, the relevant replacement and adjustment (if any) and any such amendments shall be determined by the Issuer (acting in good faith in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser) or, in the case of SOFR, SORA or CORRA the Issuer or the SOFR Benchmark Replacement Agent, Independent Adviser or CORRA Benchmark Replacement Agent, if any. Any Adjustment Spread, SOFR Benchmark Replacement Adjustment, SORA Adjustment Spread or other spread or adjustment that is applied may not be effective to reduce or eliminate economic prejudice to investors. The use of a Successor Rate or Alternative Rate (including with the application of an Adjustment Spread), SOFR Benchmark Replacement, SORA Benchmark Replacement, Applicable Rate or JPY Recommended Rate (including with the application of a SOFR Benchmark Replacement Adjustment, SORA Adjustment Spread or other spread or adjustment) will still result in any Covered Bonds linked to or referencing a benchmark performing differently (which may include payment of a lower Rate of Interest) than they would if the relevant benchmark were to continue to apply in its current form.

In certain circumstances the ultimate fallback for the purposes of calculation of interest for a particular Floating Interest Period may result in the Rate of Interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Covered Bonds based on the rate which was last observed on the Relevant Screen Page or the initial Rate of Interest applicable to such Covered Bonds on the Interest Commencement Date. In addition, due to the uncertainty concerning the availability of any Successor Rate or Alternative Rate, any determinations that may need to be made by the Issuer and the involvement of any Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time.

Based on the foregoing, prospective investors should in particular also be aware that in the case of Floating Rate Covered Bonds, if EURIBOR or any other relevant interest rate benchmark is discontinued there can be no assurance that the applicable fall-back provisions under the Covered Bond Swap Agreements would operate to allow the transactions under the Covered Bond Swap Agreements to effectively mitigate interest rate risk in respect of such Floating Rate Covered Bonds.

In addition, it should be noted that broadly divergent interest rate calculation methodologies may develop and apply as between the Covered Bonds and/or the Covered Bond Swap Agreements due to applicable fall-back provisions or other matters and the effects of this are uncertain but could include a reduction in the amounts available to the Covered Bond Guarantor to meet its payment obligations in respect of the Covered Bonds.

Any such consequences could have a material adverse effect on the value, market price or liquidity of and return on any such Covered Bonds. Any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under the Floating Rate Covered Bonds and could also have a material adverse effect on the value, market price or liquidity of, and the amount payable under, the Floating Rate Covered Bonds. Investors should consider these matters when making their investment decision with respect to the relevant Floating Rate Covered Bonds.

Exchange of the Covered Bonds following any covered bond legislation coming into force in New Zealand

The Reserve Bank of New Zealand (Covered Bonds) Amendment Act 2013 came into force on 10 December 2013 and provides that on and from 10 September 2014 covered bonds may only be issued under registered covered bond programmes. The Programme was registered with the RBNZ on 8 August 2014. The Issuer is not aware of any proposal to introduce further, or amend the existing, covered bond legislation. However, in the event of such a change, the Conditions of the Covered Bonds permit the Issuer to agree with the Bond Trustee to exchange, without the consent of the Security Trustee or the Covered Bondholders, all (but not some only) of the Covered

Bonds then outstanding for new Covered Bonds following the coming into force in New Zealand of any legislation, rules, regulations or guidelines published by any governmental authority in New Zealand that provide for the regulation of covered bonds issued by New Zealand issuers provided that, among other things, each Rating Agency which has previously assigned a credit rating to the Existing Covered Bonds confirms in writing that new Covered Bonds will be assigned the same rating as then applicable to the Existing Covered Bonds. Any such new Covered Bonds will be in identical form, amounts and denominations and subject to the same economic terms and conditions as the Existing Covered Bonds then outstanding.

This exchange may be effected without the consent or sanction of the Covered Bondholders of any Series.

Certain decisions of Covered Bondholders taken at Programme level

Any Extraordinary Resolution to direct the Bond Trustee to serve an Issuer Acceleration Notice following an Issuer Event of Default, to direct the Bond Trustee to serve a Covered Bond Guarantee Acceleration Notice following a Covered Bond Guarantor Event of Default 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 shall not be treated as such must be passed at a single meeting of all Covered Bondholders 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 shall 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, shall have been indemnified and/or prefunded and/or secured to its satisfaction and provided that the Security Trustee shall 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.

Absence of secondary market; lack of liquidity

There is no assurance that any secondary market for the Covered Bonds will develop, that it will provide liquidity of investment or that it will continue for the life of the Covered Bonds. The risk that a secondary market in the Covered Bonds will not develop, cease to develop or fail is increased during major disruptions in the capital markets. Such disruptions may not be limited to issues which are directly relevant to the Issuer or the Covered Bond Guarantor's assets and which may therefore appear unrelated to the Covered Bonds. For example, there has been a significant downturn in global credit markets in recent times. The Covered Bonds have not been, and will not be, registered under the Securities Act or any other applicable securities laws and are subject to certain restrictions on the resale and transfer thereof as set forth under "*Subscription and Sale 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 holder of the Covered Bonds may not be able to find a buyer to buy its Covered Bonds readily or at prices that will enable the holder of the Covered Bonds to realise a desired yield. This is particularly the case for Covered Bonds that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies, are being issued to a single investor or a limited number of investors or have been structured to meet the investment requirements of limited categories of investors. These types of Covered Bonds generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Covered Bonds.

In addition, the secondary market for covered bonds and mortgage-backed securities generally may experience severe disruptions resulting from reduced investor demand for such securities. This could have a materially adverse impact on the market value of covered bonds and could result in the secondary market for such securities experiencing very limited liquidity. Limited liquidity in the secondary market could continue to have an adverse effect on the market value of covered bonds and mortgage-backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the requirements of limited categories of investors. Consequently, if such market conditions were to persist, an investor in Covered Bonds might not be able to sell or acquire credit protection on its Covered Bonds readily and market values of Covered Bonds would be likely to fluctuate. Any of these fluctuations might be significant and

could result in significant losses to Covered Bondholders. Further deterioration in wholesale funding markets might have an adverse effect on the Issuer and the Covered Bond Guarantor.

In addition, the adverse market conditions might affect the primary market for a number of financial products including covered bonds and mortgage-backed securities. In such circumstances, there would be no assurance that the market for covered bonds and mortgage-backed securities would recover at the same time or to the same degree as such other recovering global credit market sectors.

Potential investors must therefore be able to bear the risks of any investment by them in the Covered Bonds for an indefinite period of time.

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

STRATEGIC RISK

ASB may be adversely affected by geo-political and economic conditions, including disruptions in the global financial markets and associated impacts

As a financial institution that operates in various financial markets, ASB's business, financial condition, liquidity, results of operations and prospects may be adversely affected, both directly and indirectly, by difficult business and economic conditions, and disruptions in global financial markets. The financial markets within which ASB operates may experience systemic shocks due to market volatility, political or economic instability, or catastrophic events.

Factors that could contribute to uncertainty and volatility in global financial markets include the potential for unstable government, trade disputes, economic sanctions, the threat of potential or actual conflict stemming from political tensions globally. Other factors that may cause disruptions on a global scale include failures of banks, cyber-attacks, and environmental disasters. ASB operates in, and depends on the operation of, financial markets, including through exposures in financial products such as securities, loans, derivatives and other activities. Disruption in financial markets can flow into the wider economy and result in major global economies either slowing substantially or contracting. This in turn could cause an economic downturn in New Zealand. These factors could adversely affect ASB's business, financial condition, liquidity, results of operations and prospects.

Changes in global political conditions have led to, and may continue to result in, extended periods of increased political and economic uncertainty and volatility in the global financial markets. Geo-political conflicts can result in the introduction of new sanctions, laws and regulations being imposed, which are complex and frequently changing. The extent and duration of ongoing military conflicts and corresponding economic sanctions, export controls and other restrictive measures may contribute to prolonged market volatility and economic uncertainty, or have adverse effects on macroeconomic conditions, all of which could adversely impact New Zealand economic activity and ASB's business, financial condition, liquidity, results of operations and prospects.

Strategic competition between international parties can result in the implementation of tariffs and other protectionist trade policies. These measures can contribute to uncertainty in the geopolitical and regulatory landscapes, including in the Asia-Pacific region. This could also adversely impact ASB's customers, including those with exposure to trade finance or that are reliant on imports and exports.

Anything that adversely affects New Zealand's key economic counterparts, such as the economic growth of these countries, or New Zealand's access to key markets could adversely affect New Zealand economic activity, and as a result, adversely impact ASB. Further, due to ASB's relationship with CBA, ongoing trade tensions between Australia and their key economic counterparts could adversely impact Australian economic activity and, as a result, could adversely impact ASB's business, financial condition, operations and the ability for CBA to provide support to ASB.

Political and economic uncertainty, trade tensions and military conflict have in the past led to declines in market liquidity and activity levels, volatile market conditions, a contraction of available credit, an increase in interest rates as part of central bank response to inflationary pressures, weaker economic growth and reduced business confidence, each of which could adversely affect ASB. Responses to international tension could result in trade and supply chain instability, increasing the volatility of global economic conditions which could dampen

consumer confidence and suppress business earnings and growth prospects. While the future impact of the economic disruptions caused by heightened geopolitical tensions remains uncertain, ASB may be adversely affected by a protracted downturn in economic conditions globally, but particularly so if that flows through to an economic downturn in New Zealand. ASB can give no assurances as to the likely future conditions of the global or New Zealand economies, which can be influenced by many factors within and outside New Zealand, which are outside of ASB's control, including domestic and international economic events, political events, environmental disasters, and any other events that impact global financial markets.

Shocks, deteriorations, or a downturn in the global economy could result in currency and interest rate fluctuations, with any disruptions having the potential to impact ASB. For example, inflationary pressures in recent years have resulted in central banks globally adopting a tightening monetary policy strategy. Prolonged monetary policy tightening across many economies, combined with impacts of an uncertain global economic outlook and geo-political tensions, could pose further challenges to the global economy. Central banks are cautious of over-tightening, which could further slow global demand, tighten credit conditions, and induce deeper economic recessions in some countries. This may lead to counterparties defaulting on their debt obligations, countries re-denominating their currencies and/or introducing capital controls and/or one or more major economies collapsing or global financial markets ceasing to operate efficiently. Defaults on a sovereign or widespread industry scale may adversely impact ASB directly, through adversely impacting the value of ASB's assets, or indirectly through destabilising global financial markets, adversely impacting ASB's liquidity, financial performance or ability to access capital. While difficult to predict, such events could destabilise global financial markets, adversely affecting all participants, including adversely affecting ASB's business, financial condition, liquidity, results of operations and prospects.

Damage to ASB's reputation or social licence to operate could harm ASB

Various issues may give rise to reputational damage and may impact ASB's social licence to operate in New Zealand. Damage to ASB's reputation or social licence to operate in New Zealand may arise where there are differences between stakeholder expectations and ASB's actual or perceived practices and conduct. Poor conduct, breaches of legal and regulatory obligations, and non-compliance with internal policies and procedures, or inappropriate management of issues impacting customers in vulnerable circumstances, including those impacted by cost of living pressures, may result in reputational damage. ASB may also suffer reputational damage if the public perceives ASB to have failed to promptly and adequately respond to issues posed by unexpected events, such as increasingly severe weather, and its social disruption.

Further reputational harm may come from technology-related and information security failures, unsuccessful strategies or strategies that are not in line with community expectations. Reputational failure may impact the perception that ASB's customers, investors, and regulators have about ASB, which could cause harm to ASB's business, financial condition, liquidity, results of operations and prospects.

Scrutiny over the banking and financial services industry remains high. Failure to address any issues identified by regulatory or public scrutiny appropriately could give rise to reputational damage, additional legal risk, subject ASB to regulatory enforcement actions, fines and penalties, or harm its reputation and perceived integrity among customers, investors and other stakeholders.

ASB operates in a competitive environment which could adversely impact ASB's ability to execute its strategy

The New Zealand financial services sector in which ASB operates is concentrated and competitive.

The delivery of banking products and services is competitive in New Zealand, with significant competition for customer deposits and loans among New Zealand banks. This competition is expected to continue as banks seek to diversify their sources of funding and drive asset growth. ASB relies on deposits to fund a significant portion of its balance sheet. Increased competition for deposits could increase ASB's cost of funding as well as decrease ASB's net interest margin. To the extent that ASB is not able to successfully compete for deposits, ASB would be forced to rely more heavily on other, less stable or more expensive forms of funding, or reduce lending. To the extent that ASB is not able to successfully compete for loans, ASB would receive lower levels of interest income and may experience pressure on net interest margin. Either scenario could adversely affect ASB's business, financial condition, liquidity, results of operations and prospects.

Changes in community and customer expectations, regulatory requirements governing the operations of banks and non-bank competitors, increased diversification of products by competitors, the development of new distribution methods and services and technologies, and changes in political discourse surrounding the banking and financial services industry continue to pressure the competitive landscape in which ASB operates. Competition has increased, and is expected to increase from new and non-bank market entrants, including digital disrupters, and foreign branches.

These entrants may disrupt the financial services industry by offering new or bundled propositions and technologies, targeting higher profitability sectors, or gaining market share through innovative offerings. This includes new and evolving alternative payment mechanisms, systems and products, such as aggregators and web-based and wireless payment platforms or technologies, blockchain or digital or cryptocurrencies, prepaid systems and payment services targeting users of social networks, communications platforms and online gaming, who may be either unregulated or subject to different prudential and regulatory standards than ASB, and therefore may be able to operate more efficiently. For example, the rate of digital asset adoption, other banks' and/or non-traditional competitors' digital asset product creation and government responses, including the possibility of the RBNZ issuing a Central Bank Digital Currency, could result in changes to the sector and impact on the future operations of ASB. Furthermore, recent regulatory and legislative developments may also increase competition in the banking sector. See "*Supervision and Regulation of ASB Bank Limited – Regulatory environment in New Zealand*". ASB's attention to such regulatory matters could affect the amount of resources that ASB is able to allocate to pursuing strategic and competitive agendas.

If ASB is unable to compete or execute its strategy effectively in its various businesses and markets, its market share may decline. Increased competition or inadequate strategic execution may also adversely affect its results of operations by diverting business to ASB's competitors or creating pressure to lower margins, fees and other income. ASB also faces heightened execution risk due to challenges in hiring skilled staff in technology and technology adjacent roles to implement its strategy and reliance on legacy technology platforms, which could result in the reprioritising of resources and impacting delivery schedules.

ASB could suffer losses and reputational damage due to environmental and social risks

ASB is exposed to potential financial losses or reputational damage from the impacts of climate change or from not understanding or meeting the community or regulatory expectations in relation to environmental and social issues. Climate change is systemic in nature, and is a driver of financial, non-financial and strategic risk for ASB and its customers. A failure to respond adequately to the potential and expected impacts of climate change would affect ASB's long-term performance and could be expected to have wide-ranging impacts for ASB in its lending (retail and business), procurement and investment portfolios. Inadequate assessment and management of climate change risks, and the risks associated with the transition to a low emissions economy, has the potential to disrupt business activities, damage property and otherwise affect the value of assets, and affect ASB's customers' ability to make interest payments or repay loans. This could adversely impact ASB's franchise value, strategic and financial risks, and poses a risk to ASB's cost of capital.

There is an increasing risk that ASB will be impacted by one or more types of climate change risk. ASB categorises climate change risk into physical risk or transition risk, both of which have the potential to impact the overall risk exposure of ASB's portfolio. Physical risk is the risk of damage to physical assets, productivity or supply chains which may be either acute (defined by increasing frequency and severity of extreme weather events) or chronic (shifts occurring over longer timeframes such as rainfall patterns or sea level rise). Transition risk is caused by shifts in policy, legal, technology, market or reputational challenges created by the rapid transition to a low emissions economy and society. Climate transition risk in ASB's portfolio is closely linked to the emissions intensity of industry sectors and the cost and availability of emissions reduction options. Examples of emissions-intensive sectors ASB is exposed to include agriculture, manufacturing, and freight. New Zealand legislation and standards, which broadly align with the Taskforce for Climate-Related Financial Disclosures (**TCFD**) framework since 1 January 2023, require certain entities such as "large listed issuers" and banks (including ASB) to make climate-related disclosures. The first mandatory disclosure period was for the financial year ending 30 June 2024. ASB has previously published voluntary climate-related disclosures for both FY22 and FY23. With increased visibility through reporting, it is possible investors, stakeholders, consumers, activists, customers and regulators may place further scrutiny on ASB's climate-related risks, strategies, governance and financing activities. Consequently, a failure or a perception of failure by these groups of ASB's management and reporting on climate risk may expose ASB to reputational damage, with an increasing reputational risk and risk of litigation from these third-parties with strongly held views on appropriate climate change response. The Financial Markets Authority

(**FMA**), a New Zealand financial markets regulator, is responsible for the monitoring, supervision, and enforcement of the climate-related disclosures regime. The reputation and financial performance of ASB could be affected if it were subject to enforcement action by the FMA resulting from a breach of the climate-related disclosures regime. ASB's reputation could also be impacted by continuing to finance certain industries or customers that are greenhouse gas emissions intensive, carbon intensive or environmentally destructive, by setting portfolio emission reduction targets and strategies that do not meet community expectations, or by failing to meet targets that it has set.

ASB's assets, including those held as collateral or investments, could become impaired as a result of permanent damage arising from more frequent and severe weather events and longer-term shifts in climate patterns. In particular, there is a risk of ASB's lending portfolio accumulating an increased exposure to high-risk assets over time if appropriate action is not taken in the shorter term. Weather events have caused significant damage to homes and businesses in New Zealand. Such damage to the assets of ASB's customers could affect their ability to repay loans, leading to potential reputational risk from increased hardships if ASB fails to respond to such hardship in a manner satisfactory to the public. It could also impact the probability of default and losses arising from defaults, valuations, and collateral as well as portfolio performance. In the longer-term, there is a risk of increased asset impairment due to house value declines in areas with a higher likelihood of climate-related weather events. There is also an increasing risk that assets can become impaired where customers are unable to secure adequate insurance coverage against damage arising from more frequent and severe weather events and longer-term shifts in climate patterns or when the cost of insurance exceeds what customers are able to pay, which could harm ASB's financial condition. In addition to its home lending portfolio, this risk is present in ASB's rural portfolio where extreme weather or climate shifts may create damage to assets or productivity losses. Physical climate risk may also be an issue in ASB's commercial property portfolio. Damage to assets of customers could affect their ability to repay loans, and therefore the probability of default and losses arising from defaults, valuations, and collateral as well as portfolio performance.

As noted above, disruption is also likely to occur from the adjustment to a low-emissions economy. This may be due to the nature and volume of regulatory policy, market, technological or community-led transition requirements, and changing expectations. Local and global regulators have increased their focus on climate change, which is leading to changes in supervisory and regulatory guidance and requirements for banks where regulators seek to understand and manage system-wide climate-related risks. This increases the risk of compliance breaches or litigation risk (including class actions). Further, decreases in both investor appetite and customer demand for carbon intensive products and services may give rise to transition risks and negatively impact revenue and access to capital for some businesses. These transition risk impacts may increase current levels of customer defaults by those businesses, thereby increasing the credit risk facing ASB and adversely impacting ASB's financial performance and position. ASB's assets in certain industries and/or locations, or those held in investment portfolios, could become less valuable as a result of being misaligned with low-carbon policy or community expectations. The reputational and financial performance of ASB could also be adversely impacted if revenue foregone from carbon intensive customers is not offset by opportunities in new 'green' industries.

Social risk may increase as community expectations shift in relation to how the financial sector interacts with people in vulnerable circumstances and those members of the community who need extra support to access financial services. This continues to be a focus of financial sector regulators and government policy. Social risk includes the risk of making socially irresponsible investments, or financing and interacting with businesses who do not demonstrate socially responsible practices or investments, including the risk of modern slavery that may be present in ASB's operations or supply chain or those of the businesses or organisations that ASB does business with. Risk in ASB's operations, or to its reputation, may arise as a result of banking customers who have poor environmental practices or modern slavery present in their businesses.

ASB may be adversely affected by inadequate investment allocation and delivery risks, including through acquisitions or divestments of businesses

ASB routinely manages a large number of strategic and transformation programmes. There is the risk of expected outcomes not being achieved, or strategic opportunities being missed due to ineffective management of these initiatives. There is also the risk of ineffective allocation and balancing of ASB's resources that could result in missed strategic opportunities or the inability to effectively deliver on strategic objectives. For example, strategic investment may be delayed due to operational complexity.

ASB may also face technology-related strategic risk if by continuing to use legacy platforms and not achieving the pace of investment that may be required to respond to market opportunities. Technology-related strategic risk may also arise if there is a high cost of change to implement new technology platforms or if ASB invests in unsuitable systems.

Regulatory change has impacted, and is expected to continue to impact, ASB's operational and investment capacity in the near term, which could impact the operation and profitability of ASB's business activities, require changes to certain business practices, and expose ASB to additional costs. ASB's ability to respond to regulatory changes could face challenges if the required capacity and specialised skillsets are difficult to source in the New Zealand market, there are compressed timeframes, or the sequencing of regulatory changes for similar obligations across various regulators, which has resulted in some instances of duplicated or resource intensive efforts to implement change in systems, processes or products. If the pace, volume, complexity and nature of regulatory change exceeds ASB's ability to resource, adapt and embed appropriate compliance processes, or requires ASB to reprioritise the allocation of resources from other areas of its business, this could have an adverse impact on ASB's results of operations, financial condition and reputation.

From time to time, ASB evaluates and undertakes acquisitions or divestments of businesses. With any acquisition or divestment, there is a risk that ASB may suffer a downgrade of its credit ratings, may not achieve expected synergies from the acquisition as a result of not having the requisite skills and capabilities for the new business or the benefits from divestment, may have difficulties in integrating or separating systems and processes, may achieve lower than expected cost savings or otherwise incur losses, may lose customers and market share, or face disruptions to its operations resulting from difficulties in integrating the acquired business into ASB or separating the divestment from ASB. An acquisition or divestment may have these or other negative impacts on ASB's business, financial condition, results of operations and prospects.

ASB's results could be adversely impacted by changes in its strategic choices

Strategic risk is a risk which affects or is created by strategic choices, which could meaningfully impact business outcomes and objectives leading to material value destruction or less than planned value creation, due to changes in ASB's external and internal operating environment. Dynamically evolving risks, such as the impact of inflation levels and high interest rates, cost of living pressures, the competitive landscape, emerging technologies, macroeconomic conditions and the regulatory and political environment can challenge the business model and profitability assumptions underlying ASB's strategy. While ASB's Board regularly monitors and discusses ASB's operating environment, strategic objectives and implementation of major strategic initiatives, there can be no assurance that such objectives and initiatives will be successful or that they will not adversely impact ASB.

To be successful in delivering on its strategy, ASB needs to be able to identify emerging external and internal trends and understand their potential impacts. ASB may not be able to respond to strategic risks due to inadequacies in internal strategy development and decision-making processes, an inability to identify or adapt the strategy to changes in the external or internal operating environment, an inability to effectively allocate resources to impacted areas of its business, or poor execution of the strategy. If ASB is unable to execute its strategy effectively in its various businesses and markets, its market share may decline. Inadequate strategic execution may also adversely affect its results of operations by diverting business to ASB's competitors or creating pressure to lower margins, fees and other income.

The inability to attract, retain or replace key executives, employees or members of ASB's Board may adversely affect ASB

ASB's ability to attract and retain qualified and skilled executives, employees and members of ASB's Board is an important factor in achieving ASB's strategic objectives. The Chief Executive Officer, the management team of the Chief Executive Officer and ASB's Board set ASB's strategic direction, which is critical to the growth of ASB and the loss of any of these executives, employees or Board members due to resignation, retirement, death or illness, may adversely affect ASB's business, operations and financial condition. ASB's organisational capability and culture are critical to executing effectively on strategy, and it is important that ASB is able to successfully attract and retain talent in order to achieve its business objectives. New Zealand's unemployment rate is trending upwards in recent quarters and, coupled with net immigration weakening since the high levels of 2023, the ability to attract, retain and replace skilled staff could continue to be challenging for ASB. In particular, competition for skilled staff may become further challenging as the progression of new technologies (such as artificial intelligence), changing macroeconomic conditions and increasing regulatory expectations, requires employees with alternative

or particular expertise to deliver strategic programmes. In New Zealand, attracting employees in technology, digital and data is currently difficult, particularly with respect to engineering and technology related roles. This led to wage inflation, now abating, in addition to an increase in compliance risk, execution risk and technology-related strategic risks due to capacity constraints that require ASB to prioritise resourcing. If ASB has difficulty retaining key employees or attracting capable people for important roles, including members of ASB's Board, particularly in times of strategic change, ASB's business, operations and financial condition could be adversely affected.

ASB may be exposed to risks arising from the increased prevalence of artificial intelligence

Artificial Intelligence (**AI**) includes technologies that independently learn from data to generate outputs such as predictions, recommended actions, or decisions. AI includes technologies such as machine learning (involving the identification of patterns and relationships in data, including supervised, unsupervised and reinforcement learning), dynamic or adaptive models, speech recognition, natural language processing and computer image recognition. AI is being used more often in banking across a range of business processes, including lending, customer service and financial modelling. Not adopting AI within business processes could pose a strategic disadvantage to ASB relative to its competitors who deploy AI tools to increase the speed and quality of decisions. Inadequate adoption and management of AI in business processes by ASB, or by third parties it relies upon (including the inability to understand or explain AI decisions), could result in unwanted financial and non-financial consequences, such as decisions deemed unethical, data privacy concerns or the delivery of unintended results, which could have a material adverse impact on ASB's business operations.

The rapid development and deployment of AI presents ethical implications and challenges to human rights, psychological and physical harm, public trust and security. To address this risk, AI regulations are developing globally, with the EU Parliament passing the Artificial Intelligence Act in March 2024 and associated AI regulations expected to be formalised in the next two years. It is likely that AI regulations in New Zealand and other western countries will follow the EU AI regulations. The full impact of AI regulations and ongoing technological advancements on ASB's business is currently unknown, though one possible way in which such risks could manifest is through those described in "*Risk Factors – Operational Risk*" and "*Risk Factors – Compliance Risk*".

ASB is part of a larger business group, and decisions by that larger business group, or financial or reputational damage to that larger business group, may adversely impact ASB

As ASB is part of a larger business group, it is vulnerable to the decisions made by that larger business group, as well as financial or reputational damage by virtue of its association with that larger business group. If financial resources are withdrawn by CBA and its consolidated subsidiaries (the **CBA Group**) or the CBA Group makes a business or corporate decision that is not in ASB's interests, this may adversely affect ASB's business, financial condition, liquidity, results of operations and prospects. In addition, the reputational consequences of the occurrence of a significant risk or reputational event within the CBA Group, for example, a major operational failure, may have a material impact on ASB's business, financial condition, reputation, liquidity, results of operations and prospects.

CREDIT RISK

A downturn in the New Zealand economy could adversely impact ASB

As a financial group whose core business is banking in New Zealand, the performance of ASB is dependent on the state of the New Zealand economy, customer and investor confidence, and prevailing market conditions in New Zealand. The New Zealand economy has been experiencing a slowdown in economic activity since late 2022 due to inflationary pressures, high interest rates, a weaker property market, weather events and weakening domestic and global growth, which could in turn adversely impact ASB's business, financial condition, liquidity, results of operations and prospects. A protracted economic downturn may also have a negative influence on customer credit defaults, and adversely affect ASB's business, financial condition, results of operations and prospects.

ASB can give no assurances as to the likely future state of the New Zealand economy, which can be influenced by many factors within and outside New Zealand that are out of ASB's control. These factors could include those examples outlined in "*Risk Factors – ASB may be adversely affected by geo-political and economic conditions,*

including disruptions in the global financial markets and associated impacts". Some of ASB's customers are affected by international market conditions and could be impacted by any slowdown in global economic growth, ongoing international trade disruptions or a decline in commodity prices, which could depress the volume and price of exports from New Zealand. A decline in the volume and price of exports from New Zealand and slowing global demand could have a cumulative negative impact for ASB's customers, particularly those customers in the rural sector, who face high farm input costs, changing weather patterns and potentially severe weather events. This may also impact business confidence and domestic consumption, and could result in an increase in defaults on individual loans made by ASB to customers.

In recent years, the combined impacts of geopolitical tensions and the residual effects of the COVID-19 pandemic response pushed global inflation to its highest level in recent history. Inflation has been on a cooling trajectory and monetary policy has begun to be loosened, but it remains at a restrictive level. Still-restrictive monetary policy and ongoing cost pressures could harm ASB's customers and result in increased defaults on individual loans made by ASB to customers, which could adversely affect ASB's business, financial condition, liquidity, results of operations and prospects. These pressures have also led to lower household consumption in New Zealand, slower economic growth, have contributed to a fall in New Zealand house prices nationally, and have caused the labour market to soften. The lagged effect of high interest rates could also lead to increased credit losses from business insolvencies, increased mortgage stress and defaults from higher leveraged borrowers or via job losses, a potential adverse impact on markets, and a potential further downturn in the New Zealand economy. A deficit in infrastructure investment in recent decades could exacerbate, or hinder recovery from, such a downturn in the New Zealand economy. This could in turn have an adverse impact on ASB's business and operations.

The strength of the domestic economy can also be influenced by movements in the New Zealand dollar. Significant movements in the exchange value of the New Zealand dollar may adversely impact parts of the domestic economy and, in turn, ASB's results of operations. While some sectors of the New Zealand economy (and therefore some of ASB's customers) could be adversely affected by a declining New Zealand dollar, there are other sectors that benefit (for example, exporters). Financial markets are by their nature characterised by this volatility. For ASB, while trading income can benefit from, or be harmed by, market volatility, volatility can also adversely impact ASB's liquidity position. These impacts on liquidity may be exacerbated if market conditions worsen, or ASB underperforms or experiences a ratings downgrade.

A material and/or protracted downturn in the New Zealand economy, including as a result of any of the above-mentioned factors, could adversely impact future results and could potentially result in increases in losses on individual loans made by ASB or decreases in demand for ASB's products and services. Recessive economic cycles also have a negative influence on liquidity levels, credit defaults of borrowers and profitability. Interest rate rises, asset price inflation and broader inflationary pressures has resulted in credit deterioration across the residential mortgage, commercial and corporate, commercial property, and construction portfolios, with financially stressed cases emerging on ASB's balance sheet.

ASB's core business includes residential, commercial, small business, and rural property lending, as well as lending for real estate development. In particular, ASB has a concentration of earnings from home loans, and a material decline in New Zealand real estate markets, prolonged high interest rates, property devaluations, or increased unemployment could result in an increase in customers failing to meet their loan obligations or a decrease in demand for new lending that ASB can underwrite. These factors may result in higher credit losses and declines in the value of lending securities. Further adverse impacts on ASB's loan portfolio could come from lower levels of new origination activity and a less active refinancing market, which could adversely affect ASB's business, financial condition, results of operations and prospects.

Since 2013, the RBNZ has taken steps to mitigate the risk of high household debt levels through the use of loan-to-value (**LVR**) restrictions on residential mortgage lending. The RBNZ eased LVR restrictions from 1 July 2024. Additionally, the RBNZ introduced Debt-to-Income (**DTI**) restrictions from 1 July 2024. The effect of DTI restrictions could lead to reduced demand for ASB's mortgage lending products and adversely impact ASB's financial performance.

Changes to regulatory or legislative measures with respect to real estate or real estate lending could negatively impact ASB's residential mortgage lending, and the demand for ASB's residential mortgage lending products may decrease. These changes could also result in a decrease in the amount of funds ASB is able to lend, or an increase in losses on defaulted loans due to declining collateral values, which, in each case, may adversely affect ASB's business, financial condition, liquidity, results of operations and prospects.

ASB may incur losses associated with its counterparty exposures and counterparty lending

ASB assumes counterparty risk in connection with its lending, trading, derivatives, and other businesses where it relies on the ability of its counterparties to satisfy their financial obligations to ASB on a timely basis. ASB faces the possibility that a counterparty may be unable to honour its contractual obligations. Further, the policies of the RBNZ and other global central monetary authorities can affect ASB's borrowers and other counterparties. These risks are exacerbated given still-high cost pressures, elevated interest rates, global market volatility and economic uncertainty, and flow on impacts from increasingly frequent and severe weather events. ASB may be exposed to a heightened risk of counterparties being unable to honour their contractual obligations or defaulting on their obligations due to a deterioration of the financial condition of ASB's counterparties and customers. ASB is also exposed to an increased risk of credit loss from counterparties who are in sectors such as agriculture, commercial property, construction, entertainment, leisure, retail trade and tourism which could have potentially worse or lagged prospects compared to the general economy in New Zealand. This may lead to an increase in loan and other credit defaults, bad debts, and credit impairments for ASB.

ASB faces a risk that counterparties may default on their obligations to ASB due to bankruptcy, lack of liquidity, operational failure or other reasons. This risk may arise, for example, through the selling of home, personal and business loans, from entering into derivative contracts under which counterparties have obligations to make payments to ASB, executing currency or other trades that fail to settle at the required time due to non-delivery by the counterparty or systems failure by clearing agents, exchanges, clearing houses or other financial intermediaries. ASB is also subject to the risk that its rights against counterparties may not be enforceable in certain circumstances. Counterparty default is more acute when market conditions are difficult, for example in the event of prolonged deterioration in economic conditions, natural disasters or pandemics, a sustained high level of unemployment or a prolonged period of high interest rates and a reduction in the value of assets that ASB holds as collateral. There is also a risk that customers or counterparties fail to meet their obligations where they are exposed to a depreciation of the New Zealand Dollar, particularly importers and wholesalers.

In addition, in assessing whether to extend credit or enter into other transactions with counterparties, ASB relies on information provided by, or on behalf of, the counterparties, including financial statements and other financial information. ASB's financial performance could be negatively impacted to the extent that it relies on information that is inaccurate or materially misleading. While ASB holds provisions to cover credit impairment, the amount of these provisions is determined by assessing the extent of impairment inherent within the current lending portfolio, based on current information. This process requires difficult, subjective and complex judgements, including forecasts of how current and future economic conditions might impair the ability of borrowers to repay their loans. However, if the information upon which the assessment is made proves to be inaccurate or if ASB fails to identify factors properly or fails to estimate accurately the impact of factors that are identified, the provisions made for credit impairment may be insufficient, which could have a material adverse effect on ASB's financial performance.

LIQUIDITY RISK

Liquidity and funding risks could adversely impact ASB's results of operations and financial condition

Liquidity risk is the risk of not being able to meet financial obligations as they fall due and that liquidity in financial markets, such as the market for debt securities, may reduce significantly. Liquidity risk is inherent in all banking operations due to the timing mismatch between cash inflows and cash outflows. Reduced liquidity could lead to an increase in the cost of ASB's borrowings and constrain the volume of new lending, which could adversely affect ASB's profitability.

Funding risk contributes to overall liquidity risk and is the risk of over-reliance on a funding source to the extent that a change in that funding source could increase overall funding costs or cause difficulty in raising funds. ASB raises funding from a variety of sources, including customer deposits and wholesale funding in New Zealand and offshore markets to meet its funding obligations and to maintain or grow its business generally. While the majority of ASB's funding comes from deposits, it remains reliant on offshore wholesale funding markets to source a significant amount of its funding. The availability of such funding and the terms on which it may be available, depends on a variety of factors, including prevailing market conditions and ASB's credit rating. Global market volatility could adversely impact the cost of accessing, and ASB's ability to access, wholesale funding markets, which could adversely impact ASB's ability to maintain or grow its business and profitability.

The global debt and equity markets have experienced, and continue to experience, periods of significant volatility. Disruptions, uncertainty or volatility in financial markets or adverse financial and credit market conditions may limit ASB's access to funding (particularly ASB's ability to access offshore wholesale funding markets at a cost that is acceptable to ASB), force ASB to delay raising funding, issue securities with shorter tenors than it prefers, or pay less attractive interest rates. Market volatility may also limit ASB's ability to replace, in a timely manner, maturing liabilities and access the funding necessary to maintain and grow ASB's business. An example of this was the 2023 failure of several United States regional banks, where failure occurred due to concerns over deposit stability and balance sheet management. These failures caused further distress amongst several other banks, a period of global market volatility, international liquidity concerns and caused funding spreads to widen temporarily. There may also be circumstances where conditions specific to ASB (for example, reduced profitability), as opposed to general market conditions, could also limit ASB's access to domestic and international wholesale funding markets. If ASB is unable to source appropriate funding, this could increase ASB's interest expense, decrease its profitability and significantly reduce its financial flexibility and could force ASB to reduce its lending or begin to sell liquid securities or take other actions to support its ability to fund its business. Such activities may adversely affect ASB's business, financial condition, liquidity, results of operations and prospects.

In times of liquidity stress, if there is damage to market confidence in ASB or if funding inside or outside of New Zealand is not available or constrained, ASB's ability to access funding and liquidity sources may be constrained. In any such cases, ASB will be exposed to liquidity risk and it may be forced to seek alternative funding. The availability of such alternative funding, and the terms on which it may be available, will depend on a variety of factors. This includes prevailing market conditions, ASB's credit rating (which is strongly influenced by New Zealand's sovereign credit rating) and the credit rating of CBA (which is in turn influenced by the sovereign credit rating of Australia). Even if available, the cost of these alternatives may be more expensive or on unfavourable terms, which may adversely impact ASB's cost of borrowing, and ASB's ongoing operations and funding. ASB's liquidity and funding policies are designed for ASB to meet its obligations as and when they fall due, by seeking to ensure it is able to borrow on an unsecured basis, has sufficient assets to borrow against on a secured basis, or has sufficient liquid assets to sell to raise immediate funds without adversely affecting ASB's net asset value. ASB actively monitors and manages its liquidity and funding profile. However, if ASB is unable to maintain adequate levels of liquid assets (for example, should financial markets close for an extended period of time), this could have adverse effects on ASB's operations and financial condition.

Fiscal and monetary stimulus and liquidity measures from central banks could result in unintended consequences which may alter the behaviours of ASB's customers and therefore impact the demand for ASB's products. The tapering off of these stimulus measures may also result in increased competition for deposits and other funding sources, and therefore increased funding costs to ASB. Longer term risks in the economy could also occur, including deterioration of public finances leading to widening credit spreads which may impact ASB's ability to access cost effective wholesale funding.

ASB is required to meet the RBNZ Liquidity Policy requirements as set out in the RBNZ Liquidity Policy (**BS13**) and the RBNZ Liquidity Policy Annex: Liquid Assets (**BS13A**). This RBNZ policy requires New Zealand registered banks who have this requirement in their conditions of registration to maintain sufficient liquid assets to meet the regulator's cash outflow assumptions for one week and one month stressed periods. The RBNZ policy also requires banks to maintain a stable funding base and this is measured through a "core funding ratio" measure, which currently requires banks to meet a minimum core funding ratio of 75 per cent., which means that 75 per cent. of bank funding is met through deposits, term-wholesale funding and capital. The core funding ratio encourages term debt with greater than one year remaining, and more generally, smaller customer deposits and capital funding. ASB maintains balance sheet settings in excess of the minimum RBNZ Liquidity Policy requirements, but if ASB were to breach RBNZ Liquidity Policy requirements this could result in the RBNZ taking steps to intervene in the management of ASB which may include the appointment of a statutory manager. Such interventions could have an adverse effect on ASB's operations.

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

A credit rating is an opinion on the general creditworthiness of an obligor. ASB's credit ratings affect ASB's cost of funds, liquidity and access to debt and capital markets. Additionally, credit ratings also impact the cost and availability of capital. Credit ratings may be an important source of information used by current and potential customers, counterparties, intermediaries and lenders when evaluating ASB's products and creditworthiness.

Investors may also consider ASB's credit rating prior to investing in ASB's debt securities. Therefore, any failure by ASB to maintain its credit ratings could also negatively impact the competitive position of ASB's business.

The rating agencies determine ASB's credit ratings after an assessment of a number of stand-alone factors including ASB's financial strength and outlook, and its key operating environments (such as the New Zealand financial system). The stand-alone assessment is then coupled with an assessed level of parent company and government support and hence is also influenced by the credit ratings of CBA and the New Zealand sovereign. A negative outlook or downgrade in credit ratings could be due to a change in the rating agencies' assessment and rating methodology, or from an adverse change in ASB's financial position or outlook. A negative outlook or downgrade could also be due to a change in the outlook of the New Zealand sovereign, or the financial position or outlook of CBA, including in its capacity as parent of ASB, or the ability of CBA or the New Zealand sovereign to provide support to ASB in times of stress. A change in the outlook of CBA might in turn result from a change in the outlook of the Australian sovereign and its ability to provide support to CBA in times of stress. The manifestation of any of the risk factors highlighted in this section could affect ASB's financial position and outlook and could drive a change in its credit ratings.

A downgrade to ASB's credit ratings, or the ratings of CBA, the New Zealand sovereign or the Australian sovereign, could adversely affect ASB's cost of funds and related margins, liquidity position, collateral requirements and access to debt and capital markets. A downgrade to ASB's credit ratings could also negatively impact its competitive position. The extent and nature of these impacts would depend on various factors, including the extent of any ratings change and ASB's credit rating relative to its peers.

ASB is subject to capital adequacy requirements imposed by the RBNZ and failure to meet these could adversely affect its financial condition

ASB is supervised by the RBNZ, which sets capital requirements with which ASB must comply. The regulatory capital requirements set by the RBNZ limit how ASB uses its capital and the RBNZ has restricted, and can restrict, ASB's ability to pay dividends or to make capital repurchases. ASB's capital ratios may be affected by several factors, including but not limited to lower earnings, operating losses, increased asset growth, movements in ASB's risk weighted assets, changes in credit quality and changes in business strategy (including acquisitions, divestments, investments and changes in the capital requirements of businesses).

ASB operates an Internal Capital Adequacy Assessment Process (**ICAAP**) to manage its required capital levels and to maintain them above its Board approved limits (which in turn are set to exceed regulatory requirements). The ICAAP includes forecasting and stress testing of capital levels which guides ASB in selecting any capital management initiatives it may undertake. Should actual circumstances differ materially from the forecast circumstances or fall materially outside the range of circumstances on which stress tests are based, ASB's business may be adversely impacted if ASB finds it difficult to raise sufficient levels of capital to manage balance sheet growth and/or extreme stress. The requirement to maintain certain levels of CET1, Tier 1 capital, Tier 2 capital and the aggregate of Tier 1 and Tier 2 (**Total capital**), affects the level of ASB's lending activity or, alternatively, may require the issue of additional equity capital or subordinated debt, which are additional sources of funds for ASB. Any change in regulation, including changes that increase the requirements of regulatory capital, such as to address current or potential risks in the housing market, could have an adverse impact on ASB's results of operations or the ability to maintain or grow its current business.

Under the current RBNZ capital adequacy requirements imposed by way of ASB's conditions of registration, New Zealand incorporated banks, including ASB, are required to maintain a CET1 capital ratio of 4.5 per cent., a Tier 1 capital ratio of 7.0 per cent. and a Total capital ratio of 9.0 per cent. In addition, the RBNZ capital adequacy requirements also require New Zealand incorporated banks, including ASB, to maintain a prudential capital buffer ratio above the regulatory minimum CET1 capital ratio or face potential regulatory actions, including restrictions on distributions. If ASB is unable to meet these capital adequacy requirements, its financial condition may be adversely affected. See "*Risk Factors — Risk factors relating to the Issuer, including the ability of the Issuer to fulfil its obligations under the Covered Bonds – ASB is subject to extensive regulation, which could have an adverse impact on ASB*" for more information about conditions of registration.

The RBNZ's Banking Prudential Requirements came into effect on 1 October 2021. To the extent that higher capital requirements in the New Zealand banking system impact the cost and access to credit in the New Zealand economy, this could have an adverse effect on economic growth and on ASB's customers' ability to meet their obligations, which could in turn adversely impact ASB's business, results of operation and financial condition.

See "*Risk Factors – A downturn in the New Zealand economy could adversely impact* ". Where ASB is unable to pass on increased funding costs, or meet competitors' market response on re-pricing, this could adversely impact ASB's ability to compete and affect its results of operations. Further, it is possible that the proposed changes could cause ASB's parent company, CBA, to review and reconsider its operations in New Zealand, including the total capital invested and business structure. For further information, see "*Risk Factors – Risk factors relating to the Issuer, including the ability of the Issuer to fulfil its obligations under the Covered Bonds – ASB is subject to extensive regulation, which could have an adverse impact on ASB*".

OPERATIONAL RISK

ASB may be adversely affected by cyber security risks

ASB's information technology systems, including those supplied by external service providers, including cloud service providers, are subject to information security risks, including the risk of cyber-attacks that have the potential to cause financial system instability and could result in serious disruption to customer banking and/or ASB's operations or services, or compromise ASB data and/or customer data privacy.

ASB's business is highly dependent on its information technology systems, including those supplied by external service providers, to securely process, store and transmit information. Although ASB devotes effort to improving its information technology to protect the confidentiality, integrity and availability of its information and computer systems, software and networks, including systems relating to disaster recovery, security and risk management, as well as maintaining the confidentiality of information that may reside on those assets, ASB cannot guarantee that any efforts to improve its information technology systems will be effective or that ASB's security measures can provide absolute security.

Information security risks for large financial institutions have increased in recent years, in part because of the evolution and development of new technologies, including generative artificial intelligence, the use of internet and telecommunications technology to conduct financial transactions and the increased sophistication and broadened activities of state-sponsored actors, organised criminals and hackers. Additionally, there has been an increase in the volume of cyber-attacks in New Zealand in recent years, including infrastructure related attacks, large-scale coordinated cyber-attacks, and social engineering-based attacks focused on company employees. Globally, there has been an increase in cybercrime as a result of ongoing geopolitical tensions in recent years. There has also been an increase in both Government and regulator scrutiny on the banking sector's response to the rise in cybercrime in New Zealand. The increase in cybercrime may continue and ASB may be adversely affected as a result. An information security failure (including the impact of any cyber-attack), or more general mishandling of data, could have serious consequences for ASB, including operational disruption, financial losses, a loss of customer or business opportunities, litigation, regulatory penalties or intervention, reputational damage, theft of intellectual property, loss or theft of customer data, and could result in violations of applicable privacy laws.

Cyber threats, such as distributed denial of service, malware and ransomware, are continuously evolving, becoming more sophisticated and increasing in volume as external cyber threat actors seek to exploit potential IT system, social trust and authority vulnerabilities. Although ASB takes protective measures, its computer systems, software and networks may be vulnerable to unauthorised access, misuse, denial-of-service attacks, phishing attacks, ransomware attacks, computer viruses or other malicious code and other events. These threats could result in the unauthorised release, gathering, monitoring, misuse, loss or destruction of confidential, proprietary and other information of ASB or its customers, and could adversely impact network access or business operations, resulting in financial or reputational losses for ASB.

Further, ASB's ability to monitor its service providers' cybersecurity practices is limited. Although ASB generally has agreements relating to cybersecurity and data privacy in place with its service providers, it cannot guarantee that such agreements will prevent a cyber incident impacting its systems or information or enable it to obtain adequate or any reimbursement from its service providers in the event ASB should suffer any such incidents.

It is possible that ASB (or its third party suppliers) may not be able to anticipate or to implement effective measures to prevent or minimise damage that may be caused by all information security threats, because the techniques used can be highly sophisticated, can evolve rapidly and those that would perpetrate attacks can be well-resourced.

ASB may be adversely affected by technology risks

ASB utilises complex technology frameworks and systems to deliver its services and manage internal processes. Some of these technology systems are provided and/or supported by third party suppliers and vendors, which may increase as ASB seeks to leverage third-party capability and move more services to the cloud.

ASB provides services to customers through complex technology infrastructure and architecture, including legacy systems and those supplied by external service providers, which requires ongoing maintenance, configuration, capability and patching or version upgrades to ensure vendor support.

This is to ensure systems are resilient and not disrupted by physical damage, malicious or unintentional acts, or ineffective change management processes. Disruptions to the technology framework can have a significant impact on ASB's operations. These disruptions can be caused by internal events (for example, system upgrades) and external events (for example, failure of vendors' systems or power supplies). ASB may incur losses or reputational harm as a result of any such disruptions.

As ASB transitions more services to the cloud, there is a higher likelihood of technology disruptions due to failed technology changes. This is due to the increased volume and complexity of changes required for cloud migration, which could affect ASB's operations.

ASB could suffer losses due to non-technical business disruption and catastrophic events

ASB is exposed to the risk of financial losses and disruption to business processes from non-technical business disruption, such as significant external catastrophic events. These events may include, but are not limited to, environmental events linked to a changing climate as described above, natural disasters such as fires, storms, floods, droughts, earthquakes, volcanic eruptions, pandemics, or societal events like civil unrest, war or terrorism. These events have the potential to introduce new and elevated risks to ASB's operations. These include safety risks to employees working in offices and branches, loss of infrastructure, physical access to buildings and data centres, and disruptions to operations arising from remote working and reprioritisation of teams to service increased customer queries and hardship requests.

A failure to respond adequately to the potential and actual impacts of catastrophic events could have wide ranging impacts for ASB. There is an increased risk of complaints, reputational damage and conduct implications if increased volumes of customer requests for emergency or relief measures are not appropriately managed. Disruptions also increase the risk of potential non-compliance with existing regulatory obligations and commitments.

Further, disruption may impact ASB, third party and/or customers' operations. It may also damage ASB, third party and/or customers' property, and otherwise affect the value of assets held in the affected locations, and ASB's ability to recover amounts owing to it. In addition, such an event may have an adverse impact on economic activity, consumer and investor confidence or the levels of volatility in financial markets.

ASB may be adversely affected by third party risks

ASB uses third party vendors and suppliers to provide contracted services to help deliver services and manage internal processes. ASB is exposed to risk of loss resulting from failure of third party vendors or suppliers to provide contracted services, some of which will include the use of cloud-based activities, which could impair or disrupt ASB's operations or services. ASB's use of, or dependence on, third party suppliers and third party partnerships has the potential for reputational damage or an adverse impact on its future results if a failure to effectively provide contracted services occurs, or due to the demise of, or a severe event at, such third party. Third parties might be in offshore jurisdictions which are subject to different regulatory and operational risks than ASB.

ASB may be adversely affected by data management and privacy risks

ASB manages a large volume of customer and business data. Data handling issues such as failing to appropriately manage and maintain ASB data may have a material adverse impact on ASB's business. Examples of this include the capture, processing, disclosure, retention and disposal of data. An information security failure or non-compliance with data protection and privacy regulations could have serious consequences for ASB. This could include customer harm (including financial and psychological), reputational damage, operational disruption,

financial losses, a loss of customer or business opportunities, litigation, regulatory penalties or intervention, reputational damage, theft of intellectual property, or customer data, and could result in violations of applicable data management and privacy laws, all of which could have a material adverse impact on ASB's business.

ASB may be adversely affected by modelling risks

As ASB increases its analytical capabilities and the use of models in its decision making, the reliability of ASB's data and models is crucial. There is a risk that ASB makes inappropriate decisions due to poor data quality or models that have fundamental errors or are used incorrectly or inappropriately, including due to incorrect model design, improper implementation, maintenance, or application. To the extent this occurs, ASB's operations and financial performance may be adversely impacted. Data and model risks are increasing with the use of emerging technologies, such as AI, which require new capabilities and model risk management approaches to be taken. Failure to develop these new capabilities and implement new risk management approaches may adversely impact ASB.

ASB may be adversely affected by fraud risks

ASB continues to advance its digital strategy to enable customers to access ASB's products and services, customers may use personal smartphones, personal computers and other computing devices, personal tablet computers and other mobile devices that are beyond ASB's control systems. Although ASB takes, and seeks to ensure that third-party service providers take, protective measures and endeavours to modify and adequately safeguard them as circumstances warrant, computer systems, software and networks may still be vulnerable. Regulators are also responding to the increasing cyber, scams and fraud risks, including authorised fraud risk, in New Zealand with increased consultation, oversight, and capability.

Exposures could include failures or outages, unauthorised transactions, unauthorised or unintended access, misuse, denial-of-service attacks, credential stuffing, phishing attacks or other forms of social engineering, computer viruses or other malicious code and other events. This could result in the unauthorised access or release, gathering, monitoring, misuse, disablement, corruption, encryption, loss or destruction, or other processing of confidential or sensitive property and other information of ASB, its employees, customers or third parties. Any incidents could also materially disrupt ASB's, its customers' or third parties' network access or business operations and could have a material adverse impact on ASB's business.

ASB may be adversely affected by transaction processing risks

ASB's businesses are highly dependent on its ability to process and monitor, in many cases on a daily basis, a very large number of transactions, many of which are highly complex, across multiple channels and markets in many currencies. Changing circumstances that require rapid updates to models increases the risk of reporting errors. This could result in the risk of ASB's financial, accounting, data processing or other operating systems and facilities failing to operate properly, ASB failing to disclose information to the market appropriately, or failing to comply with regulatory obligations.

ASB may be adversely affected by people risks

ASB employs a large workforce and is therefore exposed to health, safety, and wellbeing risk, such as the risk of breaches of employment legislation, mismanagement of employee relations, and physical or mental injury or death of employees or people on ASB premises where ASB is liable. Due to the size and complexity of ASB's workforce, adverse developments or decisions in labour law may have an impact on ASB's employment arrangements, including a loss of flexibility in the use of ASB's workforce or the labour cost base, any of which may have an adverse impact on ASB's financial performance and reputation. In addition, if employees take industrial action, ASB could be exposed to loss to the extent the industrial action impairs ASB's ability to provide services or causes disruptions to ASB's operations.

Additional operational risk has been identified as a result of ASB's workforce moving to a hybrid working model. Changes to the way employees work including the tools and processes they utilise and the environment they work in (for example, increased use of applications that support working remotely) may expose ASB to increased operational risk. As a result of the introduction of new processes and changes to how employees work, further operational risk could include an increased risk of fraud, process execution errors, and health and safety risks, which could result in litigation, regulatory action, losses or reputational harm for ASB.

ASB may incur losses or reputational harm from operational risks associated with being a complex financial institution

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. It includes legal risk but excludes strategic and reputational risks. The continuity and resilience of ASB's operations is crucial for serving its customers, upholding community trust and maintaining its reputation. ASB is exposed to operational risk through a number of specific risk types that require specific skills, infrastructure, procedures and governance to ensure their effective oversight and management. ASB may be adversely impacted by failures in the efficacy, adequacy or implementation of risk-management strategies, frameworks and processes. The emergence of unexpected risks or unanticipated impacts of identified risks may result in financial or reputational losses for ASB.

COMPLIANCE RISK

Substantial legal or regulatory action against ASB could negatively impact ASB

Due to the nature of ASB's business, it may from time to time be involved in litigation, arbitration and regulatory investigations and enforcement action. Such proceedings may include representative (class action) proceedings or claims by customers or third parties for compensation or customer remediation. If ASB is ordered to pay money (for example, damages, compensation, customer remediation, fines, penalties or legal costs) or is otherwise subject to adverse outcomes arising from such proceedings, ASB's business, financial condition, liquidity, operations, prospects and reputation may be adversely affected. Such matters are subject to many uncertainties and the outcome of individual matters cannot be accurately predicted.

For example, proceedings were served on ASB on 29 September 2021 by plaintiffs seeking to bring a representative (class action) proceeding against ASB in the High Court of New Zealand. The proceedings relate to ASB's compliance with parts of the Credit Contracts and Consumer Finance Act 2003 (**CCCFA**). See "*ASB Bank Limited – Recent Developments — High Court Proceedings*" for further details.

In recent years there have been significant increases in the nature and scale of regulatory investigations and enforcement action (whether by court action or otherwise) and the quantum or severity of fines or other awards issued by regulators. In New Zealand, the nature of these investigations and enforcement action can be wide ranging and may, for example, relate to responsible lending practices, compliance with other lending obligations, provision of financial advice, conduct, anti-money laundering or financial crime or environmental matters. See "*Risk Factors – Risk factors relating to the Issuer, including the ability of the Issuer to fulfil its obligations under the Covered Bonds – ASB is subject to extensive regulation, which could have an adverse impact on ASB*" and "*Supervision and Regulation of ASB Bank Limited – Regulatory environment in New Zealand*" for more detail about banking regulations that have significant impacts on ASB.

Litigation, arbitration and regulatory investigations and enforcement action may harm ASB's business and results by negatively impacting ASB's reputation among ASB's customers and other stakeholders. Reputational harm could result in the loss of customers or restrict ASB's ability to access the capital markets, including on favourable terms, which could have a material adverse effect on ASB's business, financial condition, liquidity, operations, prospects and reputation.

ASB may incur losses in the event of breaches of regulation and law relating to anti-money laundering, counter-terrorism financing and sanctions

Anti-money laundering, counter-terrorism financing and sanctions laws have been the subject of increasing regulatory change and enforcement in recent years. The complicated environment in which ASB operates continues to heighten these operational and compliance risks. ASB's monitoring systems must keep pace with the volume of transactions, changes in regulation and technological advances. If ASB's monitoring systems fail, ASB otherwise fails to comply, or if ASB's regulators determine that ASB has not complied with applicable anti-money laundering, counter-terrorism financing and sanctions laws, ASB could be subject to regulatory actions and monetary penalties, as well as reputational damage and contractual damage claims. There may be exposures to customers which are additional to any regulatory exposures. These could include class actions, individual claims or customer remediation or compensation activities. The outcomes and total costs associated with such reviews and possible exposures remain uncertain. Any regulatory actions or other related actions could individually or

collectively have a material adverse effect on ASB's business, reputation, liquidity, results of operations and financial condition.

ASB is subject to extensive regulation, which could have an adverse impact on ASB

ASB's banking activities are subject to extensive regulation and supervision, including (but not limited to) those relating to capital levels, liquidity levels, solvency, risk management, provisioning, accounting and reporting requirements, taxation, remuneration, conduct, consumer protection, privacy, competition, anti-bribery and corruption, anti-money laundering and trade sanctions. ASB's business and earnings are also affected by the fiscal or other policies that are adopted by various regulatory authorities of the New Zealand Government. Where ASB obtains funding in offshore jurisdictions, it is also subject to jurisdiction-specific regulations as a condition of offering debt securities in those markets. Events in the financial services industry and, more generally, in the international financial markets and the global economy, have resulted in various changes to the regulation of the financial services industry. Any changes to the regulatory requirements to which ASB is subject could have an adverse impact on ASB's results of operations, financial condition and reputation.

The pace, volume, complexity and extent of new regulation impacting ASB has increased significantly since the global financial crisis, and ASB faces challenges implementing the necessary compliance processes within the often-competing proposed timeframes. In New Zealand, additional requirements have been introduced in the areas of responsible lending practices, capital requirements, conduct in financial markets, regulation of incentive structures, retail payment systems regulation, consumer data rights (including open banking) and climate-related financial disclosures.

If ASB fails to comply with the requirements of relevant laws, regulatory bodies, industry standards and codes, associated compliance risk may arise. The increasing volume, complexity and global reach of regulatory requirements, the increased propensity for sanctions and enforcement actions by regulators, as well as the level of financial penalties for breaches of requirements could have an adverse impact on ASB. ASB has observed increased scrutiny, oversight and intervention by the RBNZ, FMA and other financial services regulators and supervisors as evidenced by additional scope of regulatory oversight by and funding for these bodies to build broader enforcement capabilities over time and regulators creating or strengthening dedicated enforcement units. From time to time, ASB identifies regulatory issues and non-compliance events that arise during the course of its operations. To the extent that ASB is not able to effectively implement or execute changes or remediation plans in a manner that is satisfactory to a regulator, ASB may be subject to regulatory enforcement actions, increased required levels of capital, fines and/or penalties, sanctions, contractual damage claims, greater regulatory oversight or regulatory intervention, which could adversely impact ASB's business, financial condition, results of operations, reputation and prospects and could therefore adversely impact its future results.

For more detailed examples of the regulatory reforms impacting on ASB, including the FMA's expanded supervisory role in relation to the conduct licensing regime, refer to "*Supervision and Regulation of ASB Bank Limited*".

Australian Regulation impacting CBA Group

ASB may also be indirectly impacted by Australian regulation to which CBA is subject, where this regulation is applicable to the CBA Group. In these circumstances ASB may be required to conform to Australian regulatory requirements in order to facilitate compliance by the CBA Group.

The CBA Group and its businesses are subject to extensive regulation in Australia by multiple regulatory bodies as well as by other regulators in jurisdictions in which the CBA Group operates or obtains funding, including New Zealand, the United Kingdom, the United States, China, Japan, Europe, Singapore, Hong Kong and Indonesia. Key domestic regulators include the Australian Prudential Regulation Authority (**APRA**), Australian Securities and Investments Commission (**ASIC**), the Australian Transaction Reports and Analysis Centre (**AUSTRAC**), the Office of the Australian Information Commissioner (the **OAIC**), the Australian Competition and Consumer Commission (the **ACCC**), the Australian Financial Complaints Authority, the Reserve Bank of Australia (**RBA**) and the Australian Securities Exchange (**ASX**). APRA is the Australian regulator responsible for the prudential supervision of Australian banks. APRA is the CBA Group's prudential regulator in Australia.

Any change in law, regulation, accounting standards, policy or practice of regulators, or failure to comply with laws, regulations or policy, may adversely affect CBA Group's business, financial condition, liquidity, operations,

prospects and reputation, and its ability to execute its strategy, either in the short-term or the long-term. The potential impacts of regulatory change are wide-ranging, and could include regulators increasing the levels and types of capital that CBA Group is required to hold and restricting the way CBA Group can conduct its business and the nature of that business, such as the types of products that it can offer to customers. The consequences for ASB from regulations applicable to the CBA Group could include limits on the level of support CBA would be able to provide in the future, and ASB cannot provide any assurance that these or future regulatory requirements for the CBA Group will not have an adverse effect on its business, financial condition, liquidity, results of operations or capital adequacy.

Regulation is becoming increasingly extensive and complex. Some areas of potential regulatory change involve multiple jurisdictions seeking to adopt a coordinated approach. Notwithstanding regulators' efforts to coordinate their approach, many measures adopted or proposed differ significantly across the major jurisdictions. 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 globally, particularly against financial institutions. The nature of these investigations and reviews can be, and has been, wide ranging, and the resolution of such investigations and reviews may involve fines, enforcement actions and a range of other sanctions.

There is a risk that if new regulations or changes to existing regulations are adopted, this may impact the profitability of ASB's business activities, require changes to certain business practices, impact ASB's ability to maintain its current business levels or grow its business, and expose ASB to additional costs. Such additional costs may result from, among other things, implementation costs, holding additional capital and higher levels of liquid assets and undertaking changes to ASB's wholesale funding profile.

ASB may incur losses or reputational damage as a result of the inappropriate conduct of its staff

ASB could be adversely affected if an employee, contractor or external service provider does not act in accordance with regulations, policies and associated procedures, engages in inappropriate or fraudulent conduct, or unintentionally fails to meet a professional obligation to specific clients, delays in appropriately escalating regulatory or compliance issues or fails to resolve issues and remediate customer issues in a timely manner, or fails to deliver on product and service commitments, both generally in ASB's business, and specifically in interactions with ASB's customers.

Consequences may be incurred by ASB from an unintentional or negligent failure to meet a professional obligation to specific clients, including fiduciary and suitability requirements, or from the nature or design of a product. These may include product and business practice risks such as product defects and client unsuitability, market manipulation, insider trading, misleading or deceptive conduct in advertising and inadequate or defective financial advice. While ASB has policies and processes designed to minimise the risk of human error and employee, contractor or external service provider misconduct, these policies and processes may not always be effective.

This risk is heightened where, in the course of its sales and marketing activities, ASB provides advice, recommendations or guidance about financial products and services. Specific risks, include the provision of unsuitable or inappropriate advice (for example, advice that is not commensurate with a customer's objectives, financial acumen or appetite for risk), misrepresentation or inaccurate disclosure about a product or service, failure to appropriately manage conflicts of interest within sales and/or promotion processes (including incentives and remuneration for staff engaged in promotion, sales and/or the provision of advice) and failure to deliver product features and benefits in accordance with their terms, disclosures and recommendations.

Exposure to such risks may increase during periods of declining investment asset values (such as during periods of economic downturn or investment market volatility), leading to sub-optimal performance of investment products and/or portfolios that are not aligned with the customer's objectives and risk appetite. ASB is subject to various rules, regulations and principles that provide for consumer protection around advisory, marketing and sales practices, and overall good customer outcomes. These may include, but are not limited to, appropriate management of conflicts of interest, appropriate accreditation standards for staff authorised to provide advice about financial products and services, disclosure standards, standards for ensuring adequate assessment of customer suitability, quality assurance activities, adequate record keeping, and procedures for the management of complaints and disputes. Inappropriate advice about financial products and services may result in material litigation (and associated financial and reputational costs), regulatory actions, and/or reputational consequences.

Application of and changes to accounting policies may adversely impact ASB's results

The accounting policies that ASB applies are fundamental to how it records and reports its financial position and results of operations. In some cases, accounting standards allow more than one acceptable manner in which to account for a balance or transaction. While allowable under accounting standards, different accounting policies could result in materially different outcomes. ASB's accounting policies are set forth in Note 1 to the ASB Financial Statements. ASB's management must exercise judgment in selecting and applying many of these accounting policies and methods so that they comply with generally accepted accounting practices and reflect the most appropriate manner in which to record and report on the financial position and results of operations. While ASB has established processes in place to ensure compliance with ASB's accounting policies, these processes may not always be effective. Depending on the nature of the error, this could have a material adverse effect on ASB's results of operations or financial condition.

MARKET RISK

Failure to hedge effectively against market risks (including adverse fluctuations in exchange rates and interest rates) could negatively impact ASB

ASB is exposed to risks associated with market risk, including the potential for losses arising from adverse changes in interest rates, foreign exchange rates, equity and commodity prices, credit spreads, basis risk and implied volatility levels for assets and liabilities. For the purposes of market risk management, ASB makes a distinction between risks that are in the "Trading Book" and risks that are in the "Banking Book". Trading Book risk refers to financial instruments purchased and sold to facilitate trading for ASB's customers, to profit from trading spreads, market volatility, or to hedge against various types of risk. Banking Book risk refers to the current or prospective risk to ASB's capital and earnings arising primarily from, but not limited to, movements in interest rates. There can be no assurance that ASB's hedging arrangements or access to interest rate hedging or hedging policy will be sufficient or effective in managing exposure to interest rate risks.

Changes in market factors such as potential developments or future changes in the administration of financial benchmark interest rates could result in adverse consequences to the return on, value of and market for, securities and other instruments whose returns are linked to any such benchmark, including those securities or other instruments issued by ASB. If ASB was to suffer substantial losses due to any market volatility, it may adversely affect ASB's financial performance or financial condition.

ASB undertakes a significant portion of its wholesale funding in international capital markets in currencies other than the New Zealand dollar, principally the U.S. dollar and the Euro. This exposes ASB to exchange rate risk for the New Zealand dollar, which is the currency in which it prepares its financial statements and the currency of ASB's revenue and operating cashflows. These activities are hedged where appropriate, however there are risks associated with hedging, such as the risk that a hedge counterparty may default on its obligations to ASB. The impact of such exchange rate risk cannot be predicted with certainty. ASB seeks to manage its exchange rate risks to minimise any adverse effect on its financial position and performance. However, the level of ASB's hedging may change over time, and ASB may also change its hedging policy at any time. ASB's results of operations may be adversely affected if its hedges are not effective to mitigate exchange rate risks or for balance sheet purposes, if ASB is inappropriately hedged or if a hedge provider defaults on its obligations under ASB's hedging agreements. There can be no assurance that ASB's hedging arrangements or hedging policy will be sufficient or effective in managing exposure to market risks. If market risks are not effectively managed, or there is a failure to hedge effectively against these market risks, there could be a material impact on ASB's business, financial condition, liquidity, results of operations and prospects.

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

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

Subsequent to an Issuer Event 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 NZ 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 shall, give an Issuer Acceleration Notice to the Issuer that as against the Issuer (but not, for the avoidance of doubt,

as against the Covered Bond Guarantor) each Covered Bond shall 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 be required to forthwith serve a Notice to Pay on the Covered Bond Guarantor and the Covered Bond Guarantor will be required to make payments of Guaranteed Amounts when the same shall become Due for Payment in accordance with the terms of the Covered Bond Guarantee.

Following service of a Notice to Pay on the Covered Bond Guarantor, the Covered Bond Guarantor shall 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 shall 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 shall 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 principal and interest (if any) in respect of Covered Bonds by the Covered Bond Guarantor will be made subject to withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges required by law. In the event of a withholding or deduction being made by the Covered Bond Guarantor, the Covered Bond Guarantor will not be obliged either (i) to pay the approved issuer levy to reduce the applicable rate of non-resident withholding tax to zero per cent., or (ii) 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 become payable by the Issuer under Condition 7 (*Taxation*).

If the Covered Bond Guarantor is required by law to pay an amount of approved issuer levy in respect of a payment made by it under the Covered Bond Guarantee, it may deduct such amount of approved issuer levy from the relevant payment (see "*Taxation – New Zealand Taxation – Non-Resident Withholding Tax*").

Prior to the 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, then the Bond Trustee may, and if so requested in writing by the holders of at least 25 per cent. of the NZ Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds then outstanding or if so directed by an Extraordinary Resolution of all the Covered Bondholders shall, 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 (*Taxation*)). Following service of a Covered Bond Guarantee Acceleration Notice, the Security Trustee may enforce the Security over the Charged Property. Pursuant to the terms of the Security Deed, the proceeds of enforcement and realisation of the Security will be required to 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 (if any) on an accelerated basis.

Excess Proceeds received by the Bond Trustee

Following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice, the Bond Trustee may receive Excess Proceeds. In accordance with the Bond Trust Deed, the Excess Proceeds will be paid by the Bond Trustee on behalf of the Covered Bondholders of the relevant Series to the Covered Bond Guarantor for its own account, as soon as practicable, and will be held by the Covered Bond Guarantor in the 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 shall be required to be

repaid by the Covered Bond Guarantor). However, the obligations of the Covered Bond Guarantor under the Covered Bond Guarantee are (following service of a Notice to Pay or 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 holder of the Covered Bonds 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.

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

Following the service of a Notice to Pay on the Covered Bond Guarantor, the Covered Bond Guarantor's ability to meet its obligations under the Covered Bond Guarantee will depend on (a) the realisable value of Selected Mortgage Loans in the Mortgage Loan Portfolio, (b) the amount of Mortgage Loan Revenue Receipts and Mortgage Loan Principal Receipts generated by the Mortgage Loan Portfolio and the timing thereof, (c) amounts received from the Swap Providers, (d) the realisable value of Substitution Assets and Authorised Investments held by it and (e) 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 aforementioned assets and the Covered Bond Guarantor will not have any other source of funds available to meet its obligations under the Covered Bond Guarantee.

If a Covered Bond Guarantor Event of Default occurs 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 Secured Creditors 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 an amount at least equal to the NZ Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds for so long as Covered Bonds remain outstanding, which should reduce the risk of there ever being a shortfall (although there is no assurance of this – in particular, the sale of further Mortgage Loans and Related Security by the Seller to the Covered Bond Guarantor may be required to remedy a breach of the Asset Coverage Test).

The Covered Bond Guarantor will be required to ensure that, following the service of a Notice to Pay on the Covered Bond Guarantor (and until the Security is enforced in accordance with the Security Deed), the Amortisation Test is met on each Determination Date. A breach of the Amortisation Test will constitute a Covered Bond Guarantor Event of Default and will entitle the Bond Trustee to serve a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer.

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

Reliance of the Covered Bond Guarantor on third parties

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

(a) the Servicer has been appointed to act as servicer of the Mortgage Loans and Related Security in the Mortgage Loan Portfolio on behalf of the Covered Bond Guarantor pursuant to the provisions of the Servicing Agreement;

(b) the Trust Manager has been appointed to provide the administration, cash management and asset registry services set out in the Programme Documents including, without limitation, assisting the Covered Bond Guarantor in operating the Trust Accounts, keeping and maintaining records, causing annual accounts of the Trust to be audited, directing the Covered Bond Guarantor in relation to investing moneys standing to the credit of the GIC Account in Substitution Assets or Authorised Investments and establishing and maintaining the Asset Register;

(c) the Calculation Manager has been appointed to provide the calculation services set out in the Programme Documents including, without limitation, doing all calculations on each Determination Date which are required to determine whether the Mortgage Loan Portfolio is in compliance with the Asset Coverage Test, the Amortisation Test or the Pre-Maturity Test, as the case may be, and providing information to the Asset Monitor;

(d) the Asset Monitor has been appointed to report on the accuracy of the Calculation Manager's calculations and to assess the Trust Manager's compliance with its obligations to ensure that the Asset Register is maintained in accordance with the Asset Register Procedures and to report on the Asset Register; and

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

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

If the Covered Bond Guarantor (acting on the advice of the Trust Manager) has determined that, among other things, a Servicer Default has occurred and is continuing, then the Covered Bond Guarantor, or the Trust Manager on its behalf (with the consent of the Security Trustee (acting on the directions of the Bond Trustee if there are Covered Bonds outstanding)), may at once or at any time thereafter while such Servicer Default continues, 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 a deed under which it covenants to act as servicer in accordance with the Servicing Agreement and all other Programme Documents to which the Servicer is a party. The Covered Bond Guarantor (or the Trust Manager on its behalf) 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 (and is entitled to the relevant fees for the period it so acts). 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 Loans in the Mortgage Loan Portfolio on the terms of the Servicing Agreement.

The ability of a Substitute 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 Loans in the Mortgage Loan Portfolio, the realisable value of such Mortgage Loans and/or the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee.

The Servicer has no liability for any obligations of the Borrowers in respect of the Mortgage Loans and the Related Security in the Mortgage Loan Portfolio. Covered Bondholders will have no right to consent to or approve of any actions taken by the Servicer under the Servicing Agreement.

The Servicer is required to act as collecting agent for the Covered Bond Guarantor in respect of all payments in respect of the Mortgage Loans in the Mortgage Loan Portfolio (including, without limitation, a Mortgage Loan Scheduled Payment). If the Servicer receives, during a Collection Period, any money whatsoever arising from the Mortgage Loans in the Mortgage Loan Portfolio and the Related Security which money belongs to the Covered Bond Guarantor and such money is to be paid to the GIC Account pursuant to the Servicing Agreement, the Servicer shall hold such money on trust for the Covered Bond Guarantor. The Servicer is entitled to commingle such money with any other money held by it. In the event of an insolvency of the Servicer, the ability of the Covered Bond Guarantor to trace and recover any such commingled money may be impaired. The risk of the Servicer not making payment on each Trust Payment Date immediately following the end of a Collection Period is mitigated by an obligation of the Servicer to transfer the collections into the GIC Account within two Local Business Days of receipt unless the Servicer has (x) prior to the Roll-off Date, short-term credit ratings no lower than P-1 from Moody's and F1 from Fitch and a long-term credit rating no lower than A from Fitch or (y) on and from the Roll-off Date, (i) a short term credit rating of no lower than P-1 from Moody's and (ii) at least one of (A) a short term credit rating of no lower than F1 from Fitch or (B) a long term credit rating of no lower than A- from Fitch, or such other rating as is acceptable to Moody's and/or Fitch in order to maintain the then current ratings of the Covered Bonds.

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

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 Security Trustee, 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 (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. 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 replacement trust manager) of its obligations.

If a Calculation Manager Termination Event occurs, then the Covered Bond Guarantor, or the Trust Manager on its behalf (with the consent of the Security Trustee (acting on the direction of (if there are Covered Bonds outstanding) the Bond Trustee (subject to the provisions of the Bond Trust Deed) or (if there are no Covered Bonds outstanding) the Majority Secured Creditors)) may at once or at any time thereafter while such event continues terminate the appointment of the Calculation Manager. The Covered Bond Guarantor will be required to use its reasonable endeavours to appoint a Substitute Calculation Manager. There can be no assurance that a Substitute Calculation Manager would be found who would be willing and able to provide such Calculation Management Services on the terms of the Establishment Deed and the Management Agreement. Neither the Covered Bond Guarantor nor the Security Trustee nor the Bond Trustee shall have any liability to any person in the event that, having used reasonable endeavours, the Covered Bond Guarantor is unable to appoint a Substitute Calculation Manager. Until the appointment of a Substitute Calculation Manager is made, the Covered Bond Guarantor shall, subject to the Management Agreement and any approval required by law, perform the duties of the Calculation Manager and is entitled to the relevant fees. Neither the Security Trustee nor the Bond Trustee will be obliged in any circumstances to act as the Calculation Manager or to monitor or supervise the performance by the Calculation Manager (or any replacement calculation manager) of its obligations.

The ability of a Substitute Trust Manager or Substitute Calculation Manager to perform fully the required services would depend, among other things, on the information, software and records available at the time of appointment as Trust Manager or Calculation Manager, respectively. Any delay or inability to appoint a Substitute Trust Manager or Substitute Calculation 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, the Asset Monitor 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 or the Management Agreement.

Change of counterparties

The parties to the Programme Documents who receive and hold moneys pursuant to the terms of such documents (such as the Servicer and the Account Bank) will be required to satisfy certain criteria in order to continue to receive and hold such moneys. These criteria will include requirements in relation to the short-term and/or long-term, unguaranteed and unsecured credit ratings ascribed to such party by Fitch and Moody's.

If the party concerned ceases to satisfy the applicable criteria, including such credit ratings criteria, then the rights and obligations of that party (including the right or obligation to receive moneys on behalf of the Covered Bond Guarantor) may be required to be transferred to another entity which does satisfy the applicable criteria. If the rights and obligations of that counterparty are transferred to another entity, then the terms agreed with the replacement entity may not be as favourable as those agreed with the original party pursuant to the Programme Documents. There is no guarantee that a replacement counterparty could be found.

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

Reliance 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, the amounts standing to the credit of the GIC Account, any Substitution Assets or Authorised Investments and any other assets that the Covered Bond Guarantor may hold from time to time, and amounts payable by the Covered Bond Guarantor under the Intercompany Loan Agreement and/or the Demand Loan Agreement to ASB 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 (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 and is not otherwise in default under the relevant Swap Agreement. If a 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 relevant payment date under such Swap Agreement, the Covered Bond Guarantor will be exposed to changes in the relevant currency exchange rates to NZ 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 the Intercompany Loan Agreement, the Demand Loan Agreement or the Covered Bond Guarantee.

If a 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, any such termination payment in respect of:

(a) the Total Return Swap will rank ahead of amounts due on the Covered Bonds; and

(b) the Covered Bond Swap will rank *pari passu* 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.

Insolvency proceedings and subordination provisions

There is some 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 (so-called "flip clauses").

In relation to the Programme Documents, if a creditor of the Covered Bond Guarantor (such as a Swap Provider) or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales or New Zealand (including, but not limited to, the U.S.), and it is owed a payment by the Covered Bond Guarantor, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the English law or New Zealand law governed Programme Documents (such as a provision of the Priorities of Payments which refers to the ranking of the Swap Providers' payment rights in respect of Excluded Swap Termination Amounts).

Recent cases have focused on provisions involving the subordination of a hedging counterparty's payment rights in respect of certain termination payments upon the occurrence of insolvency proceedings or other default on the part of such counterparty. Such provisions are similar in effect to the terms which are included in the Programme Documents relating to the subordination of Excluded Swap Termination Amounts.

As the English Supreme Court held in *Belmont Park Investments Pty Limited v BNY Corporate Trustee Services Ltd and Lehman Brothers Special Financing Inc.* [2011] UKSC 38 (the **Belmont Decision**) that a subordination provision as described above is valid under English law, it is likely, based on the principles applied in the Belmont Decision, that a New Zealand court would consider such a subordination provision to be valid under New Zealand law.

Contrary to the determination of the English Supreme Court, the U.S. Bankruptcy Court for the Southern District of New York held in 2010 that such a subordination provision is unenforceable under U.S. bankruptcy law and that any action to enforce such a provision would violate the automatic stay which applies under such law in the case of a U.S. bankruptcy of the counterparty. However, a subsequent 2016 U.S. Bankruptcy Court decision held that in certain circumstances flip clauses are protected under the U.S. Bankruptcy Code and therefore enforceable in bankruptcy. The 2016 decision was affirmed on 14 March 2018 by the U.S. District Court for the Southern District of New York, which 2018 decision was further affirmed on 11 August 2020 by the U.S. Court of Appeals for the Second Circuit. The implications of this conflict remain unresolved.

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 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-U.S. established entities with assets or operations in the U.S. (although the scope of any such proceedings may be limited if the relevant non-U.S. entity is a bank with a licensed branch in a U.S. state).

In general, if a subordination provision included in the Programme Documents was successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales or New Zealand and any relevant foreign judgment or order was recognised by the English courts or New Zealand 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 Covered Bond Guarantor to satisfy its obligations under the Covered Bonds.

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

Limited description of the Portfolio

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

(a) the Seller selling additional Mortgage Loans and the Related Security (or Mortgage Loans of New Product Types and the Related Security) to the Covered Bond Guarantor;

(b) payments by the Borrowers on those Mortgage Loans; and

(c) the Seller repurchasing Mortgage Loans and the Related Security in accordance with the Mortgage Sale Agreement, in particular, in relation to non-compliance with the Representations and Warranties and following the Seller making a Further Advance or a Cash Redraw or granting a Payment Holiday (see "*Summary of the Principal Documents – Mortgage Sale Agreement – Repurchase by the Seller*").

There is no assurance that the characteristics of the New Mortgage Loans sold to the Covered Bond Guarantor on any Transfer Date will be the same as those of the other Mortgage Loans in the Mortgage Loan Portfolio as at the relevant Transfer Date. However, each Mortgage Loan sold to the Covered Bond Guarantor will be required to be a Qualifying Mortgage Loan and the Seller will also be required to make the Representations and Warranties set out in the Mortgage Sale Agreement on such date (see "*Summary of the Principal Documents – Mortgage Sale Agreement – Sale by the Seller of Mortgage Loans and Related Security*") (although the criteria for Qualifying 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 other Secured Creditors' prior consent*")). In addition, the Asset Coverage Test is intended to ensure that on each Determination Date the Adjusted Aggregate Mortgage Loan Amount is an amount at least equal to the NZ Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds for so long as Covered Bonds remain outstanding.

The Servicing Guidelines may be amended or revised by ASB from time to time. If any Mortgage Loans have been originated under amended or revised Servicing Guidelines and the Mortgage Loans are then sold to the Covered Bond Guarantor in accordance with and pursuant to the terms of the Mortgage Sale Agreement, the characteristics of the Mortgage Loan Portfolio could at such time change. This could adversely affect the ability of the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee.

Maintenance of Portfolio

Asset Coverage Test

The Asset Coverage Test is intended to test the asset coverage of the Covered Bond Guarantor's assets in respect of the Covered Bonds on a monthly basis. This is to ensure that the assets of the Covered Bond Guarantor do not fall below a certain threshold and are sufficient for the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee and senior expenses which rank in priority or *pari passu* with amounts due on the Covered Bonds. See further "*Summary of the Principal Documents – Establishment Deed – Asset Coverage Test*".

In the event that the Asset Coverage Test is not complied with on a Determination Date and also on the next following Determination Date the Asset Coverage Test will be breached and the Bond Trustee will serve an Asset Coverage Test Breach Notice on the Covered Bond Guarantor (subject to the Bond Trustee having actual knowledge or express notice of the breach). The Bond Trustee shall be deemed to revoke an Asset Coverage Test

Breach Notice if, on the next Determination Date to occur following the service of an Asset Coverage Test Breach Notice, the Asset Coverage Test is 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 Covered Bond Guarantor (or the Trust Manager on its behalf) shall immediately notify in writing the Bond Trustee thereof. If the Asset Coverage Test Breach Notice is not revoked by the Bond Trustee on or before the next Determination Date, then an Issuer Event of Default will occur. The Bond Trustee will be entitled and in certain circumstances required to serve an Issuer Acceleration Notice. Following service of an Issuer Acceleration Notice, the Bond Trustee will be required to serve a Notice to Pay on the Covered Bond Guarantor.

Amortisation Test

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

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

Asset Monitor to test calculations of the Calculation Manager in relation to the Asset Coverage Test and assess the compliance of the Asset Registry Services

Prior to the service of a Notice to Pay on the Covered Bond Guarantor, the Asset Monitor will, subject to receipt of the relevant information from the Calculation Manager, test the arithmetic accuracy of the calculations performed by the Calculation Manager in relation to the Asset Coverage Test once each year on the Determination Date immediately preceding an anniversary of the Programme Date. If and for so long as the long-term unsecured, unguaranteed and unsubordinated debt obligation credit ratings of the Calculation Manager (or if the Calculation Manager is not so rated, if the long-term unsecured, unguaranteed and unsubordinated debt obligation ratings of the Calculation Manager's ultimate holding company) fall below Baa3 by Moody's or BBB- by Fitch (and for as long as they remain below such credit ratings), the Asset Monitor shall conduct the tests of the Calculation Manager's calculations in respect of every Determination Date thereafter.

Following the service of a Notice to Pay on the Covered Bond Guarantor but prior to the Security being enforced in accordance with the Security Deed, the Asset Monitor will, subject to receipt of the relevant information from the Calculation Manager, test the calculations performed by the Calculation Manager in respect of the Amortisation Test.

The Asset Monitor will also, subject to receipt of the relevant information from the Trust Manager, assess the Trust Manager's compliance, or non-compliance, as the case may be, with its obligations in relation to the Asset Register once each year on the Determination Date immediately preceding an anniversary of the Programme Date.

See further "*Summary of the Principal Documents – Asset Monitor Agreement*" and "*Summary of the Principal Documents – Management Agreement*".

The Security Trustee shall not be responsible for monitoring compliance with, nor the monitoring of, the Asset Coverage Test or the Amortisation Test or any other test, or supervising the performance by any other party of its obligations under any Programme Document.

Reliance on methodology for test formulas

It should be noted by investors that the Asset Coverage Test and the Amortisation Test have been designed to mitigate certain economic and legal stresses in connection with the performance and valuation of the Asset Pool

held from time to time by the Covered Bond Guarantor, to ensure that the Covered Bond Guarantor is able to meet its ongoing requirements at all relevant times. In setting the values and criteria for such tests, modelling has been undertaken on the basis of certain assumptions in certain stress scenarios. However, no assurance can be given that the modelling and the assumptions utilised in such modelling have been able to incorporate or examine all possible scenarios that may occur in respect of the Covered Bond Guarantor and the Asset Pool. As such, no assurance can be given that the methodology and modelling utilised to set the relevant values and criteria within such tests will be sufficient in all scenarios to ensure that the Covered Bond Guarantor will be able to meet its obligations in full.

RBNZ Regulatory Limit on Covered Bonds

Under the conditions of registration imposed on ASB by the RBNZ, no more than 10 per cent. of the total assets of the ASB banking group (plus any assets held by the relevant special purpose vehicle that are not included in the ASB banking group's assets) may be beneficially owned by a special purpose vehicle that has granted or may grant security over those assets for the benefit of any holder of covered bonds. The RBNZ may review the appropriateness of this limit from time to time, taking into account evidence as it emerges in the market. This regulatory limit could constrain the ability of the Seller to sell Mortgage Loans to the Covered Bond Guarantor.

Sale of Selected Mortgage Loans following the occurrence of certain events

Following the occurrence of any of the following events:

(a) the Demand Loan Provider making demand that the Demand Loan (or part of it) be repaid (subject to the Asset Coverage Test being met);

(b) a breach of the Pre-Maturity Test;

(c) the service of an Asset Coverage Test Breach Notice on the Covered Bond Guarantor; or

(d) 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, the Issuer, and/or the Security otherwise becoming enforceable, the Covered Bond Guarantor, or the Trust Manager on its behalf, shall sell Selected Mortgage Loans (selected on a basis that is representative of the Mortgage Loans in the Mortgage Loan Portfolio as a whole).

If a Mortgage Loan is selected for sale, its Related Security must also be selected unless the Related Security also secures a Mortgage Loan in the Mortgage Loan Portfolio that has not been selected for sale. The proceeds from any such sale shall be deposited into the GIC Account and applied in accordance with the applicable Priority of Payments (see "*Summary of the Principal Documents – Establishment Deed – Sale of Selected Mortgage Loans*").

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

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

At any time after 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, and/or the Security otherwise becoming enforceable), on each Trust Payment Date the Covered Bond Guarantor will apply Available Revenue Receipts and Available Principal Receipts to redeem or repay in part the relevant Series of Covered Bonds, to the extent that the Covered Bond Guarantor has sufficient moneys available to make such payments in accordance with the Guarantee Priority of Payments. Available Revenue Receipts will include, among other things, the sale proceeds of Selected Mortgage Loans to the extent such proceeds comprise accrued interest or arrears of interest (if any) that has been, or is to be, on the immediately following Trust Payment Date, credited to the Revenue Ledger on the GIC Account. Available Principal Receipts will include, among other things, the sale proceeds of Selected Mortgage Loans (including any excess sale proceeds resulting from the sale of Selected Mortgage Loans sold in respect of another Series of Covered Bonds but excluding accrued interest and arrears of interest which shall form part of the Available Revenue Receipts) that have been, or are to be, on the immediately following Trust Payment Date, credited to the Principal Ledger on the GIC Account, and all principal repayments received on the Mortgage Loans in the Mortgage Loan Portfolio generally. This may adversely affect repayment of later maturing Series of Covered Bonds if the Selected Mortgage Loans sold to redeem or repay in part an earlier maturing Series of Covered Bonds are sold for less than the Adjusted Required Redemption Amount and accordingly the Covered Bond Guarantor is required to apply other assets in the Mortgage Loan Portfolio (such as Mortgage Loan Principal Receipts) to redeem that earlier maturing Series of Covered Bonds.

Sale of Selected Mortgage Loans if Pre-Maturity Test is breached

The Establishment Deed provides for the sale of Selected Mortgage Loans in circumstances where the Pre-Maturity Test has been breached in relation to a Series of Hard Bullet Covered Bonds. The Pre-Maturity Test will be breached in relation to a Series of Hard Bullet Covered Bonds if ASB's short-term credit rating from Moody's falls to P-2 (or lower) or from Fitch falls to F1 (or lower) and the Final Maturity Date of the Series of Hard Bullet Covered Bonds falls within 12 months from the relevant Pre-Maturity Test Date. If the Pre-Maturity Test is breached the Covered Bond Guarantor will, after taking into account the amount standing to the credit of the Pre-Maturity Ledger and subject to first utilising the proceeds of any advance made by the Demand Loan Provider under the Demand Loan Agreement, be obliged to commence an offer process to sell Selected Mortgage Loans in order to enable the Covered Bond Guarantor to pay the NZ Dollar Equivalent of the Required Redemption Amount on a Series of Hard Bullet Covered Bonds under the Covered Bond Guarantee. In the event that the Pre-Maturity Test is breached in respect of any Series of Hard Bullet Covered Bonds during the Pre-Maturity Test Period and the amount standing to the credit of the Pre-Maturity Ledger of the GIC Account is less than the NZ Dollar Equivalent of the Required Redemption Amount for each Series of Hard Bullet Covered Bonds in respect of which the Pre-Maturity Test has been breached on the earlier to occur of (i) the later of the date which is 10 Local Business Days from the date that the Seller is notified of the breach and the date which is six months prior to the Final Maturity Date of the relevant Series of Hard Bullet Covered Bonds and (ii) the Final Maturity Date of that Series of Hard Bullet Covered Bonds, an Issuer Event of Default will occur.

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

Realisation of Charged Property following the occurrence of a Covered Bond Guarantor Event of Default

If a Covered Bond Guarantor Event of Default occurs and a Covered Bond Guarantee Acceleration Notice is served on the Covered Bond Guarantor and the Issuer, then the Security Trustee will be entitled to enforce the Security created under and pursuant to the Security Deed and 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.

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

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

(a) representations or warranties not being given by the Covered Bond Guarantor or the Seller unless expressly agreed by the Security Trustee or otherwise agreed with the Seller;

(b) default by Borrowers of amounts due on their Mortgage Loans;

(c) changes to the Servicing Guidelines of the Seller;

(d) the Covered Bond Guarantor not having legal title to the Mortgages in the Mortgage Loan Portfolio;

(e) risks in relation to some types of Mortgage Loans which may adversely affect the value of the Mortgage Loan Portfolio or any part thereof;

(f) changes in interest rates which may adversely affect the value of fixed rate Mortgage Loans;

(g) limited recourse to the Seller;

(h) possible regulatory changes by the Commerce Commission in New Zealand and other regulatory authorities;

(i) regulations in New Zealand that could lead to some terms of the Mortgage Loans being unenforceable;

(j) the sale of All Moneys Mortgages that secure Associated Debt of the Seller being subject to trust back arrangements in favour of the Seller; and

(k) other issues which impact on the enforceability of the Mortgage Loans.

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

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

Following a breach of the Pre-Maturity Test and/or the occurrence of an Issuer Event of Default, service on the Issuer of an Issuer Acceleration Notice and service on the Covered Bond Guarantor of a Notice to Pay (but prior to the service of a Covered Bond Guarantee Acceleration Notice and/or the Security otherwise becoming enforceable), the Covered Bond Guarantor will be obliged to commence an offer process to sell Selected Mortgage Loans to third party purchasers, subject to a right of pre-emption enjoyed by the Seller pursuant to the terms of the Mortgage Sale Agreement (see "*Summary of the Principal Documents – Establishment Deed – Method of Sale of Selected Mortgage Loans*"). In respect of any sale of Selected Mortgage Loans to third parties, however, the Covered Bond Guarantor will not be permitted to give representations or warranties in respect of those Selected Mortgage Loans (unless expressly agreed by the Security Trustee or otherwise agreed with the Seller). There is no assurance that the Seller would give any warranties or representations in respect of the Selected Mortgage

Loans. Any Representations or Warranties previously given by the Seller in respect of the Mortgage Loans in the Mortgage Loan Portfolio may not have value for a third party purchaser if the Seller is then insolvent. Accordingly, there is a risk that the realisable value of the Selected Mortgage Loans 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.

New Zealand Mortgage Market

ASB's business includes mortgage lending in New Zealand with loans secured against residential property. Measures of nationwide house prices rose significantly from 2011 to mid-2016. These were seen to have subsequently moderated, with Auckland house prices largely flat between late 2016 and mid-2020. However, New Zealand again experienced an increase in house price inflation particularly throughout 2021, with prices reaching a peak in late 2021. Prices have largely moderated since the 2021 peak. The RBNZ imposes Loan-to-Value (**LVR**) restrictions and debt-to income (**DTI**) restrictions on residential mortgage lending. Any future fall in property prices resulting from a deterioration in the housing market could result in losses being incurred by lenders where the net recovery proceeds are insufficient to redeem the outstanding loan. Any deterioration in the quality of the Mortgage Loan Portfolio 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 in the future.

The current New Zealand 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.

Geographic concentration of the Mortgage Loans

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

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 climatic events, geological events, such as volcanic or seismic activity, plant or animal diseases or other extrinsic events, such as flu pandemics and 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; housing market 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. 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, separation, divorce and other similar factors may lead to an increase in delinquencies by and bankruptcies of Borrowers, and could ultimately have an adverse impact on the ability of Borrowers to repay the Mortgage Loans.

The rate of prepayments on Mortgage Loans may be increased due to Borrowers refinancing their Mortgage Loans and sales of any property charged by a Mortgage (either voluntarily by Borrowers or as a result of enforcement action taken), as well as the receipt of proceeds from other investments, 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. Downturns in the New Zealand economy have had, and could continue to have, a negative effect on the housing market.

Further, the mortgage loan market in New Zealand 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 events 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 Mortgage Loans in the Mortgage Loan Portfolio that are subject to a Default will be given a zero value for the purposes of any calculation of the Asset Coverage Test and the Amortisation Test.

Seller to initially retain legal title to the Mortgages

Each sale by the Seller to the Covered Bond Guarantor of the benefit of the Mortgage Loans is an absolute assignment of a legal thing in action under section 50 of the PLA.

This means that all the rights of the Seller in relation to the Mortgage Loans, all the remedies of the Seller in relation to the Mortgage Loans and the power to give a good discharge to the relevant Borrower pass to the Covered Bond Guarantor. It is not necessary for notice to be provided to the relevant Borrower before the rights, remedies and powers in relation to the Mortgage Loans pass to the Covered Bond Guarantor. However, the passing of those rights, remedies and powers is subject to any equities in relation to the Mortgage Loan that arise before the relevant Borrower has actual notice of the assignment. Payment by a Borrower to the Seller of all or part of the debt under a Mortgage Loan before the Borrower receives actual notice of the assignment discharges the liability of the Borrower to the extent of the payment.

The transfer of the Mortgages by the Seller to the Covered Bond Guarantor is an equitable assignment of an existing legal interest in land. The Mortgage Sale Agreement does not, without more, convey or transfer to the Covered Bond Guarantor the legal title to the Mortgages. The transfer of the legal title to the Mortgages over registered land would require the execution of an A&I Form or submission by way of e-dealing to record the Covered Bond Guarantor's legal interest in the Mortgage at LINZ.

The Covered Bond Guarantor will, however, have the right to execute A&I Forms or make a submission by way of e-dealing at LINZ to transfer legal title to the Mortgages to the Covered Bond Guarantor and deliver notifications to relevant Borrowers notifying such Borrowers of the sale of the Mortgage Loans in the Mortgage Loan Portfolio and the Related Security to the Covered Bond Guarantor in the limited circumstances described in "*Summary of the Principal Documents – Mortgage Sale Agreement – Transfer of Title to the Mortgage Loans to the Covered Bond Guarantor*" and until such right arises the Covered Bond Guarantor will not give notice of the sale of the Mortgage Loans and the Related Security to any Borrower or register or record its interest in the Mortgages at LINZ 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 Mortgages by registration at LINZ or submission of e-dealing or has not provided notification to the relevant Borrower, the following risks exist:

(a) first, if the Seller wrongly sells a Mortgage, which has already been sold to the Covered Bond Guarantor, to another person and that person acted in good faith and did not have notice of the interests of the Covered Bond Guarantor in the Mortgage, then such person might obtain good title to the Mortgage Loan and the Related Security, free from the interests of the Covered Bond Guarantor. If this occurred, then the Covered Bond Guarantor would not have good title to the affected Mortgage Loan. 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;

(b) secondly, 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; and

(c) thirdly, unless the Covered Bond Guarantor, or the Trust Manager on its behalf, has perfected its title to the Mortgages (which it is only entitled to do in certain limited circumstances), the Covered Bond Guarantor would not be able to enforce any Borrower's obligations under a Mortgage 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 Portfolio or any part thereof and/or the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee may be affected.

Value of the Mortgage Loan Portfolio

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

The Servicing Guidelines

Each of the Mortgage Loans in the Mortgage Loan Portfolio originated by the Seller will have been originated in accordance with the Seller's policies and guidelines applicable at the time of origination. The Seller's policies and guidelines consider a variety of factors such as a potential Borrower's credit history, employment history and status and repayment ability, as well as the value of the Property to be mortgaged. In the event of the sale of any new Mortgage Loans and the Related Security to the Covered Bond Guarantor, representations and warranties will at such time be given by the Seller to the Covered Bond Guarantor and the Security Trustee that those new Mortgage Loans and the Related Security were originated in accordance with the Seller's Servicing Guidelines then applicable at the time of the origination of such new Mortgage Loans. However, the Seller retains the right to amend or revise its Servicing Guidelines as determined from time to time.

If any new Mortgage Loans which have been originated under revised Servicing Guidelines are then sold to the Covered Bond Guarantor pursuant to the terms of the Mortgage Sale Agreement, the characteristics of the Mortgage Loan Portfolio could at such time change. This could lead to a delay or reduction in the payments received by the Covered Bondholders under the Covered Bond Guarantee.

Limited recourse to the Seller

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

In the event of a material breach of any of the Representations and Warranties made by the Seller or if any of the Representations and Warranties proves to be materially untrue, in each case in respect of any Mortgage Loan in the Mortgage Loan Portfolio and/or the Related Security as at the date on which such representation and warranty is given (having regard 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 Contracts), and further provided that (a) the Covered Bond Guarantor (with the consent of the Security Trustee) or the Security Trustee has given the Seller not less than 28 days' notice in writing, and (b) such breach or untruth, where capable of remedy, is not remedied to the satisfaction of, or waived by, the Covered Bond Guarantor (with the consent of the Security Trustee) or the Security Trustee within the 28 day period referred to in (a) (or such longer period as may be agreed), then the Covered Bond Guarantor may serve upon the Seller a notice in the form of a Mortgage Loan Repurchase Notice whereupon the Covered Bond Guarantor will be required to sell and the Seller will be required to repurchase the relevant Mortgage Loan and the Related Security, unless the Related Security also secures another Mortgage Loan in the Mortgage Loan Portfolio, together for the Repurchase Price.

There can be no assurance that the Seller, in the future, will have the financial resources to repurchase from the Covered Bond Guarantor a Mortgage Loan or Mortgage Loans and the Related Security. However, if the Seller does not repurchase those Mortgage Loans and the Related Security which are in material breach of the Representations and Warranties as at the date which these are given 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 Mortgage Loans in Default, which for the purposes of calculating the LVR Adjusted Mortgage Loan Balance Amount and the Asset Percentage Adjusted Mortgage Loan Balance Amount are given a zero value). There is no further recourse to the Seller in respect of a material breach of a Representation or Warranty.

4. LEGAL AND OTHER CONSIDERATIONS

Mortgage Loans are subject to extensive consumer protection regulation

The Mortgage Loans are contracts that are subject to extensive regulation in New Zealand. In particular, the Credit Contracts Act 1981 (**CCA**) and the Credit Contracts and Consumer Finance Act 2003 (**CCCFA**) impose requirements on Mortgage Loans which are regulated credit contracts and the Fair Trading Act 1986 (**FTA**) regulates "standard form consumer contracts" such as the Mortgage Loans. Further information on the CCA and CCCFA is set out at "*The Mortgage Loan Portfolio*".

In particular, non-compliance with certain provisions of the CCCFA can affect the enforceability of credit contracts and, in some circumstances, the ability of the lender to recover interest and other fees in relation to the credit contracts. Pursuant to the terms of the Mortgage Sale Agreement the Seller will represent and warrant that each Mortgage Loan and its Related Security complies with the relevant requirements under the CCA or CCCFA (as applicable) (to the extent applicable to the Mortgage Loan and the Related Security) (or to the extent of any non-compliance, such non-compliance would not affect the enforceability of the Mortgage Loan and the Related Security).

Each Mortgage Loan is a "standard form consumer contract" for the purposes of the FTA. For standard form consumer contracts entered into, varied or renewed after 17 March 2015, the Commerce Commission in New Zealand may apply to a court for a declaration that a term in a standard form consumer contract is an "unfair contract term". If the court makes such a declaration, a person must not include, apply, enforce, or rely on, the unfair contract term in a standard form contract. A term in a standard form consumer contract will be unfair for the purposes of the FTA if the court is satisfied that the term would cause a significant imbalance in the parties' rights and obligations, is not reasonably necessary in order to protect the legitimate interests of the party who would be advantaged by the term, and would cause detriment to a party if it were applied, enforced, or relied on.

No assurance can be given that additional laws and regulations will not arise with regard to the mortgage market in New Zealand generally, the Seller's particular sector in that market or specifically in relation to the Seller (including, without limitation, in the ability to charge, or the level of, early repayment fees or other types of fees and charges payable in respect of the Mortgage Loans). Any such development and any associated compliance costs may have a material adverse effect on the Mortgage Loan Portfolio, the Seller, the Covered Bond Guarantor, ASB and/or the Servicer and their respective businesses and operations.

If circumstances such as those described above were to occur, then the realisable value of the Mortgage Loan Portfolio or any part thereof, and accordingly the Covered Bond Guarantor's ability to make payments in relation to the Covered Bond Guarantee when due, may be adversely affected.

Banking Ombudsman Scheme

ASB is a participating bank under the Banking Ombudsman Scheme. Subject to certain exceptions, including where complaints exceed the financial limit (currently NZ$500,000) or relate to the participating banks' commercial judgement or policies, the Banking Ombudsman has the power to consider complaints about financial services provided by a participating bank and make recommendations for the resolution of the complaints. The Banking Ombudsman must consider complaints and be fair in all the circumstances of the case, having regard to the law, any relevant code of practice and principles of good banking practice. Complaints to the Banking Ombudsman must first have had a reasonable opportunity to be considered by the internal complaint procedures of the participating bank, must have remained unresolved and the complaint was received within the required time limit. The Banking Ombudsman may recommend an outcome which may include that a participating bank pay money to a complainant. Any such recommendation may adversely affect the value at which the Mortgage Loans could be realised and accordingly the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee and may have an adverse effect on ASB and its businesses and operations.

Regulatory initiatives may have an adverse impact on the regulatory treatment of the Covered Bonds

In Europe, the U.S. and elsewhere, there is significant focus on fostering greater financial stability through increased regulation of financial institutions, and their corresponding capital and liquidity positions. This has resulted in a number of regulatory initiatives which are currently at various stages of implementation, and which may have an impact on the regulatory position for certain investors in covered bond exposures and/or on the incentives for certain investors to hold covered bonds, and may thereby affect the liquidity and/or value of such securities.

In particular, it should be noted that the Basel Committee on Banking Supervision (the **BCBS**) approved significant changes to the Basel regulatory capital and liquidity framework (such changes being commonly referred to as "**Basel III**"). Basel III provides for a substantial strengthening of existing prudential rules, including new requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio "backstop" for financial institutions and certain minimum liquidity standards (referred to as the Liquidity Coverage Ratio (**LCR**) and the Net Stable Funding Ratio (**NSFR**)). BCBS member countries agreed to implement the initial phase of the Basel III reforms from 1 January 2013, and the second phase from 1 January 2022, subject to transitional and phase-in arrangements for certain requirements. As implementation of Basel III requires national legislation, the final rules and the timetable for its implementation in each jurisdiction, as well as the treatment of covered bonds, may be subject to some level of national variation. It should also be noted that changes to regulatory capital requirements have been made for insurance and reinsurance undertakings through participating jurisdiction initiatives, such as the Solvency II framework in Europe.

Restrictions on Transfer

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

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 Selling Restrictions*" below.

The Global Covered Bonds will be held by or on behalf of Euroclear and/or Clearstream, Luxembourg and/or an Alternative Clearing System, investors will have to rely on their procedures for transfer, payment and communication with the Issuer

Covered Bonds issued under the Programme may be represented by one or more Global Covered Bonds. Such Global Covered Bonds will be deposited with a common depositary for Euroclear and/or Clearstream, Luxembourg and/or a clearing system other than Euroclear and/or Clearstream, Luxembourg (an **Alternative Clearing System**). Apart from the circumstances described in the relevant Global Covered Bond, investors will not be entitled to Covered Bonds in definitive form. Euroclear and/or Clearstream, Luxembourg and/or any

relevant Alternative Clearing System will maintain records of the beneficial interests in the Global Covered Bonds. While the Covered Bonds are represented by one or more Global Covered Bonds, investors will be able to trade their beneficial interests only through Euroclear and/or Clearstream, Luxembourg and/or any relevant Alternative Clearing System.

While the Covered Bonds are represented by one or more Global Covered Bonds, the Issuer will discharge their payment obligations under the Covered Bonds by making payments to the common depositary for Euroclear and/or Clearstream, Luxembourg and/or any relevant Alternative Clearing System for distribution to their relevant account holders. A holder of a beneficial interest in a Global Covered Bond must rely on the procedures of Euroclear and/or Clearstream, Luxembourg and/or any relevant Alternative Clearing System to receive payments under the relevant Covered Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Covered Bonds.

Holders of beneficial interests in the Global Covered Bonds will not have a direct right to vote in respect of the relevant Covered Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and/or Clearstream, Luxembourg and/or any relevant Alternative Clearing System to appoint appropriate proxies.

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

The Covered Bond Guarantor will, following service of a Notice to Pay on the Covered Bond Guarantor, pay or provide for payment of an amount to each corresponding Covered Bond Swap Provider on a monthly basis. The Covered Bond Swap Provider may not be obliged to make corresponding swap payments to the Covered Bond Guarantor under a Covered Bond Swap until amounts are Due for Payment under the Covered Bond Guarantee. If a Covered Bond Swap Provider does not meet its payment obligations to the Covered Bond Guarantor under the Covered Bond Swap Agreement or such Covered Bond Swap Provider does not make a termination payment that has become due from it to the Covered Bond Guarantor under the Covered Bond Swap Agreement, the Covered Bond Guarantor may have a larger shortfall in funds with which to make payments under the Covered Bond Guarantee with respect to the Covered Bonds than if the Covered Bond Swap Provider's payment obligations coincided with the Covered Bond Guarantor's payment obligations under the Covered Bond Swap. Hence, the difference in timing between the obligations of the Covered Bond Guarantor and the obligations of the Covered Bond Swap Providers under the Covered Bond Swaps may affect the Covered Bond Guarantor's ability to make payments, following service of a Notice to Pay on the Covered Bond Guarantor, under the Covered Bond Guarantee with respect to the Covered Bonds. A Covered Bond Swap Provider may be required, following a downgrade (or, in the case of ratings assigned by Fitch, being placed on "Rating Watch Negative") of its credit ratings below the credit ratings specified in the relevant Covered Bond Swap Agreement pursuant to the terms of the Covered Bond Swap Agreement, to post collateral with the Covered Bond Guarantor.

Covered Bonds where denominations involve integral multiples: definitive Covered Bonds

In relation to any issue of Covered Bonds that have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Covered Bonds may be traded in amounts 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 is less than the minimum Specified Denomination in its account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Covered Bonds at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in its account with the relevant clearing system at the relevant time may not receive a Definitive Covered Bond in respect of such holding (should Definitive Covered Bonds be printed) and would need to purchase a principal amount of Covered Bonds at or in excess of the minimum Specified Denomination 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.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Covered Bonds and the Covered Bond Guarantor will make any payments under the Covered Bond Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency or the Specified Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (a) the Investor's Currency-equivalent yield on the Covered Bonds, (b) the Investor's Currency-equivalent value of the principal payable on the Covered Bonds and (c) the Investor's Currency-equivalent market value of the Covered Bonds. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

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

The structure of the issue of the Covered Bonds and the ratings which are to be assigned to them are based on New Zealand 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 New Zealand tax law and the published practice of the New Zealand Inland Revenue Department in force or applied in New Zealand as at the date of this Prospectus. No assurance can be given as to the impact of any possible change to New Zealand law, regulatory, accounting or administrative practice in New Zealand or to New Zealand tax law, or the interpretation or administration thereof, or to the published practice of the New Zealand Inland Revenue Department as applied in New Zealand 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 when due or the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee when due.

PRINCIPAL CHARACTERISTICS OF THE ASB COVERED BOND PROGRAMME

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

Issuer:	ASB Bank Limited (**ASB**).
Covered Bond Guarantor:	ASB Covered Bond Trustee Limited.
Nature of eligible property:	Mortgage Loans and the Related Security, Substitution Assets, and Authorised Investments.
Location of eligible property:	New Zealand.
Asset Coverage Test:	Yes, see the section "*Credit Structure*" in this Prospectus for further information.
Amortisation Test:	Yes, see the section "*Credit Structure*" in this Prospectus for further information.
Pre-Maturity Test:	Yes, see the section "*Credit Structure*" in this Prospectus for further information.
Reserve Fund:	A Reserve Fund to trap a specified amount of Available Revenue Receipts or the proceeds of a Term Advance or a Demand Loan Advance is required if ASB's short term credit rating is below: (a) prior to the Roll-off Date, F1+ (Fitch) or P-1 (Moody's); or (b) on and from the Roll-off Date, F1 (Fitch) or P-1 (Moody's) or such other rating as is acceptable to Moody's and/or Fitch in order to maintain the then current ratings of the Covered Bonds. As at the date of the Prospectus, ASB's short term credit rating is P-1 (Moody's) and F1 (Fitch). Accordingly, the Reserve Fund has been established by the Covered Bond Guarantor.
Maximum Asset Percentage:	90 per cent.
Extendable Maturities:	Available.
Hard Bullet Maturities:	Available.
Asset Monitor:	PricewaterhouseCoopers New Zealand.
Asset Segregation:	Yes.
Terms:	As set out in the Final Terms for the relevant Series or Tranche of Covered Bonds.
Listing:	Application will be made to the FCA for Covered Bonds issued under the Programme to be admitted to 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 during the period of 12 months from the date of this Prospectus.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have been previously published and have been filed with the FCA shall be deemed to be incorporated in, and to form part of, this Prospectus:

(a) In respect of ASB, the audited annual consolidated financial statements (which financial statements are audited as described in the independent auditors' report thereon which report excludes for the purposes of such audit the supplementary information relating to capital adequacy and regulatory liquidity requirements), including the independent auditor's report and the independent assurance report thereon and notes thereto, as of and for each of the financial years ended 30 June 2024 and 30 June 2023 (set out on pages 10 to 98, 106 to 112 and 113 to 114 and on pages 10 to 94, 102 to 107 and 108 to 109 respectively, of the ASB Bank Limited disclosure statements for the years ended 30 June 2024 and 30 June 2023) (the **ASB Financial Statements**); and

(b) In respect of the Covered Bond Guarantor (in its capacity as trustee of the Trust), the audited financial statements and auditor's report for the financial years ended 30 June 2024 and 30 June 2023 of the Trust.

(c) The sections entitled "*Terms and Conditions of the Covered Bonds*" which appear on pages 83 to 128 (inclusive) of the Prospectus dated 30 August 2018 and pages 71 to 119 (inclusive) of the Prospectus dated 7 December 2020 in respect of the Programme.

The parts of the documents referred to above and not incorporated by reference into this Prospectus are either not relevant to an investor or are covered elsewhere in this Prospectus.

The documents to be incorporated by reference herein listed in paragraphs (a) to (c) above can be viewed online at http://www.asb.co.nz/coveredbonds.

If documents which are incorporated by reference themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Prospectus for the purposes of the UK Prospectus Regulation except where such information or other documents are specifically incorporated by reference or attached to this Prospectus. Any statement contained in this Prospectus or in any document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus. For the purposes of the prospectus rules enacted under Section 73A of the FSMA, any documents incorporated by reference into the above documents do not form part of this Prospectus.

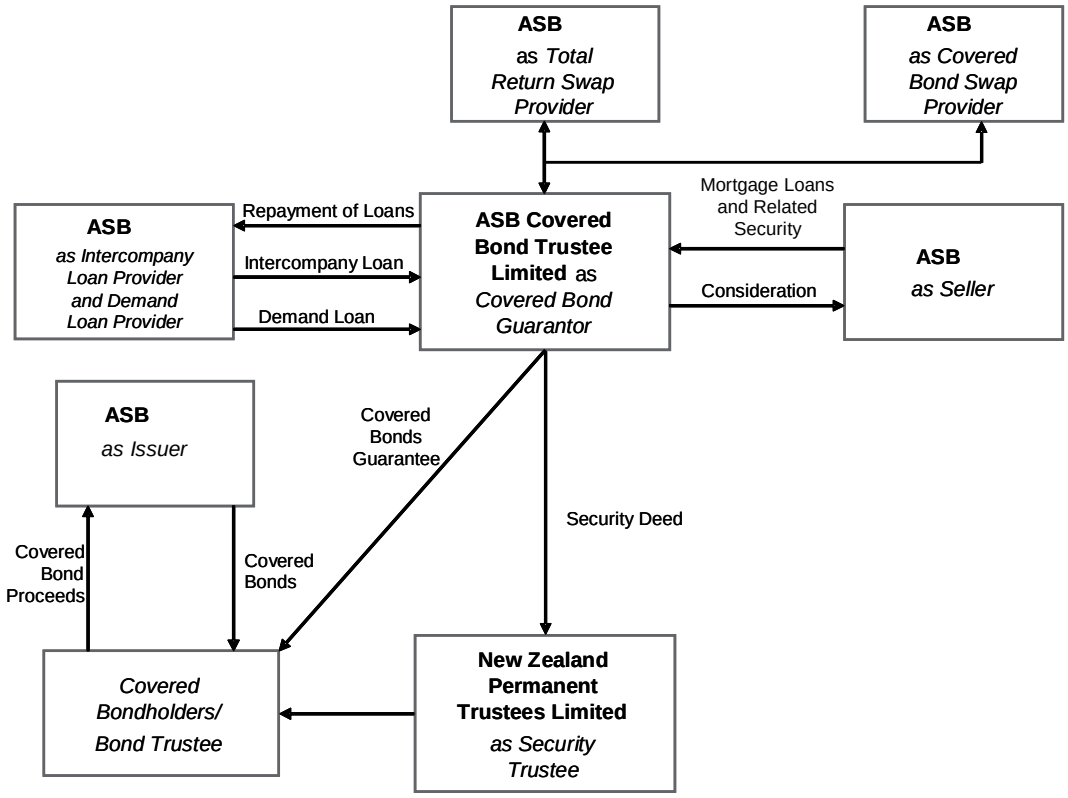
Each of the Issuer and the Covered Bond Guarantor will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of any Covered Bonds, prepare a supplement to this Prospectus (a **Supplementary Prospectus**) to be approved by the FCA in accordance with Article 23 of the UK Prospectus Regulation or publish a new prospectus for use in connection with any subsequent issue of Covered Bonds. Each of the Issuer and the Covered Bond Guarantor has undertaken to the Relevant Dealer in the Programme Agreement (as defined herein) that it will comply with section 87G of the FSMA. 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.

STRUCTURE OVERVIEW

The information in this section is an overview of the structure relating to the Programme and does not purport to be complete. The information is taken from, and is qualified in its entirety by, the remainder of this Prospectus. Words and expressions defined elsewhere in this Prospectus shall have the same meanings in this summary. A glossary of certain defined terms used in this document is contained at the end of this Prospectus.

The Reserve Bank of New Zealand (Covered Bonds) Amendment Act 2013 came into force on 10 December 2013 and provides that on and from 10 September 2014 covered bonds may only be issued under registered covered bond programmes. The Programme was registered with the RBNZ on 8 August 2014.

Structure Diagram



Credit Structure

The Covered Bonds will be direct, unsecured 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 (i) an Issuer Event of Default and service by the Bond Trustee on the Issuer of an Issuer Acceleration Notice and on the Covered Bond Guarantor of a Notice to Pay or, (ii) if earlier, following the occurrence of a Covered Bond Guarantor Event of Default and service by the Bond Trustee on the Covered Bond Guarantor, the Issuer of a Covered Bond Guarantee Acceleration Notice. The Issuer will not be relying on any payments by the Covered Bond Guarantor in order to pay interest or repay principal under the Covered Bonds.

There are a number of features of the Programme which enhance the likelihood of timely and, as applicable, ultimate payments to Covered Bondholders, as follows:

(a) the Covered Bond Guarantee provides credit support to the Issuer;

(b) the Pre-Maturity Test is intended to provide liquidity to the Covered Bond Guarantor in relation to amounts of principal due on the Final Maturity Date of the Hard Bullet Covered Bonds;

(c) the Asset Coverage Test is intended to test, on a monthly basis, prior to the service of a Notice to Pay on the Covered Bond Guarantor, the asset coverage of the Covered Bond Guarantor's assets in respect of the Covered Bonds;

(d) the Amortisation Test is intended to test, on a monthly basis, following the service of a Notice to Pay on the Covered Bond Guarantor, the asset coverage of the Covered Bond Guarantor's assets in respect of the Covered Bonds;

(e) a Reserve Fund has been established in the GIC Account to trap Available Revenue Receipts or to credit the remaining proceeds of a Term Advance or Demand Loan Advance if ASB's short term credit rating is below:

(i) prior to the Roll-off Date, F1+ (Fitch) or P-1 (Moody's); or

(ii) on and from the Roll-off Date, F1 (Fitch) or P-1 (Moody's) or such other rating as is acceptable to Moody's and/or Fitch in order to maintain the then current ratings of the Covered Bonds; and

(f) under the terms of the Account Bank Agreement, the Account Bank has agreed to pay a rate of interest per annum equal to the 30 day Bank Bill Rate (which shall be at the rate determined by the Account Bank on the first day of each Collection Period) 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 and in the section entitled "*Credit Structure*".

Asset Coverage Test

To protect the value of the Mortgage Loan Portfolio, the Establishment Deed provides that, prior to the service of a Notice to Pay on the Covered Bond Guarantor, the assets of the Covered Bond Guarantor are subject to the Asset Coverage Test. Accordingly, for so long as Covered Bonds remain outstanding, the Covered Bond Guarantor must ensure that on each Determination Date, the Adjusted Aggregate Mortgage Loan Amount will be in an amount at least equal to the NZ Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the Determination Date. The Asset Coverage Test will be tested by the Calculation Manager on each Determination Date.

If the Adjusted Aggregate Mortgage Loan Amount is less than the NZ Dollar Equivalent of the aggregate Principal Amount Outstanding of all Covered Bonds on a Determination Date and also on the next following Determination Date, the Asset Coverage Test will be breached and the Bond Trustee will serve an Asset Coverage Test Breach Notice on the Covered Bond Guarantor (subject to the Bond Trustee having actual knowledge or express notice of the breach). The Bond Trustee will be deemed to revoke an Asset Coverage Test Breach Notice if, on the next Determination Date to occur following the service of an Asset Coverage Test Breach Notice, 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 on the next Determination Date after service of such Asset Coverage Test Breach Notice an Issuer Event of Default will occur and the Bond Trustee shall be entitled, and in certain circumstances required, to serve an Issuer Acceleration Notice. Following service of an Issuer Acceleration Notice, the Bond Trustee will be required to serve a Notice to Pay on the Covered Bond Guarantor.

Amortisation Test

In addition, on each Determination Date following service of a Notice to Pay on the Covered Bond Guarantor (and until the Security is enforced in accordance with the Security Deed) and, for so long as Covered Bonds remain outstanding, the Covered Bond Guarantor must ensure that the Amortisation Test Aggregate Mortgage Loan Amount, as calculated on such Determination Date, will be in an amount at least equal to the NZ Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds on such Determination Date. A breach of the Amortisation Test will constitute a Covered Bond Guarantor Event of Default and the Bond Trustee shall be entitled (and, in certain circumstances, may be required) to serve a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor, the Issuer declaring the Covered Bonds immediately due and repayable and the Security Trustee will be entitled and, in certain circumstances, may be required, to enforce the Security.

Pre-Maturity Test

Each Series of Hard Bullet Covered Bonds is subject to a Pre-Maturity Test on each Local Business Day during the Pre-Maturity Test Period prior to the occurrence of an Issuer Event of Default and/or a Covered Bond Guarantor Event of Default. The Pre-Maturity Test is intended to provide liquidity for such Covered Bonds when ASB's short term credit ratings fall to a certain level within a specified period prior to the maturity of such Covered Bonds. If the Pre-Maturity Test is breached within such specified period and certain actions are not taken, an Issuer Event of Default will occur (see "*Summary of the Principal Documents – Establishment Deed – Sale of Selected Mortgage Loans if the Pre-Maturity Test is breached*").

Reserve Fund

If ASB's short term credit rating is not rated at least:

(a) prior to the Roll-off Date, P-1 by Moody's and F1+ by Fitch; or

(b) on and from the Roll-off Date, P-1 by Moody's and F1 by Fitch or such other rating as is acceptable to Moody's and/or Fitch in order to maintain the then current ratings of the Covered Bonds,

the Covered Bond Guarantor is required to credit, on the next Trust Payment Date, to the Reserve Fund within the GIC Account the proceeds of Available Revenue Receipts or the relevant proceeds of a Term Advance or a Demand Loan Advance up to an amount equal to the sum of (x) the higher of the NZ Dollar Equivalent of the interest that will accrue on each Series of Covered Bonds within the next three months and the NZ Dollar Equivalent of the interest due for payment on each Series of Covered Bonds within the next three months and (y) an amount equal to one-quarter of the anticipated aggregate annual amount payable in respect of the items specified in paragraphs (a) and (b) of the *Pre-Acceleration Revenue Priority of Payments*.

As at the date of the Prospectus, ASB's short term credit rating is P-1 (Moody's) and F1 (Fitch). Accordingly, the Reserve Fund has been established by the Covered Bond Guarantor.

The Programme

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

Intercompany Loan Agreement

Pursuant to the terms of the Intercompany Loan Agreement, ASB as Intercompany Loan Provider will make a Term Advance to the Covered Bond Guarantor in an amount equal to either (i) if a Non-Forward Starting Covered Bond Swap is entered into on the relevant Issue Date, the Principal Amount Outstanding on the Issue Date of the relevant Series or, as applicable, Tranche of Covered Bonds in the Specified Currency of the relevant Series or Tranche of Covered Bonds or (ii) if a Forward Starting Covered Bond Swap is entered into on the relevant Issue Date, the NZ Dollar Equivalent of the Principal Amount Outstanding on the Issue Date of the relevant Series or, as applicable, Tranche of Covered Bonds, and for a matching term. Payments by the Issuer of amounts due under the Covered Bonds will not be conditional upon receipt by ASB of payments from the Covered Bond Guarantor pursuant to the Intercompany Loan Agreement. Amounts owed by the Covered Bond Guarantor under the Intercompany Loan Agreement will be subordinated to amounts owed by the Covered Bond Guarantor under the Covered Bond Guarantee in accordance with the applicable Priority of Payments.

The Covered Bond Guarantor will use the proceeds of the Term Advances received under the Intercompany Loan Agreement from time to time (if not denominated in NZ Dollars, upon exchange into NZ Dollars under the applicable Non-Forward Starting Covered Bond Swap):

(a) if a New Mortgage Loan Portfolio (consisting of Mortgage Loans and the Related Security originated by the Seller) is being acquired in connection with the issue of a related Series or Tranche of Covered Bonds to fund (in whole or part) the Purchase Price of the New Mortgage Loan Portfolio from the Seller in accordance with the terms of the Mortgage Sale Agreement; and/or

(b) acting on the directions of the Trust Manager, to invest in Substitution Assets in an amount not exceeding the prescribed limit (as specified in the Establishment Deed) to the extent required to meet the Asset Coverage Test; and thereafter or otherwise the Covered Bond Guarantor may use such proceeds (subject to complying with the Asset Coverage Test (as described below)):

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

(ii) to make a repayment of the Demand Loan, provided that the Calculation Manager has determined the outstanding balance of the Demand Loan by calculating the Asset Coverage Test as at the Intercompany Loan Drawdown Date having taken into account such repayment and the Calculation 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, without limitation, to fund the Reserve Fund to an amount not exceeding the prescribed limit, as specified in the Programme Documents).

Demand Loan Agreement

Pursuant to the Demand Loan Agreement, ASB as Demand Loan Provider will make a Demand Loan Facility available to the Covered Bond Guarantor. The Covered Bond Guarantor may draw Demand Loan Advances denominated in NZ Dollars from time to time under the Demand Loan Facility. The Demand Loan Facility is a revolving credit facility. Demand Loan Advances may only be used by the Covered Bond Guarantor:

(a) as consideration (in whole or in part) for the acquisition of Mortgage Loans and the Related Security from the Seller on a Transfer Date to the extent the aggregate of the proceeds of a Term Advance and/or the Available Principal Receipts (if any) on that date are not sufficient;

(b) to repay a Term Advance on the date on which the Series of Covered Bonds corresponding to such Term Advance matures;

(c) to rectify a failure to meet the Asset Coverage Test, such funds to be deposited into the GIC Account, invested in Substitution Assets (not exceeding prescribed limits) and/or used to purchase Mortgage Loans and Related Security from the Seller;

(d) to rectify a breach of the Pre-Maturity Test;

(e) to rectify an Interest Rate Shortfall; or

(f) to fund the Reserve Fund.

Each Demand Loan Advance will be consolidated to form the Demand Loan. Amounts owed by the Covered Bond Guarantor under the Demand Loan Agreement will be subordinated to amounts owed by the Covered Bond Guarantor under the Covered Bond Guarantee and the Intercompany Loan Agreement in accordance with the applicable Priority of Payments.

Mortgage Sale Agreement

Under the terms of the Mortgage Sale Agreement, the consideration payable to the Seller for the sale of Mortgage Loans and the Related Security originated by the Seller to the Covered Bond Guarantor on any Transfer Date will be a cash payment paid by the Covered Bond Guarantor to the Seller on the applicable Transfer Date (except to the extent the Seller and the Covered Bond Guarantor have agreed that the Purchase Price shall be set-off against any amount payable on the Transfer Date by ASB as Intercompany Loan Provider and/or Demand Loan Provider) plus the payment of Deferred Consideration by or on behalf of the Covered Bond Guarantor to the Seller on each Trust Payment Date in accordance with the applicable Priority of Payments.

The Seller will, subject to the satisfaction of certain conditions, be permitted to sell Mortgage Loans and the Related Security to the Covered Bond Guarantor from time to time.

Servicing Agreement

In its capacity as Servicer, ASB has entered into the Servicing Agreement with, amongst others, the Covered Bond Guarantor and the Security Trustee, pursuant to which the Servicer has agreed to administer and service the Mortgage Loans and the Related Security sold by ASB (in its capacity as Seller) to the Covered Bond Guarantor.

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 shall become 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 (following service of a Notice to Pay or a Covered Bond Guarantee Acceleration Notice) direct, unconditional and unsubordinated obligations of the Covered Bond Guarantor, secured against the assets from time to time of the Covered Bond Guarantor as provided in the Security Deed and recourse against the Covered Bond Guarantor is limited to such assets. Following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice upon 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), the Bond Trustee will be required to serve a Notice to Pay on 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 at such time be made subject to, and in accordance with, the Guarantee Priority of Payments. All monies recovered or received by the Security Trustee or any receiver after the service of a Covered Bond Guarantee Acceleration Notice and/or the Security otherwise becoming enforceable shall be held by it in the Trust Accounts to be applied in accordance with the Post-Enforcement Priority of Payments.

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

Following the occurrence of an Issuer Event of Default, the Bond Trustee may (and, in certain circumstances, shall) 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 or on behalf of the Bond Trustee from the Issuer (or any receiver, liquidator, administrator or other similar official appointed in relation to the Issuer) (**Excess Proceeds**) will be paid by the Bond Trustee to the Covered Bond Guarantor and shall 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 shall 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.

Security Deed

To secure its obligations under the Covered Bond Guarantee and the Programme Documents to which it is a party, the Covered Bond Guarantor has granted security over the Charged Property (which consists of the Covered Bond Guarantor's interest in the Mortgage Loans, the Related Security, 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 (for itself and on behalf of the other Secured Creditors) pursuant to the Security Deed.

Priorities of Payment

Pre-Acceleration Revenue Priority of Payments and Pre-Acceleration Principal Priority of Payments

Prior to the service of a Notice to Pay and/or service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and/or the Security otherwise becoming enforceable, the Covered Bond Guarantor will, on each Trust Payment Date:

(a) apply Available Revenue Receipts (i) to pay interest due and payable on the Term Advances and/or (ii) to pay interest due and payable on the Demand Loan. However, these payments will only be made after payment of certain items ranking higher in the Pre-Acceleration Revenue Priority of Payments (including, but not limited to, certain expenses and amounts due to the Swap Providers, and amounts (if any) to be credited to the Reserve Fund); and

(b) apply Available Principal Receipts towards making repayments of the principal amount outstanding on the Demand Loan but only after payment of certain items ranking higher in the Pre-Acceleration Principal Priority of Payments (including, but not limited to, funding any liquidity that may be required in respect of Hard Bullet Covered Bonds following any breach of the Pre-Maturity Test and acquiring New Mortgage Loans and the Related Security offered by the Seller to the Covered Bond Guarantor).

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 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, the Issuer and/or the Security otherwise becoming enforceable):

(a) all Available Revenue Receipts will continue to be applied in accordance with the Pre-Acceleration Revenue Priority of Payments save that, whilst any Covered Bonds remain outstanding, no moneys will be applied: (i) to pay any amounts due or to become due and payable to the Intercompany Loan Provider in respect of each Term Advance; (ii) to pay any amounts due or to become due and payable on the Demand Loan; (iii) to pay Deferred Consideration to the Seller, or (iv) towards provision for the Beneficiary or towards payment of, or provision for, income tax payable by the Beneficiary in respect of such distribution, and the remainder (if any) will be deposited into the GIC Account and applied as Available Revenue Receipts on the next succeeding Trust Payment Date; and

(b) all Available Principal Receipts will continue to be applied in accordance with the Pre-Acceleration Principal Priority of Payments save that, whilst any Covered Bonds remain outstanding, moneys will not be applied to acquire new Mortgage Loans and Related Security from the Seller and/or to acquire Substitution Assets pursuant to paragraph (b) of the Pre-Acceleration Principal Priority of Payments, and the remainder (if any) will be deposited into the GIC Account and applied as Available Principal Receipts on the next succeeding Trust Payment Date.

Application of moneys following service of a Notice to Pay

Following service on the Covered Bond Guarantor of a Notice to Pay (but prior to the occurrence of a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor, the Issuer and/or the Security otherwise becoming enforceable) the Covered Bond Guarantor will apply Available Revenue Receipts and Available Principal Receipts on each Trust Payment Date to pay Guaranteed Amounts in respect of the Covered Bonds when the same shall become Due for Payment, subject to paying certain higher ranking obligations of the Covered Bond Guarantor in the Guarantee Priority of Payments. In such circumstances, the Intercompany Loan Provider, the Demand Loan Provider and the Seller will only be entitled to receive any remaining income of the Trust after all amounts due under the Covered Bond Guarantee in respect of the Covered Bonds have been paid in full or have otherwise been provided for.

Acceleration of the Covered Bonds following a Covered Bond Guarantor Event of Default

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, the Issuer, the Covered Bonds will become immediately due and repayable (if not already due and payable as against the Issuer) and each of the Bond Trustee and the Security Trustee may or shall take such proceedings or steps in accordance with the first and third paragraphs, respectively, of Condition 9.3 (*Enforcement*) and the Bond Trustee (for the benefit of the Covered Bondholders) shall have a claim against the Covered Bond Guarantor, under the Covered Bond Guarantee, for an amount equal to the Early Redemption Amount in respect of each Covered Bond of each Series together with accrued interest and any other amount due under the Covered Bonds (other than additional amounts payable by the Issuer under Condition 7 (*Taxation*)) and the Security created by the Covered Bond Guarantor over the Charged Property will become enforceable (if not already realised). Any moneys received or recovered by the Security Trustee (or a Receiver) following service of a Covered Bond Guarantee Acceleration Notice will be distributed according to the Post-Enforcement Priority of Payments.

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

PROGRAMME OVERVIEW

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 Series or Tranche of Covered Bonds, the applicable Final Terms. Words and expressions defined elsewhere in this Prospectus shall have the same meanings in this summary. A glossary of certain defined terms is contained at the end of this Prospectus.

This overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) No 2019/980 as it forms part of domestic law in the UK by virtue of the EUWA.

The Parties

Issuer:	ASB, incorporated as a company with limited liability under the NZ Companies Act with company number 398445. For a more detailed description of the Issuer see "*ASB Bank Limited*".
Issuer Legal Entity Identifier:	549300IBZWZL1KTPF918.
Covered Bond Guarantor:	ASB Covered Bond Trustee Limited, incorporated as a company with limited liability under the NZ Companies Act with company number 3389285 and having its registered office at Level 16, SAP Tower, 151 Queen Street, Auckland 1010, New Zealand, as trustee of the ASB Covered Bond Trust.
The Trust:	ASB Covered Bond Trust.
The Beneficiary:	Public Trust as trustee of the ASB Securitisation Charitable Trust.
Trust Manager:	Securitisation Management Services Limited (**SMSL**).
Seller:	ASB.
Calculation Manager/Servicer/Total Return Swap Provider/Covered Bond Swap Provider/Account Bank/Intercompany Loan Provider/Demand Loan Provider:	ASB.
Bond Trustee:	Deutsche Trustee Company Limited.
Security Trustee:	New Zealand Permanent Trustees Limited.
Asset Monitor:	PricewaterhouseCoopers New Zealand.
Arrangers:	Barclays Bank PLC and ASB Bank Limited.
Dealer:	Barclays Bank PLC.
Principal Paying Agent:	Deutsche Bank AG, London Branch.
Registrar:	Deutsche Bank Luxembourg, S.A.
Rating Agencies:	Fitch Australia Pty Ltd and Moody's Investors Service Pty Limited.

The Covered Bonds

Programme Size:	Up to €7,000,000,000 (or its equivalent in other currencies determined as described in the Programme Agreement) 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 by way of private or public placement and in each case on a syndicated or non-syndicated basis, subject to the restrictions set forth in "*Subscription and Sale and Selling Restrictions*" below.
Specified Currencies:	Subject to any applicable legal or regulatory restrictions, Covered Bonds may be issued in 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).
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 "*Subscription and Sale and Selling Restrictions*").
Issue Price:	Covered Bonds may be issued at par or at a premium or discount to par (as set out in the applicable Final Terms).
Form of Covered Bonds:	The Covered Bonds will be issued in bearer or registered form as described in "*Form of the Covered Bonds*". Registered Covered Bonds will not be exchangeable for Bearer Covered Bonds and Bearer Covered Bonds will not be exchangeable for Registered Covered Bonds. 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, and subject, in each case, to confirmation from the Rating Agencies that the then current rating of any outstanding Series of Covered Bonds will not be adversely affected by the issuance of such Covered Bonds.
Fixed Rate Covered Bonds:	Fixed Rate Covered Bonds will bear interest at a fixed rate which will be payable on such date or dates as may be agreed between the Issuer and the Relevant Dealer(s) and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the Relevant Dealer(s) (in each case as set out in the applicable Final Terms).
Floating Rate Covered Bonds:	Floating Rate Covered Bonds will bear interest at a rate determined on the basis of the reference rate set out in the applicable Final Terms.

	The Margin (if any) relating to such floating rate will be agreed between the Issuer and the Relevant Dealer(s) for each issue of Floating Rate Covered Bonds (as set out in the applicable Final Terms).
Other provisions in relation to Floating Rate Covered Bonds:	Floating Rate Covered Bonds may also have a maximum interest rate, a minimum interest rate or both.
Benchmark Discontinuation:	In the case of Floating Rate Covered Bonds, other than where the Reference Rate is specified in the applicable Final Terms as being Compounded Daily SOFR, Compounded Daily SORA, Compounded Daily TONA or Compounded Daily CORRA, (in which case the provisions of Conditions 4.2(f)(ii), 4.2(g)(iv), 4.2(h)(iii) and 4.2(i)(iii), respectively, shall apply instead), if the Issuer, acting in good faith and in a commercially reasonable manner, determines that a Benchmark Event has occurred, the relevant benchmark or screen rate may be replaced by a Successor Rate or, if there is no Successor Rate but the Issuer determines there is an Alternative Rate (acting in good faith and in a commercially reasonable manner, and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser), such Alternative Rate. An Adjustment Spread may also be applied to the Successor Rate or the Alternative Rate (as the case may be), together with any Benchmark Amendments (which in the case of any Alternative Rate, any Adjustment Spread unless formally recommended or provided for and any Benchmark Amendments shall be determined by the Issuer, acting in good faith and in a commercially reasonable manner, and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser). For further information, see Condition 4.7 (*Benchmark Discontinuation*).
Rating Agency Confirmation:	The issuance of each Series of Covered Bonds shall be subject to confirmation by each of the Rating Agencies that the then current credit ratings for any outstanding Covered Bonds will not be adversely affected by the issuance of such types of Covered Bonds.
Maturities:	Subject to compliance with all applicable legal, regulatory and/or central bank requirements, Covered Bonds may be issued with such maturities as may be agreed between the Issuer and the Relevant Dealer(s) (as set out in the applicable Final Terms).
Redemption:	The applicable Final Terms for a Series of Covered Bonds will indicate either that the relevant Covered Bonds of such Series cannot be redeemed prior to their stated maturity (other than for taxation reasons or if it becomes unlawful for any Term Advance or the Demand Loan to remain outstanding) 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) or that such Covered Bonds will be redeemable at the option of the Covered Bondholders upon giving notice to the Issuer, on a

	date or dates specified prior to such stated maturity and at their Optional Redemption Amount as specified in the applicable Final Terms.
Final Redemption:	Unless an Extended Due for Payment Date is specified as applicable in the applicable Final Terms for a Series of Covered Bonds, if that Series of Covered Bonds has not already been redeemed or purchased and cancelled in full in accordance with their terms and conditions, those Covered Bonds will be redeemed at their Final Redemption Amount on the Final Maturity Date for such Covered Bonds, as set out in the applicable Final Terms.
Use of Proceeds:	The net proceeds from each issue of Covered Bonds will be applied by the Issuer for its general corporate purposes, unless stated otherwise in the applicable Final Terms.
Extendable obligations under the Covered Bond Guarantee:	If an Extended Due for Payment Date is specified as applicable in the Final Terms for a Series of Covered Bonds and (a) the Issuer fails to pay, in full, the Final Redemption Amount for such Covered Bonds on the Final Maturity Date for such Covered Bonds (or by the end of the applicable grace period) and (b) following the service of a Notice to Pay on the Covered Bond Guarantor by no later than the date falling one Business Day prior to the Extension Determination Date, the Covered Bond Guarantor fails to pay, in full, the Guaranteed Amounts equal to the unpaid portion of such Final Redemption Amount by the earlier of (i) the date which falls two Business Days after service of such Notice to Pay on the Covered Bond Guarantor (or if later, the Final Maturity Date) and (ii) the Extension Determination Date for such Covered Bonds in accordance with the terms of the Covered Bond Guarantee (for example because, following the service of a Notice to Pay on the Covered Bond Guarantor, there are insufficient moneys available to it to pay, in accordance with the Guarantee Priority of Payments, such Guaranteed Amounts in full), then the obligation of the Covered Bond Guarantor to pay the unpaid portion of such Guaranteed Amount, or any part thereof, will be deferred (and a Covered Bond Guarantor Event of Default shall not occur as a result of such failure) until the Interest Payment Date thereafter on which sufficient moneys are available (after providing for liabilities ranking in priority thereto or *pari passu* therewith subject to and in accordance with the Guarantee Priority of Payments) to fund the payment of such unpaid portion, or any part thereof, provided that such payment shall not be deferred beyond the Extended Due for Payment Date when the unpaid portion of such Guaranteed Amount (together with accrued interest) shall be due and payable. Interest will accrue on any such unpaid portion during such extended period and will be due and payable on each Interest Payment Date up to, and including, the Extended Due for Payment Date in accordance with Condition 5.1 (*Final Redemption*).
Denomination of Covered Bonds:	The Covered Bonds will be issued in such denominations as may be agreed between the Issuer and the Relevant Dealer(s) and set out in the applicable Final Terms save that, except in certain limited circumstances, the minimum denomination of each Covered Bond will be €100,000 (or, if the Covered Bonds are denominated in a currency other than euro, the equivalent

	amount in such currency) or such other higher amount as is required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency. Unless otherwise stated in the applicable Final Terms, the minimum denomination of each Definitive Rule 144A Covered Bond will be at least U.S.$250,000 and integral multiples of U.S.$1,000, or its approximate equivalent in other Specified Currencies.
Taxation:	All payments in respect of principal and interest on the Covered Bonds will be made without deduction or withholding for or on account of any taxes whatsoever, subject as provided in Condition 7 (*Taxation*). If any such deduction or withholding is made by the Issuer, the Issuer will, save in the limited circumstances provided in Condition 7 (*Taxation*), pay additional amounts in respect of the amounts so deducted or withheld or redeem the Covered Bonds in accordance with their terms and conditions. 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 (*Taxation*) and will not be obliged to pay the approved issuer levy unless required by law. If the Covered Bond Guarantor is required by law to pay any amount of approved issuer levy in respect of any payment under the Covered Bond Guarantee, it may deduct from such payments an amount equal to the amount of approved issuer levy payable and will not be obliged to pay any additional amount as a consequence. All payments in respect of principal and interest on the Covered Bonds will be made subject to any withholding or deduction required pursuant to fiscal and other laws, as provided in Condition 6.5 (*Payments subject to applicable laws*).
Cross Default:	If a Covered Bond Guarantee Acceleration Notice is served in respect of any Series of Covered Bonds, then the obligation of the Covered Bond Guarantor to pay Guaranteed Amounts in respect of all Series of Covered Bonds outstanding will be accelerated. If a Notice to Pay is served in respect of any Series of Covered Bonds, then the Covered Bond Guarantor will be required to make payments of Guaranteed Amounts in respect of all Series of Covered Bonds outstanding when the same will become Due for Payment in accordance with the terms of the Covered Bond Guarantee.
Status of the Covered Bonds:	The Covered Bonds will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* without any preference or priority among themselves and (other than any obligation preferred by mandatory provisions of applicable law) at least equally with

	all other present and future unsecured and unsubordinated obligations of the Issuer, from time to time outstanding.
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, an Issuer Acceleration Notice is served on the Issuer and a Notice to Pay is served on the Covered Bond Guarantor, or (b) a Covered Bond Guarantor Event of Default has occurred 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 (following service of a Notice to Pay or a Covered Bond Guarantee Acceleration Notice) direct, unconditional and unsubordinated obligations of the Covered Bond Guarantor secured against the assets from time to time of the Covered Bond Guarantor as provided in the Security Deed and recourse against the Covered Bond Guarantor is limited to such assets.
Ratings:	Each Series of Covered Bonds to be issued under the Programme will, unless otherwise specified in the applicable Final Terms, be rated "Aaa" by Moody's and "AAA" by Fitch. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning Rating Agency. There is no obligation on the Issuer to maintain the credit ratings in respect of any Series of Covered Bonds. Each Series of Covered Bonds is expected on issue to be assigned a credit rating by each Rating Agency. The credit rating of certain Series of Covered Bonds to be issued under the Programme will be specified in the applicable Final Terms. In general, European-regulated investors are restricted from using a credit rating for regulatory purposes in the EEA, unless such credit rating is issued by a credit rating agency established in the EEA and registered under the CRA Regulation or if it is issued by a credit rating agency established in a third country, then either such credit rating is endorsed by a credit rating agency established in the European Union and registered under the CRA Regulation (and such registration has not been withdrawn or suspended) or the relevant third country is the subject of an equivalence decision by the European Commission and the credit rating agency is certified in accordance with the CRA Regulation. 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. This is subject, in each case, to (i) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (ii) transitional provisions that apply in certain circumstances. Credit 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. The Rating Agencies are not advisers, and nor do the Rating Agencies provide investors or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A credit rating should not be viewed as a replacement for such advice or services.
Listing and admission to trading:	Application has been made 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 for such Covered Bonds to be admitted to trading on the main market of the London Stock Exchange.
Governing Law:	The Covered Bonds, the Bond Trust Deed, the Total Return Swap Agreement, each Covered Bond Swap Agreement, the Principal Agency Agreement and the Programme Agreement and any non-contractual obligations arising out of or in connection with each of them are governed by, and will be construed in accordance with, English law. The Establishment Deed, the Mortgage Sale Agreement, the Servicing Agreement, the Intercompany Loan Agreement, the Demand Loan Agreement, the Management Agreement, the Security Deed, the Definitions Schedule, the Asset Monitor Agreement and the Account Bank Agreement are governed by, and will be construed in accordance with, New Zealand law.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of any Tranche of Covered Bonds (see "*Subscription and Sale and Selling Restrictions*").

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. Bearer Covered Bonds will be issued outside the United States in reliance on Regulation S and Registered Covered Bonds may be issued both outside the United States in reliance on Regulation S and within the United States in reliance on Rule 144A or Section 4(a)(2) under the Securities Act.

Bearer Covered Bonds

Each Tranche of Bearer Covered Bonds will be initially issued in the form of a temporary global covered bond without interest coupons attached (a **Temporary Bearer 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 and Clearstream, Luxembourg.

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 at the specified office of the Principal Paying Agent of the Temporary Global Covered Bond) only 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) upon a request as described therein either for (a) interests in a permanent global covered bond without interest coupons attached (a **Permanent Bearer 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) for Bearer Definitive Covered Bonds of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of Bearer Definitive Covered Bonds, to such notice period as is specified in the applicable Final Terms), in each case against certification of non-U.S. beneficial ownership as described above unless such certification has already been given. 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 Bearer Global Covered Bond. The holder of a Temporary Bearer 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 Bearer Global Covered Bond for an interest in a Permanent Bearer Global Covered Bond or for Bearer Definitive Covered Bonds is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Covered Bond will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender at the specified office of the Principal Paying Agent (as the case may be) of the Permanent Bearer Global Covered Bond without any requirement for certification.

The applicable Final Terms will specify that a Permanent Bearer Global Covered Bond will be exchangeable (free of charge), in whole but not in part, for Bearer Definitive Covered Bonds with, where applicable, interest coupons and talons attached upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, whether statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available. The Issuer will promptly give notice to Covered Bondholders of each Series of Bearer Global Covered Bonds in accordance with Condition 12 (*Notices*) 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 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 shall 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 Permanent Bearer Global Covered Bonds and Bearer Definitive Covered Bonds that have an original maturity of more than one year and on all interest coupons relating to such Permanent Bearer Global Covered Bonds and Bearer Definitive Covered Bonds:

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

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Covered Bonds or interest coupons and will not be entitled to capital gains treatment of any gain on any sale or other disposition in respect of such Bearer Covered Bonds 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 pursuant to this Prospectus and offered and sold in reliance on Regulation S will initially be represented by a global covered bond in registered form (a **Regulation S Global Covered Bond**). Prior to expiry of the Distribution Compliance Period applicable to each Tranche of Covered Bonds, beneficial interests in a Regulation S Global Covered Bond may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 (*Transfer*) and may not be held otherwise than through Euroclear or Clearstream, Luxembourg, and such Regulation S Global Covered Bond will bear a legend regarding such restrictions on transfer (see "*Subscription and Sale and Selling Restrictions*").

The Registered Covered Bonds of each Tranche offered and sold in the United States or to U.S. persons will only be offered and sold in private transactions to QIBs who agree to purchase the Covered Bonds for their own account and not with a view to the distribution thereof.

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

Registered Global Covered Bonds will either (i) be deposited with a custodian for DTC, and registered in the name of DTC or its nominee or (ii) be deposited with the Common Depositary for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg, as specified in the applicable Final Terms. In the case of a Regulation S Global Covered Bond registered in the name of a nominee of DTC, prior to the end of the distribution compliance period (as defined in Regulation S) applicable to the Covered Bonds represented by such Regulation S Global Covered Bond, interests in such Regulation S Global Covered Bond may only be held through the accounts of Euroclear and Clearstream, Luxembourg. 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, such as DTC. 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 provision to the contrary, be made to the person shown on the Register on the Record Date (as defined in Condition 6.2 (*Payments in respect of Registered Covered Bonds*)) as the registered holder of the Registered Global Covered Bonds. None of the Issuer, the Covered Bond Guarantor, the Bond Trustee, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Covered Bonds in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant

Record Date (as defined in Condition 6.2 (*Payments in respect of Registered Covered Bonds*)) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Covered Bond will be exchangeable (free of charge), in whole but not in part, for Registered Definitive Covered Bonds without interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (a) in the case of a Registered Global Covered Bond registered in the name of DTC or its nominee, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depositary for the Covered Bonds and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act or (b) in the case of a Registered Global Covered Bond registered in the name of the Common Depositary or its nominee, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, whether statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available. The Issuer will promptly give notice to Covered Bondholders of each Series of Registered Global Covered Bonds in accordance with Condition 12 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any registered holder of an interest in such Registered Global Covered Bond) or the Bond Trustee may give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

Definitive Rule 144A Covered Bonds will be issued only in minimum denominations of U.S.$250,000 and integral multiples of U.S.$1,000 in excess thereof (or the approximate equivalents in the applicable Specified Currency).

Transfer of Interests

Interests in a 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 with written certification from the transferor in accordance with the provisions of the Principal Agency Agreement. No beneficial owner of an interest in a Registered Global Covered Bond will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. Registered Covered Bonds are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see "*Subscription and Sale and Selling Restrictions*".

General

Pursuant to the Principal Agency Agreement, the Principal Paying Agent shall 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 shall be assigned a common code and ISIN and, where applicable, a FISN, CFI Code, CUSIP and CINS number which are different from the common code, ISIN, FISN, CFI Code, CUSIP and CINS number (as applicable) assigned to Covered Bonds of any other Tranche of the same Series until at least the Exchange Date applicable to the Covered Bonds of such further Tranche.

Any reference herein to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any successor operator and/or successor clearing system and/or additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer, the Principal Paying Agent and the Bond Trustee.

No Covered Bondholder or Couponholder shall be entitled to proceed directly against the Issuer or the Covered Bond Guarantor unless the Bond Trustee or, as the case may be, the Security Trustee, having become so bound to proceed, fails so to do within a reasonable period and the failure shall be continuing.

FORM OF FINAL TERMS

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the **EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended **MiFID II**); (ii) a customer within the meaning of Directive (EU) 2016/97, as amended, 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 (as amended, 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.][1]

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

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

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

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

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

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

distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.][4]

[**NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE** – In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (as amended) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the **CMP Regulations 2018**), the Issuer has determined the classification of the Covered Bonds to be capital markets products other than prescribed capital markets products (as defined in the CMP Regulations 2018) and Specified Investment Products (as defined in the Singapore Monetary Authority (the **MAS**) Notice SFA 04-N12: Notice on the Sale of Investment Products and in the MAS Notice FAA-N16: Notice on Recommendations on Investment Products).][5]

[Date]

ASB Bank Limited

Legal Entity Identifier (LEI): 549300IBZWZL1KTPF918

Issue of [Aggregate Nominal Amount of Tranche or Series] [Title of Covered Bonds] irrevocably and unconditionally guaranteed as to payment of principal and interest by ASB Covered Bond Trustee Limited under the €7,000,000,000 ASB Covered Bond Programme

[The Covered Bonds will only be admitted to trading on [London Stock Exchange's main market/[ ]],/a specific segment of the London Stock Exchange's main market], to which only qualified investors (as defined in the UK Prospectus Regulation) can have access and shall not be offered or sold to non-qualified investors.]][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 **Terms and Conditions**) set forth in the Prospectus dated 13 November 2024 [and the supplemental Prospectus dated [●]] which [together] constitute[s] a base prospectus for the purposes of the [the UK Prospectus Regulation][Regulation (EU) 2017/1129 (as it forms part of domestic law in the UK by virtue of the European Union (Withdrawal) Act 2018, as amended (the **EUWA**) (the **UK Prospectus Regulation**))]. This document constitutes the final terms of the Covered Bonds described herein for the purposes of 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 will be deemed to be defined as such for the purposes of the Terms and Conditions (the **Terms and Conditions**) set forth in the Prospectus dated [●] which are incorporated by reference into the Prospectus dated 13 November 2024. This document constitutes the final terms of the Covered Bonds described herein for the purposes of [the UK Prospectus Regulation][Regulation (EU) 2017/1129 (as it forms part of domestic law in the UK by virtue of the European Union (Withdrawal) Act 2018, as amended (the **EUWA**) (the **UK Prospectus Regulation**))] and must be read in conjunction with the Prospectus dated [●] 2024 and the supplement[s] to it dated [●] [and [●]] which [together] constitute[s] a Prospectus for the purposes of the UK Prospectus Regulation (the **Prospectus**), including the Terms and Conditions incorporated by reference in the Prospectus, 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]

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4 *Legend to be included on front of the Final Terms if one or more of the Managers/Dealers in relation to the Covered Bonds is a UK MiFIR regulated entity.*

5 *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 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).*

6 *Legend to be included for Covered Bonds with a minimum denomination of less than €100,000 (or equivalent in another currency) which will only be admitted to trading on a regulated market, or a specific segment of a regulated market, to which only qualified investors can have access.*

1.	Issuer:		ASB Bank Limited
2.	Covered Bond Guarantor:		ASB Covered Bond Trustee Limited
3.	(i)	Series of which Covered Bonds are to be treated as forming part:	[ ]
	(ii)	Tranche Number:	[ ]
	(iii)	Date on which the 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]/[the date that is 40 days after the Issue Date]/[exchange of the Temporary Global Covered Bond for interests in the Permanent Global Covered Bonds, as referred to in paragraph [22] below], which is expected to occur on or about [ ]]/[Not Applicable]
4.	Specified Currency or Currencies:		[ ]
5.	Aggregate Nominal Amount of Covered Bonds:		
	(i)	Series:	[ ]
	(ii)	Tranche:	[ ]
6.	Issue Price of Tranche:		[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [ ]]
7.	(i)	Specified Denominations:	[[€100,000]/[[U.S.$250,000]/[the equivalent amount issued in any other currency] and integral multiples of [€1,000]/[U.S.$1,000]/[the equivalent amount issued in any other currency] in excess thereof/[up to and including [€[199,000]/[U.S.$250,000]/[the equivalent amount issued in any other currency]. No Covered Bonds in definitive form will be issued with a denomination above [€199,000]/[U.S.$250,000]/[the equivalent amount issued in any other currency]
	(ii)	Calculation Amount:	[ ]
8.	(i)	Issue Date:	[ ]
	(ii)	Trade Date:	[ ]
	(iii)	Interest Commencement Date:	[[ ]/Issue 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:		[ ] [Interest Payment Date falling in or nearest to [ ]]

11.	Interest Basis:		[Fixed Rate] [[ ] month [EURIBOR/Compounded Daily SONIA/Compounded Daily SOFR] +/-[ ] per cent. Floating Rate] [Compounded Daily SORA] [Compounded Daily CORRA] [Compounded Daily TONA] [€STR]
12.	Redemption/Payment Basis:		[99]/[100]/[101] per cent. of the nominal amount
13.	Change of Interest Basis or Redemption/Payment Basis:		[Not Applicable]/[ ]/[In accordance with paragraphs 15 and 16 below]
14.	Put/Call Options:		[Not Applicable] [Investor Put] [Issuer Call] [(see paragraphs 18 and 19 below)]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15.	Fixed Rate Covered Bond Provisions			[Applicable/Not Applicable]
	(i)	Rate[(s)] of Interest:		[ ] per cent. Per annum [payable [annually/semi-annually/quarterly/[ ]]] in arrear on each Interest Payment Date
	(ii)	(A)	Interest Payment Date(s):	[ ] in each year up to and including the [Final Maturity Date]/[Extended Due for Payment Date (if applicable)]
		(B)	Interest Periods:	[Adjusted/Unadjusted]
	(iii)	Fixed Coupon Amount(s) for Covered Bonds (and in relation to Covered Bonds in global form or registered definitive form, see the Terms and Conditions):		[[ ] per [ ] Calculation Amount]/[Not Applicable]]
	(iv)	Business Day Convention:		[Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention][Not Applicable]
	(v)	Additional Business Centre(s):		[[London]/[New York]/[Sydney]/[Auckland]/[Wellington]/[Not Applicable]]
	(vi)	Calculation to be on a Calculation Amount Basis:		[Applicable/Not Applicable]
	(vii)	Broken Amount(s) for Covered Bonds (and in relation to Covered Bonds in global form or registered definitive form, see the Terms and Conditions):		[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]/[Not Applicable]

	(viii)	Day Count Fraction:	[Actual/Actual (ISDA) Actual/365 (Fixed) Actual/360 30E/360 Eurobond Basis Actual/Actual (ICMA) 30/360 (Fixed) or 30/360, unadjusted 30E/360 (ISDA)]
	(ix)	Determination Date(s):	[[ ] in each year] [Not Applicable]
16.	**Floating Rate Covered Bond Provisions**		[Applicable/Not Applicable]
	(i)	Specified Period(s)/Specified Interest Payment Date(s):	[ ]
	(ii)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]/[Not Applicable]
	(iii)	Additional Business Centre(s):	[London]/[New York]/[Sydney]/[Auckland]/[Wellington]/[Not Applicable]
	(iv)	Calculation to be on a Calculation Amount Basis:	[Applicable/Not Applicable]
	(v)	Party responsible for determining the Rate of Interest and/or calculating the Interest Amount (if not the Principal Paying Agent):	[ ] (the **Calculation Agent**)
	(vi)	Manner in which the Rate of Interest and Interest Amount are to be determined:	
		– Reference Rate:	Reference Rate: [1/3/6] month [EURIBOR]/[Compounded Daily SONIA]/[Compounded Daily SOFR]/[Compounded Daily SORA]/[Compounded Daily CORRA]/[Compounded Daily TONA]/[€STR]
		– Interest Determination Date(s):	[ ]/(Second day on which T2 is open prior to the start of each Floating Interest Period if EURIBOR or the day falling the number of London Banking Days included in the below SONIA Observation Look-Back Period if Compounded Daily SONIA or the number of U.S. Government Securities Business Days included in the below SOFR Observation Shift Period if Compounded Daily SOFR or the day falling "p" Singapore Business Days if Compounded Daily SORA, "p" Bank of Canada Business Days if Compounded Daily CORRA or "p" Tokyo Business Days if Compounded Daily TONA, in each case prior to the Interest Payment Date for the relevant Floating Interest Period or such other date on which the relevant payment of interest falls due (but which

		by its definition or the operation of the relevant provisions is excluded from such Floating Interest Period)
–	Relevant Screen Page:	[ ]
–	SONIA Observation Method:	[Not Applicable/Lag/Shift][7]
–	SONIA Observation Look-Back Period:	[[ ] [London Banking Day[s]/[Not Applicable][8] (*N.B. When setting the Observation Look-Back Period, the practicalities of this period should be discussed with the Principal Paying Agent or the Calculation Agent, as applicable. '(p)' should not be fewer than 5 London Banking Days unless otherwise agreed with the Principal Paying Agent or the Calculation Agent, as applicable*.)
–	TONA Observation Method:	[Not Applicable/Shift/Lookback][9]
–	€STR Calculation Method:	[€STR Compounded Daily]/[€STR Index Compounded Daily]/[€STR Weighted Average][10]
–	€STR Observation Method:	[Lag]/[Lock-out]/[Shift][11]
–	p:	[[ ] [T2/Singapore/Bank of Canada/Tokyo] Business Day[s]/Not Applicable][12] *(N.B. When setting the length of this period (p), the practicalities of this period should be discussed with the Principal Paying Agent or the Calculation Agent, as applicable, or such other party responsible for the calculation of the Rate of Interest, in each case as specified in the applicable Final Terms. 'p' should not be fewer than five [T2/Singapore/Bank of Canada/Tokyo] Business Days unless otherwise agreed with the Principal Paying Agent or the Calculation Agent, as applicable/required, or such other party responsible for the calculation of the Rate of Interest, in each case as specified in the applicable Final Terms, in relation to the relevant issuance)*
–	SOFR Observation Shift Period:	[[ ] U.S. Government Securities Business Day[s]/[Not Applicable][13] (*N.B. When setting the length of this period, the practicalities of this period should be discussed with the Principal Paying Agent Agent or the Calculation Agent, as applicable, or such other party responsible for the calculation of the Rate of Interest, in each case as specified in the applicable Final Terms. This should not be fewer than five U.S. Government Securities Business Days unless otherwise agreed with the Principal Paying Agent or the*

7 Only include for Covered Bonds for which the Reference Rate is specified as being "Compounded Daily SONIA"
8 Only include for Covered Bonds for which the Reference Rate is specified as being "Compounded Daily SONIA"
9 Only include for Covered Bonds for which the Reference Rate is specified as being "Compounded Daily TONA"
10 Only include for Covered Bonds which specify the Reference Rate as being "€STR".
11 Only include for Covered Bonds which specify the Reference Rate as being "€STR".
12 Only include for Covered Bonds which specify the Reference Rate as being "Compounded Daily SORA", "Compounded Daily CORRA" or "Compounded Daily TONA".
13 Only include for Covered Bonds for which the Reference Rate is specified as being "Compounded Daily SOFR"

			Calculation Agent, as applicable/required, or such other party responsible for the calculation of the Rate of Interest, in each case as specified in the applicable Final Terms, in relation to the relevant issuance)
		– Index Determination:	[Applicable/Not Applicable][14]
		– Specified Time:	[ ]
		– Interest Period End Date(s):	[*specify*]/[The Interest Payment Date for the relevant Interest Period]/[Not Applicable]]
	(vii)	Linear Interpolation:	[Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation] (*Specify for each short or long interest period*)
	(viii)	Margin(s):	[+/-][ ]per cent. per annum
	(ix)	Minimum Rate of Interest:	[[ ]per cent. per annum]/[Not Applicable]
	(x)	Maximum Rate of Interest:	[[ ]per cent. per annum]/[Not Applicable]
	(xi)	Day Count Fraction:	[Actual/Actual (ISDA) Actual/365 (Fixed) Actual/360 30/360 (Floating) *or* 360/360 *or* Bond Basis 30E/360 *or* Eurobond Basis 30E/360 (ISDA)]

PROVISIONS RELATING TO REDEMPTION

17.	Notice periods for Condition 5.2 (*Redemption for Tax Reasons*) or Condition 5.5 (*Redemption due to Illegality*)		Minimum Period: [30] days Maximum Period: [60] days
18.	Issuer Call:		[Applicable/Not Applicable]
	(i)	Optional Redemption Date(s):	[ ]
	(ii)	Optional Redemption Amount and method, if any, of calculation of such amount(s):	[[ ] per Calculation Amount]
	(iii)	If redeemable in part:	[Applicable/Not Applicable]
	(iv)	Partial redemption (call)	
		(a) Minimum Redemption Amount:	[ ]
		(b) Higher Redemption Amount:	[ ]

[14] Only include for Covered Bonds which specify the Reference Rate as being "Compounded Daily SONIA", "Compounded Daily SOFR", "Compounded Daily SORA", "Compounded Daily CORRA" or "€STR".

	(v)	Notice period (if other than as set out in the Conditions):	Minimum Period: [ ] days Maximum Period: [ ] days
19.	Investor Put:		[Applicable/Not Applicable]
	(i)	Optional Redemption Date(s):	[ ]
	(ii)	Optional Redemption Amount and method, if any, of calculation of such amount(s):	[[ ] per Calculation Amount]
	(iii)	Notice period (if other than as set out in the Conditions):	Minimum Period: [ ] days Maximum Period: [ ] days
20.	Final Redemption Amount:		[ ] per Calculation Amount
21.	Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same:		[[ ] per Calculation Amount/Early Settlement Amount]

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

22.	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 upon an Exchange Event] [Temporary Bearer Global Covered Bond exchangeable for Bearer Definitive Covered Bonds] [Registered Covered Bonds: [Registered Covered Bonds – [Restricted/Unrestricted] Global Certificate[s]] – [DTC]/[Euroclear/Clearstream] [Registered Global Covered Bond registered in the name of [a common depositary for Euroclear and Clearstream, Luxembourg]] [Regulation S Global Covered Bond (U.S.$[ ] nominal amount) registered in the name of the common depositary for [DTC or its nominee/Euroclear and Clearstream, Luxembourg]/[Rule 144A Global Covered Bond (U.S.$[ ] nominal amount) registered in the name of [DTC or its nominee/the common depositary for Euroclear and Clearstream, Luxembourg]]
23.	Additional Financial Centre(s) or other special provisions relating to Payment Dates:	[ ]/[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]/[Not Applicable]
24.	Talons for future Coupons to be attached to Definitive Covered Bonds (and dates on which such Talons mature):	[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]

[PURPOSE OF FINAL TERMS

This Final Terms comprises the Final Terms required for issue and admission to trading on the London Stock Exchange's main market of the Covered Bonds described herein pursuant to the €7,000,000,000 ASB Covered Bond Programme.]

[RESPONSIBILITY

The descriptions of the [●] credit ratings in Item 2 of Part B of these Final Terms have been extracted from [Fitch Australia Pty Ltd's] [*date*] publication, ["Rating Definitions"]/[and] [Moody's Investors Service Pty Ltd's] [*date*] publication, ["Rating Symbols and Definitions"], [respectively]. 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 [Fitch Australia Pty Ltd]/[and] [Moody's Investors Service Pty Ltd], respectively, no facts have been omitted which would render the reproduced information inaccurate or misleading.]

[**THIRD PARTY INFORMATION**

[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.]/[Not Applicable]]

The Issuer

SIGNED for and on behalf of **ASB BANK LIMITED** by its attorneys

_____ _____

Signature of attorney Signature of attorney

_____ _____

Name of attorney Name of attorney

In the presence of:

_____

Signature of witness

_____

Name of witness

_____

Occupation

_____

City/town of residence

The Covered Bond Guarantor

SIGNED for and on behalf of **ASB COVERED BOND TRUSTEE LIMITED** by its attorney

_____

Signature of attorney

_____

Name of attorney

In the presence of:

_____

Signature of witness

_____

Name of witness

_____

Occupation

_____

City/town of residence

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

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

2. RATINGS

The Covered Bonds to be issued [have been]/[are expected to be] rated:

[Fitch Australia Pty Ltd: [ ]]

[Moody's Investors Service Pty Limited: [ ]]

[*Need to include a brief explanation of the meaning of the ratings if this has been previously published by the rating provider. Consider including the following (to be completed at the time of the relevant issuance):*

[[Moody's Investors Service] has, in its [month, year] publication "[Rating Symbols and Definitions]", described a credit rating of ['Aaa'] in the following terms: ["Obligations rated Aaa are judged to be of high quality and are subject to very low credit risk ... Note: Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aaa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category."]] [Complete as applicable].

[[Fitch Ratings] has, in its [month, year] publication "[Fitch Ratings Definitions]", described a [long term] credit rating of ['AAA'] in the following terms: ["'AAA' ratings denote the lowest expectation of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events. Note: Within rating categories, Fitch may use modifiers. The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories."]] [Complete as applicable]]]

(*The above disclosure should reflect the rating allocated to the Covered Bonds of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.*)

3. REASONS FOR THE OFFER

(i)	Reasons for the offer:	[See ["*Use of Proceeds*"] in the Prospectus/[]]
(ii)	Estimated net proceeds:	[●]

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

[[Save for [any fees/the fees of [ ] payable to the [Dealers/Managers], no person involved in the issue of the Covered Bonds has an interest material to the offer.] The [Dealers/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.]

5. DISTRIBUTION

U.S. Selling Restrictions:	[[Reg. S Compliance Category [1/2/3]]; [TEFRA D/TEFRA not applicable]]

6. YIELD (Fixed Rate Covered Bonds only)

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

7. OPERATIONAL INFORMATION

(i)	ISIN:	[ ]
(ii)	CUSIP:	[ ]
(iii)	Common Code:	[ ]
(iv)	CFI Code:	[[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]
(v)	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]
(vi)	Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the Depository Trust Company and the relevant identification number(s):	[Not Applicable][ ]

(vii)	Name and address of initial Paying Agent	[ ]
(viii)	Names and addresses of additional Paying Agent(s) (if any):	[ ]
(ix)	Prohibition of Sales to UK Retail Investors:	[Applicable/Not Applicable]
(x)	Prohibition of Sales to EEA Retail Investors	[Applicable/Not Applicable]
(xi)	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 FCA pursuant to Article 36 of Regulation (EU) No. 2016/1011 as it forms part of domestic law in the UK by virtue of the European Union (Withdrawal) Act 2018.] [As at the date hereof, [[ ] does not appear in the register of administrators and benchmarks established and maintained by FCA pursuant to Article 36 of Regulation (EU) No. 2016/1011 as it forms part of domestic law in the UK by virtue of the European Union (Withdrawal) Act 2018. [As far as the Issuer is aware, as at the date hereof, the transitional provisions in Article 51 of Regulation (EU) No. 2016/1011 as it forms part of domestic law in the UK by virtue of the European Union (Withdrawal) Act 2018 apply, such that [ ] is not currently required to obtain authorisation/registration (or, if located outside the UK, recognition, endorsement or equivalence).]/[[ ] does not fall within the scope of Regulation (EU) No. 2016/1011 as it forms part of domestic law in the UK by virtue of the European Union (Withdrawal) Act 2018.]]

TERMS AND CONDITIONS OF THE COVERED BONDS

The following are the Terms and 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) apply to each 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 Terms and 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.

This Covered Bond is one of a Series (as defined below) of Covered Bonds issued by ASB Bank Limited (**ASB**, 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 11 August 2011 (the **Programme Date**) made between the Issuer, ASB Covered Bond Trustee Limited as covered bond guarantor (the **Covered Bond Guarantor**) and Deutsche Trustee Company Limited as bond trustee (in such capacity, the **Bond Trustee**, which expression shall include any successor as Bond Trustee).

Save as provided for in Conditions 9 (*Events of Default and Enforcement*) and 10 (*Meetings of Covered Bondholders, Modification, Waiver, Substitution, Ratings Agencies and Legislative Exchange*), references herein to the **Covered Bonds** are references to the Covered Bonds of this Series and mean:

(a) in relation to any Covered Bonds represented by a global covered bond in bearer form (a **Bearer Global Covered Bond**) or a global covered bond in registered form (a **Registered Global Covered Bond**), each of them 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 Bearer Global Covered Bond; and

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

The 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 on or about the Programme Date and made between the Issuer, the Covered Bond Guarantor, the Bond Trustee and Deutsche Bank AG, London Branch as principal paying agent and agent bank (in such capacity, the **Principal Paying Agent**, which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents), Deutsche Bank AG, London Branch as transfer agent (in such capacity, the **Transfer Agent**, which expression shall include any successor transfer agent), Deutsche Bank AG, London Branch as exchange agent (in such capacity the **Exchange Agent**, which expression shall include any successor exchange agent) and Deutsche Bank Luxembourg, S.A. as registrar (in such capacity, the **Registrar**, which expression shall include any successor registrar and together with the Paying Agents, the Transfer Agent and the Exchange Agent, the **Agents**, which expression shall include any additional or successor agents). If so specified in the applicable Final Terms, the Issuer will also appoint a calculation agent with respect to a Series (the **Calculation Agent**, which expression shall include any successor calculation agent and any other calculation agent specified in the applicable Final Terms).

The Final Terms may specify any other agency agreement that applies to Covered Bonds and Coupons issued by the Issuer.

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

The Final Terms for this Covered Bond (or the relevant provisions thereof) are attached to or endorsed on this Covered Bond and supplement these terms and conditions (the **Conditions**) 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 to the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Covered Bond.

The Bond Trustee acts as trustee for the holders for the time being of the Covered Bonds (the **Covered Bondholders**, which expression shall, in relation to any Covered Bonds represented by a Global Covered Bond, be construed as provided below) and the holders of the Coupons (the **Couponholders**, which expression shall, 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, Issue Prices and/or the amount of the first payment of interest (if any).

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 shall 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 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 deed governed by New Zealand law (such security deed as amended and/or supplemented and/or restated from time to time, the **Security Deed**) dated the Programme Date and made between the Covered Bond Guarantor, the Issuer, the Bond Trustee, New Zealand Permanent Trustees Limited (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 Principal Agency Agreement (as applicable).

Copies of the Bond Trust Deed, the Security Deed, the Definitions Schedule (as defined below), the Principal Agency Agreement and each of the other Programme Documents (i) are available for inspection or collection free of charge during normal business hours at the registered office for the time being of the Principal Paying Agent being at the Programme Date at 21 Moorfields, London, EC2Y 9DB, United Kingdom and at the specified office of the Principal Paying Agent, or (ii) may be provided by email to a Covered Bondholder or a Couponholder following their prior written request to the Principal Paying Agent.

Copies of the applicable Final Terms for all Covered Bonds of each Series (including in relation to unlisted Covered Bonds of any Series (which are not being offered pursuant to this Prospectus)) are (i) obtainable during normal business hours at the specified office of the Principal Paying Agent or (ii) may be provided by email to a Covered Bondholder or a Couponholder following their prior written request to the Principal Paying Agent and provision of proof of holding and identity (in a form satisfactory to the Principal Paying Agent). In the case of unlisted Covered Bonds of any Series (which are not being offered pursuant to this Prospectus), the applicable Final Terms 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 Paying 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, the Principal Agency Agreement, each of the other Programme Documents and the applicable Final Terms which are applicable to them and to have notice of each set of Final Terms relating to each other Series.

Except where the context otherwise requires, capitalised terms used and not otherwise defined in these Conditions shall bear the meanings given to them in the Bond Trust Deed, the applicable Final Terms and/or the ASB covered

bond trust definitions schedule made between the parties to the Programme Documents on the Programme Date (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 or inspected 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.

In the Conditions, **euro** means 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, as amended.

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 and vice versa.

This Covered Bond is a Fixed Rate Covered Bond or a Floating Rate Covered Bond, depending upon the Interest Basis specified 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 the Coupons will pass by delivery and title to the Registered Covered Bonds will pass upon the registration of transfers in accordance with the provisions of the Principal Agency Agreement. Subject as set out below, the Issuer, the Covered Bond Guarantor, the Security Trustee, the Bond Trustee, any Paying Agent and any Transfer Agent and/or Exchange Agent may (to the fullest extent permitted by applicable laws) deem and treat the bearer of any Bearer Covered Bond or Coupon and the registered holder of any Registered Covered Bond as the absolute owner thereof (whether or not 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 are represented by a Global Covered Bond held on behalf of, or, as the case may be, registered in the name of a common depositary for Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking S.A. (**Clearstream, Luxembourg**) and/or The Depository Trust Company (**DTC**) or its nominee, each person (other than Euroclear, Clearstream, Luxembourg or DTC) who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the holder of a particular nominal amount of such Covered Bonds (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg or DTC as to the nominal amount of such Covered Bonds standing to the account of any person shall 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 Cedcom system) in accordance with its usual procedures and in which the holder of a particular nominal amount of the Covered Bonds is clearly identified with the amount of such holding) shall be treated by the Issuer, the Covered Bond Guarantor, the Paying Agents, 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 and, in the case of DTC or its nominee, voting, giving consents and making requests, for which purpose the bearer of the relevant Global Covered Bond or the registered holder of the relevant Registered Global Covered Bond shall be treated by the Issuer, the Covered Bond Guarantor, any Paying Agent, the Security Trustee and the Bond Trustee as the holder of such nominal amount of such Covered Bonds in accordance with and subject to the terms of the relevant Global Covered Bond and the expression **Covered Bondholder** and related expressions shall be construed accordingly.

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

References to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

2. TRANSFER

2.1 Transfers of beneficial interests in Registered Global Covered Bonds will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of 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 DTC, Euroclear or Clearstream, Luxembourg and in accordance with the terms and conditions specified in the Principal Agency Agreement. Transfers of a Rule 144A Global Covered Bond registered in the name of a nominee for DTC shall be limited to transfers of such Rule 144A Global Covered Bond, in whole but not in part, to another nominee of DTC or to a successor of DTC or to such successor's nominee.

2.2 A Registered Definitive Covered Bond may be transferred in whole or in part (in the nominal amount of the lowest Specified Denomination or any integral multiple thereof) by the deposit by the transferor of the Registered Definitive Covered Bond for registration of the transfer at the specified office of a Transfer Agent with the form of transfer endorsed on the Registered Definitive Covered Bond duly completed and executed by or on behalf of the transferor and upon the relevant Transfer Agent (after due and careful enquiry) being satisfied with the documents of title and the identity of the person making the request and subject to such reasonable regulations as the Issuer and the Transfer Agent may prescribe. Subject as provided above, the relevant Transfer Agent will, within 14 days of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), deliver at its specified office to the transferee or (at the risk of the transferee) send by mail to such address as the transferee may request a new Registered Definitive Covered Bond of a like aggregate nominal amount to the Registered Definitive Covered Bond (or the relevant part of the Registered Definitive Covered Bond) transferred. In the case of the transfer of part only of a Registered Definitive Covered Bond, a new Registered Definitive Covered Bond in respect of the balance of the Registered Definitive Covered Bond not transferred will be so delivered or (at the risk of the transferor) sent to the transferor.

2.3 In the event of a partial redemption of Covered Bonds under Condition 5.3 (*Redemption at the Option of the Issuer (Issuer Call)*), the Issuer shall not be required to:

(a) register the transfer of any Registered Definitive Covered Bond, or part of a Registered Definitive Covered Bond, called for partial redemption; or

(b) exchange any Bearer Definitive Covered Bond called for partial redemption.

2.4 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 at the specified office of a Transfer Agent or by regular mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

2.5 The names of the initial Registrar and other initial Transfer Agents and Exchange Agent(s) and their initial specified offices in respect of this Series of Covered Bonds are set out at the end of these Conditions. The Issuer reserves the right at any time to vary or terminate the appointment of the Registrar or any other Transfer Agent or Exchange Agent(s) and to appoint another Registrar or additional or other Transfer Agents or Exchange Agent(s) provided that it will at all times maintain a Registrar and another Transfer Agent or Exchange Agent(s) each having a specified office which, in the case of the Registrar

and so long as any Covered Bonds of this Series are admitted to the official list (the **Official List**) of the Financial Conduct Authority and to trading on the London Stock Exchange plc's main market or on another stock exchange, shall be in London or such other place as may be required by that stock exchange. Notice of any termination or appointment and of any changes in specified offices will be given to the holders of the Covered Bonds of this Series promptly by the Issuer in accordance with Condition 12 (*Notices*).

2.6 The initial Principal Paying Agent and the other initial Paying Agents in respect of this Series of Covered Bonds are set out below. The Issuer and (following service of a Notice to Pay but prior to the service of a Covered Bond Guarantee Acceleration Notice) the Covered Bond Guarantor may at any time vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, provided that it will, so long as any of the Covered Bonds of this Series is outstanding, maintain:

(a) a Principal Paying Agent;

(b) a Paying Agent (which may be the Principal Paying Agent) having a specified office in a leading financial centre in Europe; and

(c) so long as any Covered Bonds of this Series are admitted to the Official List and to trading on the London Stock Exchange plc's market for listed securities or on another stock exchange, a Paying Agent (which may be the Principal Paying Agent) having a specified office in London or other place as may be required by that stock exchange.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6.4 (*Payments of interest in U.S. dollars in respect of Bearer Covered Bonds*) and so long as any of the Registered Global Covered Bonds payable in a Specified Currency other than U.S. Dollars are registered in the name of DTC or its nominee, there will at all times be an Exchange Agent with a specified office in the United States. Any such variation, termination or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 days' prior notice thereof shall have been given to the holders of the Covered Bonds of this Series in accordance with Condition 12 (*Notices*) and provided further that neither the resignation nor the removal of the Principal Paying Agent shall take effect, as aforesaid, until a new Principal Paying Agent has been appointed. Notice of any change in or addition to the Paying Agents or their specified offices will be given by the Issuer promptly in accordance with Condition 12 (*Notices*).

2.7 Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Regulation S Global Covered Bond to a transferee in the United States or who is, or is acting for the account or benefit of, a U.S. person will only be made:

(a) upon receipt by the Registrar of a written certification substantially in the form set out in the Principal Agency Agreement, amended as appropriate with the consent of the Issuer (a **Transfer Certificate**), copies of which are available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Covered Bond or a holder of a beneficial interest therein to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, whereby such transferee may only take delivery through a Rule 144A Covered Bond; or

(b) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any state or other jurisdiction of the United States,

and, in each case, in accordance with any applicable securities laws of any state or other jurisdiction of the United States.

Prior to the end of the applicable Distribution Compliance Period, beneficial interests in Regulation S Covered Bonds registered in the name of a nominee for DTC may only be held through the accounts of Euroclear and Clearstream, Luxembourg. After expiry of the applicable Distribution Compliance Period (i) beneficial interests in Regulation S Global Covered Bonds registered in the name of a nominee for

DTC may be held through DTC directly, by a participant in DTC, or indirectly through a participant in DTC and (ii) such certification requirements will no longer apply to such transfers.

2.8 Transfers of Rule 144A Covered Bonds or beneficial interests therein may be made:

(a) to a transferee who takes delivery of such interest through a Regulation S Covered Bond, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that, in the case of a Regulation S Global Covered Bond registered in the name of a nominee for DTC, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Covered Bonds being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg; or

(b) to a transferee who takes delivery of such interest through a Rule 144A Covered Bond, where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or

(c) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any state or other jurisdiction of the United States,

and, in each case, in accordance with any applicable securities laws of any state or any other jurisdiction of the United States.

Upon the transfer, exchange or replacement of Rule 144A Covered Bonds, or upon specific request for removal of any United States securities law legend on Rule 144A Covered Bonds, the Registrar shall deliver only Rule 144A Covered Bonds or refuse to remove the legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

2.9 Definitions

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

Distribution Compliance Period means the period that ends 40 days after the later of the commencement of the offering and the Issue Date;

QIB means a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act;

Registered Global Covered Bond means Global Covered Bonds in registered form, comprising Rule 144A Global Covered Bonds and Regulation S Global Covered Bonds; and

Securities Act means the United States Securities Act of 1933.

3. STATUS OF THE COVERED BONDS AND THE COVERED BOND GUARANTEE

3.1 Status of the Covered Bonds

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

3.2 Status of the Covered Bond Guarantee

The payment of Guaranteed Amounts in respect of the Covered Bonds when the same shall become Due for Payment has been unconditionally and irrevocably guaranteed by the Covered Bond Guarantor (the **Covered Bond Guarantee**) as set out in the Bond Trust Deed. However, the Covered Bond Guarantor shall have no obligation under the Covered Bond Guarantee to pay any Guaranteed Amounts until the occurrence of an Issuer Event of Default, service by the Bond Trustee on the Issuer of an Issuer Acceleration Notice and service by the Bond Trustee on the Covered Bond Guarantor of a Notice to Pay 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 (following an Issuer Event of Default, service of an Issuer Acceleration Notice and service of a Notice to Pay or a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice) direct, unconditional (subject as provided in Condition 15 (*Limited Recourse and non-petition*)) and unsubordinated obligations of the Covered Bond Guarantor, which are secured as provided in the Security Deed.

Any payment made by the Covered Bond Guarantor under the Covered Bond Guarantee shall (unless such obligation shall have been discharged as a result of the payment of Excess Proceeds to the Bond Trustee pursuant to Condition 9 (*Events of Default and Enforcement*)) 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

The applicable Final Terms will indicate whether the Covered Bonds are Fixed Rate Covered Bonds or Floating Rate Covered Bonds.

4.1 Interest on Fixed Rate Covered Bonds

This Condition 4.1 (*Interest on Fixed Rate Covered Bonds*) applies to Fixed Rate Covered Bonds only. The applicable Final Terms contains provisions applicable to the determination of fixed rate interest and must be read in conjunction with this Condition 4.1 (*Interest on Fixed Rate Covered Bonds*) for full information on the manner in which interest is calculated on Fixed Rate Covered Bonds. In particular, the applicable Final Terms will specify the Interest Commencement Date, the Rate(s) of Interest, the Interest Payment Date(s), the Final Maturity Date, the Fixed Coupon Amount, any applicable Broken Amount, the Calculation Amount, the Day Count Fraction and any applicable Determination Date.

(a) Each Fixed Rate Covered Bond bears interest from and including the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest specified in the applicable Final Terms. Interest in respect of Fixed Rate Covered Bonds will accrue in respect of each **Fixed Interest Period** (which expression will in these Conditions mean the period from (and including) an Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Final Maturity Date or the Extended Due for Payment Date, as applicable.

If the Covered Bonds are Definitive Covered Bonds and if Fixed Coupon Amount is specified 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** or the **Broken Amount** (if any) so specified.

Interest will be paid subject to and in accordance with the provisions of Condition 6 (*Payments and Exchange of Talons*) (unless otherwise specified in the applicable Final Terms). Interest will cease to accrue on each Fixed Rate Covered Bond (or, in the case of the redemption of part only of a Fixed Rate 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, in which event interest will continue to accrue (as well after as before any

judgment) until, but excluding, whichever is the earlier of (i) the day on which all sums due in respect of such Fixed Rate Covered Bond up to that day are received by or on behalf of the holder of such Fixed Rate Covered Bond and (ii) the day which is seven days after the date on which the Principal Paying Agent has notified the holder in accordance with Condition 12 (*Notices*) that it has received all sums due in respect thereof up to that date.

(b) Except in the case of Covered Bonds which are Definitive Covered Bonds where a Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, the Principal Paying Agent shall calculate the amount of interest (the **Interest Amount**) payable in respect of any period by applying the Rate of Interest to:

(i) in the case of Fixed Rate Covered Bonds which are Global Covered Bonds, the aggregate **Calculation Amount** of the Fixed Rate Covered Bonds represented by such Global Covered Bonds unless "Calculation to be on a Calculation Amount Basis" is specified as being applicable in the applicable Final Terms in which case the Rate of Interest shall be applied to the Calculation Amount; or

(ii) in the case of Fixed Rate Covered Bonds which are Definitive Covered Bonds, 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 which is:

(A) a Definitive Covered Bond; or

(B) (x) represented by a Global Covered Bond or (y) a Registered Covered Bond in a definitive form, where in each case, "Calculation to be on a Calculation Amount Basis" is specified as being applicable in the applicable Final Terms,

is a multiple of the Calculation Amount, the amount of interest payable in respect of such Definitive Covered Bond or such Global Covered Bond or Registered Covered Bond shall 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.

The calculation of each Interest Amount by the Principal Paying Agent shall (in the absence of manifest error) be final and binding upon all parties.

In this Condition 4.1 (*Interest on Fixed Rate Covered Bonds*), each of **Day Count Fraction** and **Business Day Convention** has the meaning given to it in Condition 4.3 (*Day Count Fraction and Business Day Convention*).

In these Conditions **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, means one cent.

4.2 Interest on Floating Rate Covered Bonds

This Condition 4.2 (*Interest on Floating Rate Covered Bonds*) applies to Floating Rate Covered Bonds only. The applicable Final Terms contains provisions applicable to the determination of floating rate interest and must be read in conjunction with this Condition 4.2 (*Interest on Floating Rate Covered Bonds*) for full information on the manner in which interest is calculated on Floating Rate Covered Bonds. In particular, the applicable Final Terms will identify any Specified Interest Payment Dates, any Specified Period, the Interest Commencement Date, the Business Day Convention, any Additional Business Centres, the party who will calculate the amount of interest due (if it is not the Principal Paying Agent), the Margin, any maximum or minimum interest rates and the Day Count Fraction. The applicable

Final Terms will specify the applicable Reference Rate, Interest Determination Date(s) and Relevant Screen Page.

(a) *Interest Payment Dates*

Each Floating Rate Covered Bond bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or

(ii) 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 period from and including an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date or the relevant payment date if the Covered Bonds become payable on a date other than an Interest Payment Date (each such period, a **Floating Interest Period** and, together with a Fixed Interest Period, each an **Interest Period**). 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 above under the Covered Bond Guarantee in respect of the Covered Bonds when the same shall become Due for Payment.

(b) *Interest Payments and Accrual*

Interest will be paid subject to and in accordance with the provisions of Condition 6 (*Payments and Exchange of Talons*) (unless otherwise specified in the applicable Final Terms). Interest will cease to accrue on each Floating Rate Covered Bond (or, in the case of the redemption of part only of a Floating Rate 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, in which event interest will continue to accrue (as well after as before any judgment) until, but excluding, whichever is the earlier of (i) the day on which all sums due in respect of such Floating Rate Covered Bond up to that day are received by or on behalf of the holder of such Floating Rate Covered Bond and (ii) the day which is seven days after the date on which the Principal Paying Agent has notified the holder in accordance with Condition 12 (*Notices*) that it has received all sums due in respect thereof up to that date.

(c) *Rate of Interest*

The Rate of Interest payable from time to time in respect of each Floating Rate Covered Bond will be determined in the manner specified in the applicable Final Terms.

(d) *Floating Rate Covered Bonds referencing EURIBOR*

(i) Where the **Reference Rate** for the manner in which the Rate of Interest is to be determined is specified in the applicable Final Terms as being **EURIBOR**, the Rate of Interest for a Floating Interest Period will, subject as provided below, be either:

(A) the offered quotation; or

(B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being EURIBOR, as specified in the applicable Final Terms) which appears or appear, as the case may

be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11:00 a.m. (Brussels time, in the case of EURIBOR) (the **Specified Time**) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent or the Calculation Agent, as applicable. If five or more 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 quotation) and the lowest (or, if there is more than one such lowest quotation, one only of such quotation) shall be disregarded by the Principal Paying Agent or the Calculation Agent, as applicable for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

(ii) In the event that the Relevant Screen Page is not available or if, in the case of Condition 4.2(d)(i)(A) above, no such offered quotation appears or, in the case of Condition 4.2(d)(i)(B) above, fewer than three of the offered quotations appear, in each case as at the Specified Time, the Issuer shall request each of the Reference Banks (as defined below) to provide the Principal Paying Agent or the Calculation Agent, as applicable, with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Principal Paying Agent or the Calculation Agent, as applicable, with offered quotations, the Rate of Interest for the Floating Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Principal Paying Agent or the Calculation Agent, as applicable.

(iii) If on any Interest Determination Date one only or none of the Reference Banks provides the Principal Paying Agent or the Calculation Agent, as applicable, with such an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Floating Interest Period shall be the Reserve Interest Rate. The **Reserve Interest Rate** shall be the rate per annum which the Principal Paying Agent or the Calculation Agent, as applicable, determines to be either (A) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (at the request of the Issuer) the Principal Paying Agent or the Calculation Agent, as applicable, by the Reference Banks or any two or more of them, at which such banks offered, at approximately the Specified 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 Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Principal Paying Agent or the Calculation Agent, as applicable, with offered rates, 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 Specified 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 or the Calculation Agent, as applicable, it is quoting to leading banks in the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), or (B) in the event that the Principal Paying Agent or the Calculation Agent, as applicable, can determine no such arithmetic mean, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Floating Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Floating Interest Period in place of the Margin relating to that last preceding Floating Interest Period).

In this Condition 4.2(d)(iii) the expression **Reference Banks** means, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case as selected by the Issuer.

(e) *Floating Rate Covered Bonds referencing Compounded Daily SONIA*

(i) Where the **Reference Rate** for the manner in which the Rate of Interest is to be determined is specified in the applicable Final Terms as being **Compounded Daily SONIA**, the Rate of Interest for each Floating Interest Period will, subject as provided below, be Compounded Daily SONIA with respect to such Floating Interest Period plus or minus the Margin (if any) as specified in the applicable Final Terms, all as determined and calculated by the Principal Paying Agent or the Calculation Agent, as applicable.

Compounded Daily SONIA means, with respect to a Floating Interest Period:

(A) if Index Determination is specified as being applicable in the applicable Final Terms, the rate determined by the Principal Paying Agent or the Calculation Agent, as applicable, on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards):

$$\left(\frac{SONIA\ Compounded\ Index_{y}}{SONIA\ Compounded\ Index_{x}} - 1\right) x \frac{365}{d}$$

where:

SONIA Compounded Index$_x$ is the SONIA Compounded Index value for the day falling "*p*" London Banking Days prior to the first day of the relevant Floating Interest Period;

SONIA Compounded Index$_y$ is the SONIA Compounded Index value for the day falling "*p*" London Banking Days prior to the Interest Payment Date for the relevant Floating Interest Period or such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Floating Interest Period); and

d is the number of calendar days in the relevant SONIA Observation Period,

provided that if the SONIA Compounded Index value required to determine SONIA Compounded Index$_x$ or SONIA Compounded Index$_y$ does not appear on the Bank of England's Interactive Statistical Database, or any successor source on which the compounded daily SONIA rate is published by the Bank of England (or any successor administrator of SONIA), at the Specified Time on the relevant London Banking Day (or by 5:00 p.m. London time or such later time falling one hour after the customary or scheduled time for publication of the SONIA Compounded Index in accordance with the then-prevailing operational procedures of the administrator of the SONIA Reference Rate or SONIA authorised distributors, as the case may be), then Compounded Daily SONIA for such Floating Interest Period and each subsequent Floating Interest Period shall be **Compounded Daily SONIA** determined in accordance with paragraph (B) below and for these purposes the **SONIA Observation Method** shall be deemed to be **Shift**; or

(B) if either (x) Index Determination is specified as being not applicable in the applicable Final Terms, or (y) this Condition 4.2(e)(i)(B) applies to such Floating Interest Period pursuant to the proviso in Condition 4.2(e)(i)(A) above, the rate determined by the Principal Paying Agent or the Calculation

Agent, as applicable, on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded if necessary to the nearest fifth decimal place, with 0.000005 being rounded upwards):

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{SONIA_{i\text{-}pLBD}\times n_i}{365}\right)-1\right]\times\frac{365}{d}$$

where:

d is the number of calendar days in (where in the applicable Final Terms "Lag" is specified as the SONIA Observation Method) the relevant Floating Interest Period or (where in the applicable Final Terms "Shift" is specified as the SONIA Observation Method) the relevant SONIA Observation Period;

d_o is the number of London Banking Days in (where in the applicable Final Terms "Lag" is specified as the SONIA Observation Method) the relevant Floating Interest Period or (where in the applicable Final Terms "Shift" is specified as the SONIA Observation Method) the SONIA Observation Period;

i is a series of whole numbers from one to "d_o" each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in (where in the applicable Final Terms "Lag" is specified as the SONIA Observation Method) the relevant Floating Interest Period or (where in the applicable Final Terms "Shift" is specified as the SONIA Observation Method) the SONIA Observation Period;

n_i, for any London Banking Day "**i**", is the number of calendar days from (and including) such London Banking Day "i" up to (but excluding) the following London Banking Day; and

$SONIA_{i\text{-}pLBD}$ means:

(A) where in the applicable Final Terms "Lag" is specified as the SONIA Observation Method, in respect of any London Banking Day "i" falling in the relevant Floating Interest Period, the SONIA Reference Rate for the London Banking Day falling "p" London Banking Days prior to such London Banking Day "i"; or

(B) where in the applicable Final Terms "Shift" is specified as the SONIA Observation Method, "$SONIA_{i\text{-}pLBD}$" shall be replaced in the above formula with "$SONIA_i$", where "$SONIA_i$" means, in respect of any London Banking Day "i" falling in the relevant SONIA Observation Period, the SONIA Reference Rate for such London Banking Day "i".

(ii) In the event that Compounded Daily SONIA for any Floating Interest Period cannot be determined by the Principal Paying Agent or the Calculation Agent, as applicable, in accordance with the foregoing provisions, the Rate of Interest shall be:

(A) 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 Floating Interest Period from that which applied to the last preceding Floating Interest Period, the Margin, the Maximum Rate of Interest and/or the Minimum Rate of Interest (as the case may be) relating to the relevant Floating Interest Period, in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of

Interest (as applicable) relating to that last preceding Floating 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 Floating Interest Period had the Covered Bonds been in issue for a period equal in duration to the first scheduled Floating 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 Floating Interest Period).

(iii) For the purposes of this Condition 4.2(e) (*Floating Rate Covered Bonds referencing Compounded Daily SONIA*):

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;

p means the number of London Banking Days included in the SONIA Observation Look-Back Period, as specified, in the applicable Final Terms;

SONIA has the meaning given to it in the definition of SONIA Reference Rate;

SONIA Compounded Index means, in respect of any London Banking Day, the compounded daily SONIA rate as published by the Bank of England (or any successor administrator of SONIA) as such rate appears on the Bank of England's Interactive Statistical Database, or any successor source on which the compounded daily SONIA rate is published by the Bank of England (or any successor administrator of SONIA), at the Specified Time on such London Banking Day;

SONIA Observation Look-Back Period means the period specified as such in the applicable Final Terms;

SONIA Observation Period means, in respect of any Floating Interest Period, the period from (and including) the date falling "*p*" London Banking Days prior to the first day of such relevant Floating Interest Period to (but excluding) the date falling "*p*" London Banking Days prior to the Interest Payment Date for such Floating Interest Period or such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Floating Interest Period);

SONIA Reference Rate means, in respect of any London Banking Day, the daily Sterling Overnight Index Average (**SONIA**) rate for such London Banking Day as provided by the Bank of England, as administrator of such rate (or any successor administrator of such rate) to authorised distributors (the **SONIA authorised distributors**) and as then published on the Relevant Screen Page (or, if the Relevant Screen Page is unavailable, as otherwise published by the SONIA authorised distributors) on the London Banking Day immediately following such London Banking Day; *provided* that if, in respect of any London Banking Day, the applicable SONIA Reference Rate is not made available on the Relevant Screen Page or has not otherwise been published by the SONIA authorised distributors by 5:00 p.m. London time, then (unless the Principal Paying Agent or the Calculation Agent, as applicable, has been notified of any Successor Rate or Alternative Rate (and any related Adjustment Spread and/or Benchmark Amendments) pursuant to Condition 4.7 (*Benchmark Discontinuation*), if applicable) the SONIA Reference Rate in respect of such London Banking Day shall be:

(A) the sum of (x) the Bank of England's Bank Rate (the **Bank Rate**) prevailing at 5.00 p.m. London time (or, if earlier, close of business) on such London Banking Day; and (y) 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); or

(B) if the Bank Rate described in paragraph (A) above is not available at such time on such London Banking Day, the SONIA Reference Rate published on the Relevant Screen Page (or otherwise published by the SONIA 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 SONIA authorised distributors); and

Specified Time means 10:00 a.m., London time, or such other time as is specified in the applicable Final Terms.

(f) *Floating Rate Covered Bonds referencing Compounded Daily SOFR*

(i) Where the **Reference Rate** for the manner in which the Rate of Interest is to be determined is specified in the applicable Final Terms as being **Compounded Daily SOFR**, the Rate of Interest for each Floating Interest Period will, subject as provided below, be Compounded Daily SOFR for such Floating Interest Period plus or minus (as specified in the applicable Final Terms) the Margin (if any), all as determined and calculated by the Principal Paying Agent or the Calculation Agent, as applicable.

Compounded Daily SOFR means, with respect to a Floating Interest Period:

(A) if Index Determination is specified as being applicable in the applicable Final Terms, the rate determined by the Principal Paying Agent or the Calculation Agent, as applicable, on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards):

$$\left(\frac{SOFR\ Index_{End}}{SOFR\ Index_{Start}} - 1\right) \times \left(\frac{360}{d}\right)$$

where:

SOFR Index$_{Start}$ is the SOFR Index value for the day falling "p" U.S. Government Securities Business Days prior to the first day of the relevant Floating Interest Period;

SOFR Index$_{End}$ is the SOFR Index value for the day falling "p" U.S. Government Securities Business Days prior to the Interest Payment Date for the relevant Floating Interest Period or such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Floating Interest Period); and

d is the number of calendar days in the relevant SOFR Observation Period,

provided that, if the SOFR Index value required to determine SOFR IndexStart or SOFR IndexEnd does not appear on the SOFR Administrator's Website at the Specified Time on the relevant U.S. Government Securities Business Day (or by 3:00 p.m. New York City time on the immediately following U.S. Government Securities Business Day or such later time falling

one hour after the customary or scheduled time for publication of the SOFR Index value in accordance with the then-prevailing operational procedures of the administrator of SOFR Index), "Compounded Daily SOFR" for such Floating Interest Period and each Floating Interest Period thereafter will be determined in accordance with Condition 4.2(f)(i)(B); or

(B) if either (x) Index Determination is specified as being not applicable in the applicable Final Terms, or (y) this Condition 4.2(f)(i)(B) applies to such Floating Interest Period pursuant to the proviso in Condition 4.2(f)(i)(A) above, the rate determined by the Principal Paying Agent or the Calculation Agent, as applicable, on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards):

$$\left[\prod_{i=1}^{d_0}\left(1+\frac{SOFR_i \times n_i}{360}\right)-1\right]\times\frac{360}{d}$$

where:

d is the number of calendar days in the relevant SOFR Observation Period;

d_0 is the number of U.S. Government Securities Business Days in the relevant SOFR Observation Period;

i is a series of whole numbers from one to "d_0", each representing the relevant U.S. Government Securities Business Days in chronological order from, and including, the first U.S. Government Securities Business Day in the relevant SOFR Observation Period;

n_i, for any U.S. Government Securities Business Day "i", in the relevant SOFR Observation Period, is the number of calendar days from (and including) such U.S. Government Securities Business Day "i" up to but excluding the following U.S. Government Securities Business Day ("i+1"); and

SOFR$_i$ means, in respect of any U.S. Government Securities Business Day "i" falling in the relevant SOFR Observation Period, the SOFR Reference Rate for such U.S. Government Securities Business Day.

(ii) If the SOFR Benchmark Replacement is at any time required to be used pursuant to paragraph (C) of the definition of SOFR Reference Rate, then the Issuer or the SOFR Benchmark Replacement Agent, as applicable, will determine the SOFR Benchmark Replacement in accordance with the definition thereof with respect to the then-current SOFR Benchmark, and if the Issuer or the SOFR Benchmark Replacement Agent, as applicable, has so determined the SOFR Benchmark Replacement, then:

(A) the Issuer or the SOFR Benchmark Replacement Agent, as applicable, shall also determine the method for determining the rate described in paragraph (a) of paragraph (A), (B) or (C) of the definition of SOFR Benchmark Replacement, as applicable (including (I) the page, section or other part of a particular information service on or source from which such rate appears or is obtained (the **Alternative Relevant Source**), (II) the time at which such rate appears on, or is obtained from, the Alternative Relevant Source (the **Alternative Specified Time**), (III) the day on which such rate will appear on, or is obtained from, the Relevant Source in respect of each U.S. Government Securities Business Day (the **Alternative Relevant Date**), and (IV) any

alternative method for determining such rate if is unavailable at the Alternative Specified Time on the applicable Alternative Relevant Date), which method shall be consistent with industry-accepted practices for such rate;

(B) from (and including) the Affected Day, references to the Specified Time shall in these Conditions be deemed to be references to the Alternative Specified Time;

(C) if the Issuer or the SOFR Benchmark Replacement Agent, as applicable, determine that (I) changes to the definitions of Business Day, Business Day Convention, Compounded Daily SOFR, Day Count Fraction, Interest Determination Date, Interest Payment Date, Floating Interest Period, SOFR Observation Period, SOFR Observation Shift Period, SOFR Reference Rate or U.S. Government Securities Business Day and/or (II) any other technical changes to any other provision in this Condition 4.2(f)(ii)(C), are necessary in order to implement the SOFR Benchmark Replacement (including any alternative method described in paragraph (IV) of paragraph (A) above) as the SOFR Benchmark in a manner substantially consistent with market practice (or, if the Issuer or the SOFR Benchmark Replacement Agent, as the case may be, decide that adoption of any portion of such market practice is not administratively feasible or if the Issuer or the SOFR Benchmark Replacement Agent, as the case may be, determines that no market practice for use of the SOFR Benchmark Replacement exists, in such other manner as the Issuer or the SOFR Benchmark Replacement Agent, as the case may be, determines is reasonably necessary), the Issuer, the Bond Trustee and the Principal Paying Agent and/or the Calculation Agent, as applicable, shall agree without any requirement for the consent or approval of Covered Bondholders to the necessary modifications to these Conditions, the Bond Trust Deed and/or the Agency Agreement in order to provide for the amendment of such definitions or other provisions to reflect such changes; and

(D) the Issuer will give notice or will procure that notice is given as soon as practicable to the Principal Paying Agent and the Calculation Agent, as applicable, and to the Covered Bondholders in accordance with Condition 12 (*Notices*), specifying the SOFR Benchmark Replacement, as well as the details described in this paragraph (ii) and the amendments implemented pursuant to paragraph (C) above.

(iii) For the purposes of this Condition 4.2(f):

Corresponding Tenor means, with respect to a SOFR Benchmark Replacement, a tenor (including overnight) having approximately the same length (disregarding any applicable Business Day Convention) as the applicable tenor for the then-current SOFR Benchmark;

ISDA Definitions means the 2021 ISDA Interest Rate Derivatives Definitions published by ISDA or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time;

ISDA Fallback Adjustment means, with respect to any ISDA Fallback Rate, the spread adjustment, which may be a positive or negative value or zero, that would be applied to such ISDA Fallback Rate in the case of derivative transactions referencing the ISDA Definitions that will be effective upon the occurrence of an index cessation event with respect to the then-current SOFR Benchmark for the applicable tenor;

ISDA Fallback Rate means, with respect to the then-current SOFR Benchmark, the rate that would apply for derivative transactions referencing the ISDA Definitions that will be effective upon the occurrence of an index cessation date with respect to the then-current SOFR Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

p means the number of U.S. Government Securities Business Days included in the SOFR Observation Shift Period, as specified in the applicable Final Terms;

Relevant Governmental Body means the Board of Governors of the Federal Reserve System and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System and/or the Federal Reserve Bank of New York or any successor thereto;

SOFR means, in respect of any U.S. Government Securities Business Day, the daily secured overnight financing rate for such U.S. Government Securities Business Day as provided by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator of such rate);

SOFR Administrator means the Federal Reserve Bank of New York (or any successor administrator of the daily Secured Overnight Financing Rate or the SOFR Index, as applicable);

SOFR Administrator's Website means the website of the Federal Reserve Bank of New York, or any successor source;

SOFR Benchmark means SOFR, provided that if a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred with respect to SOFR or such other then-current SOFR Benchmark, then "SOFR Benchmark" means the applicable SOFR Benchmark Replacement;

SOFR Benchmark Replacement means, with respect to the then-current SOFR Benchmark, the first alternative set forth in the order presented below that can be determined by the Issuer or the SOFR Benchmark Replacement Agent, if any, as of the SOFR Benchmark Replacement Date with respect to the then-current SOFR Benchmark:

(A) the sum of: (I) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current SOFR Benchmark for the applicable Corresponding Tenor and (II) the SOFR Benchmark Replacement Adjustment; or

(B) the sum of (I) the ISDA Fallback Rate and (II) the SOFR Benchmark Replacement Adjustment; or

(C) the sum of: (I) the alternate rate of interest that has been selected by the Issuer or the SOFR Benchmark Replacement Agent, if any, as the replacement for the then-current Benchmark for the applicable Corresponding Tenor and (II) the SOFR Benchmark Replacement Adjustment, provided that, (x) if the Issuer or the SOFR Benchmark Replacement Agent, as the case may be, determines that there is an industry-accepted replacement rate of interest for the then-current Benchmark for U.S. dollar-denominated floating rate covered bonds at such time, it shall select such industry-accepted rate, and (y) otherwise, it shall select such rate of interest that it has determined is most comparable to the then-current Benchmark, and the SOFR Benchmark Replacement Adjustment;

SOFR Benchmark Replacement Adjustment means, with respect to any SOFR Benchmark Replacement, the first alternative set forth in the order below that can be

determined by the Issuer or the SOFR Benchmark Replacement Agent, if any, as of the SOFR Benchmark Replacement Date with respect to the then-current Benchmark:

(A) the spread adjustment, or method for calculating or determining such spread adjustment, which may be a positive or negative value or zero, that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;

(B) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; and

(C) the spread adjustment, which may be a positive or negative value or zero, that has been selected by the Issuer or the SOFR Benchmark Replacement Agent, if any, to be applied to the applicable Unadjusted SOFR Benchmark Replacement in order to reduce or eliminate, to the extent reasonably practicable under the circumstances, any economic prejudice or benefit (as applicable) to Covered Bondholders as a result of the replacement of the then-current SOFR Benchmark with such Unadjusted SOFR Benchmark Replacement for the purposes of determining the SOFR Reference Rate, which spread adjustment shall be consistent with any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, applied to such Unadjusted SOFR Benchmark Replacement where it has replaced the then-current SOFR Benchmark for U.S. dollar denominated floating rate covered bonds at such time;

SOFR Benchmark Replacement Agent means any affiliate of the Issuer or such other person that has been **appointed** by the Issuer to make the calculations and determinations to be made by the SOFR Benchmark Replacement Agent described herein that may be made by either the SOFR Benchmark Replacement Agent or the Issuer, so long as such affiliate or other person is a leading bank or other financial institution or a person with appropriate expertise, in each case that is experienced in such calculations and determinations. The Issuer may elect, but is not required, to appoint a SOFR Benchmark Replacement Agent at any time. The Issuer will notify the Covered Bondholders of any such appointment in accordance with Condition 12 (*Notices*);

SOFR Benchmark Replacement Date means, with respect to the then-current SOFR Benchmark, the earliest to occur of the following events with respect thereto:

(A) in the case of paragraph (A) or (B) of the definition of SOFR Benchmark Transition Event, the later of (I) the date of the public statement or publication of information referenced therein and (II) the date on which the administrator of the SOFR Benchmark permanently or indefinitely ceases to provide the SOFR Benchmark; or

(B) in the case of paragraph (C) of the definition of SOFR Benchmark Transition Event, the date of the public statement or publication of information referenced therein.

If the event giving rise to the SOFR Benchmark Replacement Date occurs on the same day as, but earlier than, the Specified Time in respect of any determination, the SOFR Benchmark Replacement Date will be deemed to have occurred prior to the Specified Time for such determination;

SOFR Benchmark Transition Event means, with respect to the then-current SOFR Benchmark, the occurrence of one or more of the following events with respect thereto:

(A) a public statement or publication of information by or on behalf of the administrator of the SOFR Benchmark announcing that such administrator

has ceased or will cease to provide the SOFR Benchmark, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the SOFR Benchmark;

(B) a public statement or publication of information by the regulatory supervisor for the administrator of the SOFR Benchmark, the central bank for the currency of the SOFR Benchmark, an insolvency official with jurisdiction over the administrator for the SOFR Benchmark, a resolution authority with jurisdiction over the administrator for the SOFR Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for the SOFR Benchmark, which states that the administrator of the SOFR Benchmark has ceased or will cease to provide the SOFR Benchmark permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the SOFR Benchmark; or

(C) a public statement or publication of information by the regulatory supervisor for the administrator of the SOFR Benchmark announcing that the SOFR Benchmark is no longer representative;

SOFR Index means, in respect of any U.S. Government Securities Business Day, the compounded daily SOFR rate as published by the SOFR Administrator as such rate appears on the SOFR Administrator's Website at the Specified Time on such U.S. Government Securities Business Day;

SOFR Observation Period means, in respect of any Floating Interest Period, the period from (and including) the date falling "p" U.S. Government Securities Business Days prior to the first day of such Floating Interest Period to (but excluding) the date falling "p" U.S. Government Securities Business Days prior to the Interest Payment Date for such Floating Interest Period or such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Floating Interest Period);

SOFR Observation Shift Period is as specified in the applicable Final Terms;

SOFR Reference Rate means, in respect of any U.S. Government Securities Business Day:

(A) a rate equal to SOFR for such U.S. Government Securities Business Day appearing on the SOFR Administrator's Website on or about the Specified Time on the U.S. Government Securities Business Day immediately following such U.S. Government Securities Business Day; or

(B) if SOFR in respect of such U.S. Government Securities Business Day does not appear as specified in paragraph (A) above, unless the Issuer or the SOFR Benchmark Replacement Agent, if any, determines that a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred with respect to SOFR on or prior to the Specified Time on the U.S. Government Securities Business Day immediately following such U.S. Government Securities Business Day, SOFR in respect of the last U.S. Government Securities Business Day for which such rate was published on the SOFR Administrator's Website; or

(C) if the Issuer or the SOFR Benchmark Replacement Agent, if any, determines that a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred with respect to the then-current SOFR Benchmark on or prior to the Specified Time on the U.S. Government Securities Business Day immediately following such U.S. Government

Securities Business Day (or, if the then-current SOFR Benchmark is not SOFR, on or prior to the Specified Time on the Alternative Relevant Date), then (subject to the subsequent operation of this paragraph (C)) from (and including) the U.S. Government Securities Business Day immediately following such U.S. Government Securities Business Day (or the Alternative Relevant Date, as applicable) (the **Affected Day**), the SOFR Reference Rate shall mean, in respect of any U.S. Government Securities Business Day, the applicable SOFR Benchmark Replacement for such U.S. Government Securities Business Day appearing on, or obtained from, the Alternative Relevant Source at the Alternative Specified Time on the Alternative Relevant Date.

Specified Time means 3:00 p.m., New York City time or such other time as is specified in the applicable Final Terms;

Unadjusted SOFR Benchmark Replacement means the SOFR Benchmark Replacement excluding the SOFR Benchmark Replacement Adjustment; and

U.S. Government Securities Business Day means any day (other than a Saturday or Sunday) that is not a day on which the Securities Industry and Financial Markets Association or any successor organisation recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

(iv) Notwithstanding the other provisions of this Condition 4.2(f) (*Floating Rate Covered Bonds referencing Compounded Daily SOFR*), if the Issuer has appointed a SOFR Benchmark Replacement Agent and such SOFR Benchmark Replacement Agent is unable to determine whether a SOFR Benchmark Transition Event has occurred or, following the occurrence of a SOFR Benchmark Transition Event, has not selected the SOFR Benchmark Replacement as of the related SOFR Benchmark Replacement Date, in accordance with this Condition 4.2(f) (*Floating Rate Covered Bonds referencing Compounded Daily SOFR*) then, in such case, the Issuer shall make such determination or select the SOFR Benchmark Replacement, as the case may be.

(v) Any determination, decision or election that may be made by the Issuer or the SOFR Benchmark Replacement Agent, if any, pursuant to this Condition 4.2(f) (*Floating Rate Covered Bonds referencing Compounded Daily SOFR*), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event (including any determination that a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred with respect to the then-current SOFR Benchmark), circumstance or date and any decision to take or refrain from taking any action or any selection, will be made in the sole discretion of the Issuer or the SOFR Benchmark Replacement Agent, as the case may be, acting in good faith and in a commercially reasonable manner.

(g) *Floating Rate Covered Bonds referencing Compounded Daily SORA*

(i) Where the **Reference Rate** for the manner in which the Rate of Interest is to be determined is specified in the applicable Final Terms as being **Compounded Daily SORA**, the Rate of Interest for each Floating Interest Period will, subject as provided below, be Compounded Daily SORA for such Floating Interest Period plus or minus (as specified in the applicable Final Terms) the Margin (if any), all as determined and calculated by the Principal Paying Agent or the Calculation Agent, as applicable.

(ii) **Compounded Daily SORA** means, with respect to a Floating Interest Period:

(A) if Index Determination is specified as being applicable in the applicable Final Terms, the rate determined by the Principal Paying Agent or the Calculation Agent, as applicable, on the relevant Interest Determination Date in

accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards):

$$\left(\frac{\text{SORA Index}_{end}}{\text{SORA Index}_{start}} - 1\right) \times \frac{365}{d}$$

where:

d is the number of calendar days in the relevant SORA Observation Period;

SORA Index$_{start}$ is the SORA Index Value for the Singapore Business Day falling *p* Singapore Business Days prior to the first day of the relevant Floating Interest Period;

SORA Index$_{end}$ is the SORA Index Value for the Singapore Business Day falling *p* Singapore Business Days prior to the Interest Payment Date for the relevant Floating Interest Period or such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Floating Interest Period);

SORA Index Value means, for any Singapore Business Day:

I the value of the index known as the "SORA Index" administered by the Monetary Authority of Singapore (or any successor administrator thereof) published by the Monetary Authority of Singapore (or any successor administrator) on the Monetary Authority of Singapore's website (currently at http://www.mas.gov.sg) or any successor website officially designated by the Monetary Authority of Singapore (or any successor administrator) (or as published by its authorised distributors) at the Specified Time on such Singapore Business Day provided, however, that in the event that the value originally published is subsequently corrected and such corrected value is published by the Monetary Authority of Singapore, as the administrator of SORA (or any successor administrator of SORA) on the original date of publication, then such corrected value, instead of the value that was originally published, shall be deemed the SORA Index Value in relation to such Singapore Business Day; and

II if the index in paragraph (I) above is not published or displayed by the administrator of SORA or other information service at the Specified Time on the relevant Interest Determination Date, then the Compounded Daily SORA for such Floating Interest Period and each Floating Interest Period thereafter will be "Compounded Daily SORA" as determined by the Principal Paying Agent or the Calculation Agent, as applicable, on the relevant Interest Determination Date in accordance with Condition 4.2(g)(iii)(B); and

Specified Time means 11:00 a.m., Singapore time or such other time as is specified in the applicable Final Terms; or

(B) if either (x) Index Determination is specified as being not applicable in the applicable Final Terms, or (y) this Condition 4.2(g)(ii)(B) applies to such Floating Interest Period pursuant to paragraph (II) in the definition of "SORA Index Value" in Condition 4.2(g)(ii)(B) above, the rate determined by the Principal Paying Agent or the Calculation Agent, as applicable, on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards):

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{\text{SORA}_i \times n_i}{365}\right)-1\right]\times\frac{365}{d}$$

where:

d is the number of calendar days in the relevant SORA Observation Period;

d_0 is the number of Singapore Business Days in the relevant SORA Observation Period;

i is a series of whole numbers from 1 to d_0, each representing the relevant Singapore Business Days in chronological order from (and including) the first Singapore Business Day in the relevant SORA Observation Period;

n_i, for any Singapore Business Day "i" in the relevant SORA Observation Period, is the number of calendar days from (and including) such Singapore Business Day "i" up to (but excluding) the following Singapore Business Day;

SORA means, for any Singapore Business Day "i", a reference rate equal to the rate of return of a daily compound interest investment (with the reference rate for the calculation of interest being the Singapore Overnight Rate Average) published by the Monetary Authority of Singapore (or a successor administrator), as the administrator of the benchmark, on the Monetary Authority of Singapore's website (currently at http://www.mas.gov.sg) or any successor website officially designated by the Monetary Authority of Singapore (or any successor administrator) (or as published by its authorised distributors) on the Singapore Business Day immediately following such Singapore Business Day "i", provided that if by 5:00 p.m., Singapore time, on the Singapore business day immediately following such Singapore Business Day "i", SORA in respect of such Singapore Business Day "i" has not been published and a Benchmark Event has not occurred, then SORA for that Singapore Business Day "i" will be SORA as published in respect of the first preceding Singapore business day for which SORA was published; and

$SORA_i$ means, in respect of any Singapore Business Day "i" in the relevant SORA Observation Period, the reference rate equal to SORA for that Singapore Business Day.

(iii) In the event that Compounded Daily SORA for any Floating Interest Period cannot be determined by the Principal Paying Agent or the Calculation Agent, as applicable, in accordance with the foregoing provisions, the Rate of Interest for such Floating Interest Period will (subject, if applicable, to Condition 4.2(g)(iv)(B)) be:

(A) determined as at the last preceding Interest Determination Date; or

(B) if there is no such preceding Interest Determination Date, the Rate of Interest which would have been applicable for the first scheduled Floating Interest Period had the Covered Bonds been in issue for a period equal in duration to the first scheduled Floating Interest Period but ending on (and excluding) the Interest Commencement Date (and applying the Margin).

(iv) *Compounded SORA Fall Back Provisions*

(A) *Independent Adviser*

Notwithstanding the provisions above and disregarding the provisions of Condition 4.7 (*Benchmark Discontinuation*) (which shall not apply in respect of the Covered Bonds referencing Compounded Daily SORA), if a SORA Benchmark Event occurs in relation to an Original SORA Reference Rate

prior to the relevant Interest Determination Date when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original SORA Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine the SORA Benchmark Replacement (in accordance with Condition 4.2(g)(iv)(B) below) and a SORA Adjustment Spread, if any (in accordance with Condition 4.2(g)(iv)(C) below)), and any SORA Benchmark Amendments (in accordance with Condition 4.2(g)(iv)(D) below)) by the relevant Interest Determination Date. An Independent Adviser appointed pursuant to this paragraph as an expert shall act in good faith and in a commercially reasonable manner and in consultation with the Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Bond Trustee, the Principal Paying Agent, the Calculation Agent or the Covered Bondholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to these provisions or otherwise in connection with the Covered Bonds.

If the Issuer is unable to appoint an Independent Adviser after using its reasonable endeavours, or the Independent Adviser appointed by it fails to determine the SORA Benchmark Replacement prior to the relevant Interest Determination Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine the SORA Benchmark Replacement (in accordance with Condition 4.2(g)(iv)(B) below) and a SORA Adjustment Spread if any (in accordance with Condition 4.2(g)(iv)(C) below) and any SORA Benchmark Amendments (in accordance with Condition 4.2(g)(iv)(D) below).

If the Issuer is unable to determine the SORA Benchmark Replacement prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Floating Interest Period shall be equal to the Rate of Interest last determined in relation to the Covered Bonds in respect of the immediately preceding Floating Interest Period. If there has not been a first Interest Payment Date in a Floating Interest Period, the Rate of Interest shall be the initial fixed Rate of Interest. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Floating Interest Period only and any subsequent Floating Interest Periods are subject to the subsequent operation of, and to adjustments as provided in, the first paragraph of this Condition 4.2(g)(iv)(A).

(B) *SORA Benchmark Replacement*

The SORA Benchmark Replacement determined by the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.2(g)(iv)(A) above) shall (subject to adjustment as provided in Condition 4.2(g)(iv)(C) below) subsequently be used in place of the Original SORA Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Covered Bonds (subject to the operation of these provisions).

(C) *SORA Adjustment Spread*

If the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.2(g)(iv)(A) above) (as the case may be) determines (x) that a SORA Adjustment Spread is required to be applied to the Benchmark Replacement and (y) the quantum of, or a formula or methodology for determining, such SORA Adjustment Spread, then such SORA Adjustment Spread shall be applied to the SORA Benchmark Replacement.

(D) *SORA Benchmark Amendments*

If the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.2(g)(iv)(A) above (as the case may be) determines (x) that SORA Benchmark Amendments are necessary to ensure the proper operation of such SORA Benchmark Replacement and/or SORA Adjustment Spread and (y) the terms of the SORA Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4.2(g)(iv)(E) below, without any requirement for the consent or approval of Covered Bondholders, vary the Bond Trust Deed, the Principal Agency Agreement and/or these Conditions to give effect to such SORA Benchmark Amendments with effect from the date specified in such notice and subject further to any SORA Benchmark Amendments not increasing the obligations or duties, or decreasing the rights or protections, of the Bond Trustee, Principal Paying Agent or the Calculation Agent, as applicable, in these Conditions and/or the Bond Trust Deed and/or the Principal Agency Agreement unless agreed between the Issuer and the Bond Trustee, the Principal Paying Agent or the Calculation Agent, as applicable.

Subject as provided above, the Bond Trustee and/or the Principal Paying Agent shall, at the direction and expense of the Issuer, effect such consequential amendments to these Conditions and/or the Bond Trust Deed and/or the Principal Agency Agreement as may be required in order to give effect to this Condition 4.2(g)(iv)(D). Covered Bondholders' consent shall not be required in connection with effecting the SORA Benchmark Replacement or such other changes, including for the execution of any documents or other steps by, the Bond Trustee, the Principal Paying Agent or the Calculation Agent, as applicable.

In connection with any such variation in accordance with this Condition 4.2(g)(iv)(D), the Issuer shall comply with the rules of any stock exchange on which the Covered Bonds are for the time being listed or admitted to trading.

(E) *Notices, etc.*

Any SORA Benchmark Replacement, SORA Adjustment Spread and the specific terms of any SORA Benchmark Amendments, determined under this Condition 4.2(g)(iv) will be notified promptly by the Issuer to the Principal Paying Agent or the Calculation Agent, as applicable, and, in accordance with Condition 12 (Notices), the Covered Bondholders. Such notice shall be irrevocable and shall specify the effective date of the SORA Benchmark Amendments, if any.

(F) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under Conditions 4.2(g)(iv)(A), (B), (C) and (D) above, the Original SORA Reference Rate and the fallback provisions provided for in the provisions for the calculation of Compounded Daily SORA above will continue to apply unless and until the Principal Paying Agent or the Calculation Agent, as applicable, has been notified of the SORA Benchmark Replacement, and any SORA Adjustment Spread and SORA Benchmark Amendments, in accordance with Condition 4.2(g)(iv)(E) above.

(G) *Definitions*

For the purposes of this Condition 4.2(g):

Compounded SORA means the compounded average of SORAs for the applicable Corresponding SORA Tenor, with the rate, or methodology for this rate, and conventions for this rate (which will be compounded in arrears with the selected mechanism to determine the interest amount payable prior to the end of each Floating Interest Period) being established by the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.2(g)(iv)(A) above) (as the case may be) in accordance with:

I the rate, or methodology for this rate, and conventions for this rate selected or recommended by the Relevant Nominating Body for determining Compounded SORA; provided that

II if, and to the extent that, the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.2(g)(iv)(A) above) (as the case may be) determines that Compounded SORA cannot be determined in accordance with paragraph I above, then the rate, or methodology for this rate, and conventions for this rate that have been selected by the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.2(g)(iv)(A) above) (as the case may be) giving due consideration to any industry-accepted market practice for the relevant Singapore dollar denominated covered bonds at such time.

Notwithstanding the foregoing, Compounded SORA will include a selected mechanism as specified in the applicable Final Terms to determine the interest amount payable prior to the end of each Floating Interest Period;

Corresponding SORA Tenor with respect to a Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current Original Reference Rate;

Fallback Rate (SOR) has the meaning ascribed to it in the 2006 ISDA Definitions as amended and supplemented by Supplement number 70, published on 23 October 2020;

Identified SORA means the forward-looking term rate for the applicable Corresponding Tenor based on SORA that has been (x) selected or recommended by the Relevant Nominating Body, or (y) determined by the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.2(g)(iv)(A) above) (as the case may be) having given due consideration to any industry-accepted market practice for the relevant Singapore dollar denominated covered bonds;

Independent Adviser means an independent financial institution of good repute or an independent adviser with experience or appropriate expertise in the local or international debt capital markets appointed by and at the cost of the Issuer under Condition 4.2(g)(iv)(A) above;

Interpolated SORA Benchmark with respect to the Original SORA Reference Rate means the rate determined for the Corresponding SORA Tenor by interpolating on a linear basis between: (x) the Original SORA Reference Rate for the longest period (for which the Original SORA Reference Rate is available) that is shorter than the Corresponding SORA Tenor and (y) the Original SORA Reference Rate for the shortest period (for which the Original SORA Reference Rate is available) that is longer than the Corresponding SORA Tenor;

ISDA Definitions means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association Inc. or any successor thereto, as may be updated, amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time;

ISDA SORA Fallback Adjustment means the spread adjustment (which may be positive or negative value or zero) that would apply for derivative transactions referencing the Original SORA Reference Rate in the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Original SORA Reference Rate for the applicable tenor;

Original SORA Reference Rate means, initially, SORA (being the originally-specified reference rate of applicable tenor used to determine the Rate of Interest) or any component part thereof, provided that if a SORA Benchmark Event has occurred with respect to SORA or the then-current Original SORA Reference Rate, then "Original SORA Reference Rate" means the applicable SORA Benchmark Replacement;

p means the number of Singapore Business Days specified as such in the applicable Final Terms;

Relevant Nominating Body means, in respect of a benchmark or screen rate (as applicable):

I the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

II any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (1) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (2) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (3) a group of the aforementioned central banks or other supervisory authorities, or (4) the Financial Stability Board or any part thereof;

Singapore Business Day means a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks settle payments in Singapore;

SORA or **Singapore Overnight Rate Average** with respect to any Singapore Business Day means a reference rate equal to the daily Singapore Overnight Rate Average published by the Monetary Authority of Singapore (or a successor administrator), as the administrator of the benchmark, on the Monetary Authority of Singapore's website (currently at http://www.mas.gov.sg) or any successor website officially designated by the Monetary Authority of Singapore (or any successor administrator) (or as published by its authorised distributors) on the Singapore Business Day immediately following such Singapore Business Day;

SORA Adjustment Spread means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.2(g)(iv)(A) above) (as the case may be) determines is required to be applied to the SORA Benchmark Replacement as a result of

the replacement of the Original SORA Reference Rate with the SORA Benchmark Replacement and is the spread, formula or methodology which:

I is formally recommended in relation to the replacement of the Original SORA Reference Rate with the applicable SORA Benchmark Replacement by any Relevant Nominating Body; or

II if the applicable SORA Benchmark Replacement is the SORA ISDA Fallback Rate, is the SORA ISDA Fallback Adjustment; or

III is determined by the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.2(g)(iv)(A) above) (as the case may be) to be appropriate having given due consideration to any industry accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the Original SORA Reference Rate with the applicable SORA Benchmark Replacement for the purposes of determining rates of interest (or the relevant component part thereof) for the same interest period and in the same currency as the Covered Bonds and having regard to the objective, so far as is reasonably practicable in the circumstances, of reducing or eliminating any economic prejudice or benefit (as the case may be) to Covered Bondholders as a result of the replacement of the Original SORA Reference Rate with the applicable SORA Benchmark Replacement;

SORA Alternative Rate means an alternative benchmark or screen rate which the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.2(g)(iv)(A) above) (as the case may be) determines in accordance with Condition 4.2(g)(iv)(B) above has replaced the Original SORA Reference Rate for the Corresponding SORA Tenor in customary market usage in the international or if applicable, domestic debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for the same interest period and in the same currency as the Covered Bonds (including, but not limited to, Singapore Government Bonds);

SORA Benchmark Amendments means, with respect to any SORA Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Floating Interest Period", timing and frequency of determining rates and making payments of interest, changes to the definition of "Corresponding SORA Tenor" solely when such tenor is longer than the Floating Interest Period, any other amendments to these Conditions and/or the Bond Trust Deed and/or the Principal Agency Agreement, and other administrative matters) that the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.2(g)(iv)(A) above) (as the case may be) determines may be appropriate to reflect the adoption of such SORA Benchmark Replacement in a manner substantially consistent with market practice (or, if the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.2(g)(iv)(A) above) (as the case may be) determines that adoption of any portion of such market practice is not administratively feasible or if the Independent Adviser or the Issuer (in the circumstances set out Condition 4.2(g)(iv)(A) above) (as the case may be) determines that no market practice for use of such SORA Benchmark Replacement exists, in such other manner as the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.2(g)(iv)(A) above) (as the case may be) determines is reasonably necessary);

SORA Benchmark Event means:

I the Original SORA Reference Rate ceasing to be published for a period of at least five Singapore Business Days or ceasing to exist;

II a public statement by the administrator of the Original SORA Reference Rate that it has ceased or will, by a specified date within the following six months, cease publishing the Original SORA Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original SORA Reference Rate);

III a public statement by the supervisor of the administrator of the Original SORA Reference Rate that the Original SORA Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued;

IV a public statement by the supervisor of the administrator of the Original SORA Reference Rate that the Original SORA Reference Rate has been prohibited from being used or that its use has been subject to restrictions or adverse consequences, or that it will be prohibited from being used or that its use will be subject to restrictions or adverse consequences within the following six months;

V it has become unlawful for the Calculation Agent, any Paying Agents, the Issuer or any other party to calculate any payments due to be made to any Covered Bondholder using the Original SORA Reference Rate; or

VI a public statement by the supervisor of the administrator of the Original SORA Reference Rate that the Original SORA Reference Rate is no longer representative or will, by a specified date within the following six months, be deemed to be no longer representative,

provided that the SORA Benchmark Event shall be deemed to occur (x) in the case of paragraphs II and III above, on the date of the cessation of publication of the Original SORA Reference Rate or the discontinuation of the Original SORA Reference Rate, as the case may be, (y) in the case of paragraph IV above, on the date of the prohibition or restriction of use of the Original SORA Reference Rate, and (z) in the case of paragraph VI above, on the date with effect from which the Original SORA Reference Rate will no longer be (or will be deemed to no longer be) representative and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement;

SORA Benchmark Replacement means the Interpolated Benchmark, provided that if the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.2(g)(iv)(A) above) (as the case may be) cannot determine the Interpolated Benchmark by the relevant Interest Determination Date, then "Benchmark Replacement" means the first alternative set forth in the order below that can be determined by the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.2(g)(iv)(A) above) (as the case may be):

I Identified SORA;

II Compounded SORA;

III the SORA Successor Rate;

IV the SORA ISDA Fallback Rate (including Fallback Rate (SOR)); and

V the SORA Alternative Rate;

SORA ISDA Fallback Rate means the rate that would apply for derivative transactions referencing the Original SORA Reference Rate in the ISDA Definitions to be effective upon the occurrence of an index cessation event with respect to the Original SORA Reference Rate for the applicable tenor excluding the applicable ISDA SORA Fallback Adjustment;

SORA Observation Period means, in respect of any Floating Interest Period, the period from (and including) the day falling *p* Singapore Business Days prior to the first day of such Floating Interest Period to (but excluding) the day falling *p* Singapore Business Days prior to the Interest Payment Date for such Floating Interest Period or such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Floating Interest Period); and

SORA Successor Rate means a successor to or replacement of the Original SORA Reference Rate which is formally recommended by any Relevant Nominating Body as the replacement for the Original SORA Reference Rate for the applicable Corresponding SORA Tenor.

(h) *Floating Rate Covered Bonds referencing Compounded Daily CORRA*

(i) Where the **Reference Rate** for the manner in which the Rate of Interest is to be determined is specified as being **Compounded Daily CORRA** in the applicable Final Terms, the Rate of Interest for each Floating Interest Period will, subject as provided below, be Compounded Daily CORRA for such Floating Interest Period plus or minus (as specified in the applicable Final Terms) the Margin (if any), all as determined and calculated by the Principal Paying Agent or the Calculation Agent, as applicable.

Compounded Daily CORRA means, with respect to a Floating Interest Period:

(A) if Index Determination is specified as being applicable in the applicable Final Terms, the rate determined by the Principal Paying Agent or the Calculation Agent, as applicable, on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards):

$$\left(\frac{CORRA\ Compounded\ Index_{\text{End}}}{CORRA\ Compounded\ Index_{\text{Start}}} - 1\right) x \frac{365}{d}$$

where:

CORRA Compounded Index$_{\text{Start}}$ is the CORRA Compounded Index value for the day falling *p* Bank of Canada Business Days prior to first day of the relevant Floating Interest Period;

CORRA Compounded Index$_{\text{End}}$ is the CORRA Compounded Index value for the day falling *p* Bank of Canada Business Days prior to the Interest Payment Date for the relevant Floating Interest Period or such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Floating Interest Period); and

d is the number of calendar days in the relevant CORRA Observation Period, provided that, if (a) the CORRA Compounded Index value required to determine CORRA Compounded $\text{Index}_{\text{Start}}$ or CORRA Compounded $\text{Index}_{\text{End}}$ is not published or displayed by the CORRA Reference Rate Administrator or an authorised distributor by the Specified Time (or an amended publication time, if any, or such later time falling one hour after the customary or scheduled time for publication of the CORRA Compounded Index value, as specified in the CORRA Reference Rate Administrator's methodology for calculating the CORRA Compounded Index) on the Interest Determination Date for such Floating Interest Period, but a CORRA Index Cessation Effective Date with respect to the CORRA Compounded Index has not occurred, or (b) an Index Cessation Effective Date, with respect to the CORRA Compounded Index, has occurred, then Compounded Daily CORRA will be determined in accordance with Condition 4.2(h)(i)(B) below; or

(B) if either (x) Index Determination is specified as being not applicable in the applicable Final Terms, or (y) this Condition 4.2(h)(i)(B) applies to such Floating Interest Period pursuant to the proviso in Condition 4.2(h)(i)(A) above, the rate determined by the Principal Paying Agent or the Calculation Agent, as applicable, on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards):

$$\left[\prod_{i=1}^{d_0}\left(1+\frac{CORRA_i \times n_i}{365}\right)-1\right]\times\frac{365}{d}$$

where:

d is the number of calendar days in the relevant CORRA Observation Period;

d_o is the number of Bank of Canada Business Days in the relevant CORRA Observation Period;

i is a series of whole numbers from 1 to d_o, each representing the relevant Bank of Canada Business Day in chronological order from, and including, the first Bank of Canada Business Day in the relevant CORRA Observation Period;

n_i, for any Bank of Canada Business Day "i" in the relevant CORRA Observation Period, is the number of calendar days from (and including) such Bank of Canada Business Day "i" up to (but excluding) the following Bank of Canada Business Day ("i+1"); and

CORRA_i means, in respect of any Bank of Canada Business Day "i" falling in the relevant CORRA Observation Period, the CORRA Reference Rate for such Bank of Canada Business Day.

(ii) *Temporary Non-Publication of CORRA*

If neither the CORRA Reference Rate Administrator nor authorised distributors provide or publish CORRA and an Index Cessation Effective Date with respect to CORRA has not occurred, then, in respect of any day for which CORRA is required, references to CORRA will be deemed to be references to the last provided or published CORRA.

(iii) *CORRA Index Cessation Event*

If a CORRA Index Cessation Effective Date occurs with respect to CORRA, the Rate of Interest for an Interest Determination Date which occurs on or after such CORRA

Index Cessation Effective Date will be the CAD Recommended Rate, to which the CORRA Benchmark Replacement Agent will apply the most recently published spread and make such adjustments as are necessary to account for any difference in the term, structure or tenor of the CAD Recommended Rate in comparison to CORRA.

If there is a CAD Recommended Rate before the end of the first Bank of Canada Business Day following the CORRA Index Cessation Effective Date with respect to CORRA, but neither the CORRA Reference Rate Administrator nor authorised distributors provide or publish the CAD Recommended Rate and a CORRA Index Cessation Effective Date with respect to the CAD Recommended Rate has not occurred, then, in respect of any day for which the CAD Recommended Rate is required, references to the CAD Recommended Rate will be deemed to be references to the last provided or published CAD Recommended Rate.

If (A) there is no CAD Recommended Rate before the end of the first Bank of Canada Business Day following the CORRA Index Cessation Effective Date with respect to CORRA, or (B) there is a CAD Recommended Rate and a CORRA Index Cessation Effective Date subsequently occurs with respect to the CAD Recommended Rate, the Rate of Interest for an Interest Determination Date which occurs on or after such applicable CORRA Index Cessation Effective Date will be the BOC Target Rate, to which the CORRA Benchmark Replacement Agent will apply the most recently published spread and make such adjustments as are necessary to account for any difference in the term, structure or tenor of the BOC Target Rate in comparison to CORRA.

In respect of any day for which the BOC Target Rate is required, references to the BOC Target Rate will be deemed to be references to the last provided or published BOC Target Rate as of the close of business in Toronto on that day.

In connection with the implementation of an Applicable Rate, the CORRA Benchmark Replacement Agent may, in consultation with the Issuer, make such adjustments to the Applicable Rate or the spread thereon, if any, as well as the Business Day Convention, the calendar day count convention, Interest Determination Dates, and related provisions and definitions (including observation dates for reference rates), in each case as are consistent with accepted market practice for the use of the Applicable Rate for debt obligations such as the Covered Bonds in such circumstances, and the Issuer, the Bond Trustee, the Principal Paying Agent and/or the Calculation Agent, as applicable, shall agree without any requirement for the consent or approval of Covered Bondholders to the necessary modifications to the Bond Trust Deed, the Principal Agency Agreement and/or these Conditions to give effect to such adjustments, subject to the Issuer having to give notice thereof to the Covered Bondholders in accordance with Condition 12 (*Notices*) and any such adjustments not increasing the obligations or duties, or decreasing the rights or protections, of the Bond Trustee, the Principal Paying Agent or the Calculation Agent, as applicable, in these Conditions, the Bond Trust Deed and/or the Principal Agency Agreement unless agreed between the Issuer and the Bond Trustee, the Principal Paying Agent or the Calculation Agent, as applicable.

Any determination, decision or election that may be made by the Issuer or the CORRA Benchmark Replacement Agent, as applicable, in relation to the Applicable Rate, including any determination with respect to an adjustment or the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection (I) will be conclusive and binding, absent manifest error, (II) if made by the Issuer, will be made in the sole discretion of the Issuer, or, as applicable, if made by the CORRA Benchmark Replacement Agent will be made after consultation with the Issuer and the CORRA Benchmark Replacement Agent will not make any such determination, decision or election to which the Issuer objects and will have no liability for not making any such determination, decision or

election, and (III) shall become effective without consent from the holders of the Covered Bonds or any other party.

Notwithstanding any other provision of this Condition 4 (*Interest*), if in the Bond Trustee's, Principal Paying Agent's or Calculation Agent's opinion, as applicable, there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 4 (*Interest*), the Bond Trustee, Principal Paying Agent or Calculation Agent, as applicable, shall promptly notify the Issuer thereof and the Issuer shall direct the Bond Trustee, the Principal Paying Agent or the Calculation Agent, as applicable, in writing as to which alternative course of action to adopt. If the Bond Trustee, the Principal Paying Agent or the Calculation Agent, as applicable, is not promptly provided with such direction, or is otherwise unable to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Bond Trustee, the Principal Paying Agent or the Calculation Agent, as applicable, shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so.

(iv) *Definitions*

For the purposes of this Condition 4.2(h)(iv) (*Definitions*):

Applicable Rate means one of CORRA Compounded Index, CORRA, the CAD Recommended Rate or the BOC Target Rate, as applicable;

Bank of Canada Business Day means a day that Schedule I banks under the Bank Act (Canada) are open for business in Toronto, other than a Saturday or a Sunday or a public holiday in Toronto (or such revised regular publication calendar for an Applicable Rate as may be adopted by the CORRA Reference Rate Administrator from time to time);

BOC Target Rate means the Bank of Canada's Target for the overnight rate as set by the Bank of Canada and published on the Bank of Canada's website;

CAD Recommended Rate means the rate (inclusive of any spreads or adjustments) recommended as the replacement for CORRA by a committee officially endorsed or convened by the Bank of Canada for the purpose of recommending a replacement for CORRA (which rate may be produced by the Bank of Canada or another administrator) and as provided by the administrator of that rate or, if that rate is not provided by the administrator thereof (or a successor administrator), published by an authorised distributor;

CORRA means the Canadian Overnight Repo Rate Average, as published by the Bank of Canada, as the administrator of CORRA (or any successor CORRA Reference Rate Administrator), on the website of the Bank of Canada or any successor website;

CORRA Benchmark Replacement Agent means a third party trustee or financial institution of national standing in Canada with experience providing such services (which may be an affiliate of the Issuer), which has been selected by the Issuer;

CORRA Compounded Index means the measure of the cumulative impact of CORRA compounding over time administered and published by the Bank of Canada (or any successor CORRA Reference Rate Administrator);

CORRA Index Cessation Effective Date means, in respect of a CORRA Index Cessation Event, the first date on which the Applicable Rate is no longer provided. If the Applicable Rate ceases to be provided on the same day that it is required to determine the rate for an Interest Determination Date, but it was provided at the time at which it is to be observed (or, if no such time is specified, at the time at which it is

ordinarily published), then the CORRA Index Cessation Effective Date will be the next day on which the rate would ordinarily have been published;

CORRA Index Cessation Event means:

I a public statement or publication of information by or on behalf of the CORRA Reference Rate Administrator or provider of the Applicable Rate announcing that it has ceased or will cease to provide the Applicable Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor CORRA Reference Rate Administrator or provider of the Applicable Rate that will continue to provide the Applicable Rate; or

II a public statement or publication of information by the regulatory supervisor for the CORRA Reference Rate Administrator or provider of the Applicable Rate, the Bank of Canada, an insolvency official with jurisdiction over the CORRA Reference Rate Administrator or provider of the Applicable Rate, a resolution authority with jurisdiction over the CORRA Reference Rate Administrator or provider of the Applicable Rate or a court or an entity with similar insolvency or resolution authority over the CORRA Reference Rate Administrator or provider of the Applicable Rate, which states that the CORRA Reference Rate Administrator or provider of the Applicable Rate has ceased or will cease to provide the Applicable Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor CORRA Reference Rate Administrator or provider of the Applicable Rate that will continue to provide the Applicable Rate;

CORRA Observation Period means, in respect of any Floating Interest Period, the period from, and including, the date falling *p* Bank of Canada Business Days prior to the first day of such Floating Interest Period to (but excluding) the date falling *p* Bank of Canada Business Days prior to the Interest Payment Date for such Floating Interest Period or such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period);

CORRA Reference Rate means, in respect of any Bank of Canada Business Day, a reference rate equal to the daily CORRA rate for that day, as published or displayed by the Reference Rate Administrator or an authorised distributor at the Specified Time (or an amended publication time, if any, as specified in the Reference Rate Administrator's methodology for calculating CORRA) on the immediately following Bank of Canada Business Day;

CORRA Reference Rate Administrator means the Bank of Canada or any successor administrator for CORRA and/or the CORRA Compounded Index or the administrator (or its successor) of another Applicable Rate, as applicable;

p means the number of Bank of Canada Business Days specified as such in the applicable Final Terms; and

Specified Time means 11:00 a.m. Toronto time, or such other time as is specified in the applicable Final Terms.

(i) *Floating Rate Covered Bonds referencing Compounded Daily TONA*

(i) Where the **Reference Rate** for the manner in which the Rate of Interest is to be determined is specified as being Compounded Daily TONA in the applicable Final Terms, the Rate of Interest for each Floating Interest Period will, subject as provided below, be Compounded Daily TONA for such Floating Interest Period plus or minus

(as specified in the applicable Final Terms) the Margin (if any), all as determined and calculated by the Principal Paying Agent or the Calculation Agent, as applicable.

Compounded Daily TONA means, with respect to a Floating Interest Period, the rate determined by the Principal Paying Agent or the Calculation Agent, as applicable, on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards):

(A) if the TONA Observation Method is specified as being "Lookback" in the applicable Final Terms:

$$\left[\prod_{i=1}^{d_0}\left(\frac{TONA_{i-pTBD}\times n_i}{365}\right)-1\right]\times\frac{365}{d}$$

where:

d is the number of calendar days in the relevant Floating Interest Period;

d_0 is the number of Tokyo Banking Days in the relevant Floating Interest Period;

i is a series of whole numbers from 1 to d_0, each representing the relevant Tokyo Banking Day in chronological order from, and including, the first Tokyo Banking Day in the relevant Floating Interest Period;

n_i, for any Tokyo Banking Day "i" in the relevant Floating Interest Period, is the number of calendar days from (and including) such Tokyo Banking Day "i" up to (but excluding) the following Tokyo Banking Day ("i+1"); and

$TONA_i$-p^{TBD} means, in respect of any Tokyo Banking Day "i" falling in the relevant Floating Interest Period, the TONA Reference Rate for the Tokyo Banking Day falling "p" Tokyo Banking Days prior to such Tokyo Banking Day "i"; or

(B) if the TONA Observation method is specified as being "Shift" is specified in the applicable Final Terms:

$$\left[\prod_{i=1}^{d_0}\left(\frac{TONA_i\times n_i}{365}\right)-1\right]\times\frac{365}{d}$$

where:

d is the number of calendar days in the relevant TONA Observation Period;

d_0 is the number of Tokyo Banking Days in the relevant TONA Observation Period;

i is a series of whole numbers from 1 to d_o, each representing the relevant Tokyo Banking Day in chronological order from, and including, the first Tokyo Banking Day in the relevant TONA Observation Period;

n_i, for any Tokyo Banking Day "i" in the relevant TONA Observation Period, is the number of calendar days from (and including) such Tokyo Banking Day "i" up to (but excluding) the following Tokyo Banking Day ("i+1"); and

$TONA_i$ means, in respect of any Tokyo Banking Day "i" falling in the relevant TONA Observation Period, the TONA Reference Rate for such Tokyo Banking Day.

(ii) *Correction of TONA*

If the TONA Reference Rate in respect of any Tokyo Banking Day is subsequently corrected and provided by the administrator of TONA to authorised distributors of TONA and published on the Relevant Screen Page no later than the Correction Cutoff Time (if any) or, if later (or there is no such Correction Cut-off Time), one hour after the rate for such Tokyo Banking Day is published on the Relevant Screen Page, then TONA in respect of such Tokyo Banking Day shall be the subsequently corrected and published rate appearing on the Relevant Screen Page,

where:

Correction Cut-off Time means the time specified as such by the administrator of TONA in the TONA benchmark methodology.

(iii) *TONA Index Cessation Event*

If the Issuer determines at any time prior to the TONA Reference Time on any Tokyo Banking Day that a TONA Index Cessation Event has occurred, then the TONA Reference Rate in respect of each Tokyo Banking Day falling on or after the TONA Index Cessation Effective Date will be the JPY Recommended Rate.

If there is a JPY Recommended Rate before the end of the first Tokyo Banking Day following the TONA Index Cessation Effective Date, but neither the administrator nor authorised distributors provide or publish the JPY Recommended Rate, then, subject to the below, in respect of any day for which the JPY Recommended Rate is required, references to the JPY Recommended Rate will be deemed to be references to the last provided or published JPY Recommended Rate. However, if there is no last provided or published JPY Recommended Rate, then in respect of any day for which the JPY Recommended Rate is required, references to the JPY Recommended Rate will be deemed to be references to the last provided or published TONA.

The Issuer shall notify the Bond Trustee, the Principal Paying Agent or the Calculation Agent, as applicable, and, in accordance with Condition 12 (*Notices*), the Covered Bondholders of any determination by the Issuer of a TONA Index Cessation Event and of any applicable JPY Recommended Rate.

If:

I there is no JPY Recommended Rate before the end of the first Tokyo Banking Day following the TONA Index Cessation Effective Date; or

II there is a JPY Recommended Rate and a JPY Recommended Rate Index Cessation Effective Date subsequently occurs in respect of such JPY Recommended Rate,

then the rate in respect of each Tokyo Banking Day falling on or after the TONA Index Cessation Effective Date or a JPY Recommended Rate Fixing Day occurring on or after the JPY Recommended Rate Index Cessation Effective Date, as the case may be, will be such alternative rate for the TONA Reference Rate or the JPY Recommended Rate, as the case may be, as is determined by the Issuer in accordance with Condition 4.7 (*Benchmark Discontinuation*).

(iv) *Definitions*

For the purposes of this Condition 4.2(i) (*Floating Rate Covered Bonds referencing Compounded Daily TONA*):

JPY Recommended Rate means, in respect of any Tokyo Banking Day, the rate (inclusive of any spreads or adjustments) recommended as the replacement for TONA by a committee officially endorsed or convened by the Bank of Japan for the purpose of recommending a replacement for TONA (which rate may be produced by the Bank of Japan or another administrator) and as provided by the administrator of that rate or, if that rate is not provided by the administrator thereof (or a successor administrator), published by an authorised distributor in respect of such day;

JPY Recommended Rate Fixing Day means, in respect of the JPY Recommended Rate and any day, the publication day specified by the administrator of the JPY Recommended Rate for the JPY Recommended Rate in its benchmark methodology;

JPY Recommended Rate Index Cessation Effective Date means, in respect of the JPY Recommended Rate and a JPY Recommended Rate Index Cessation Event, the first date on which the JPY Recommended Rate would ordinarily have been published or provided and is no longer published or provided;

JPY Recommended Rate Index Cessation Event means, in respect of the JPY Recommended Rate:

I a public statement or publication of information by or on behalf of the administrator of the JPY Recommended Rate announcing that it has ceased or will cease to provide the JPY Recommended Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the JPY Recommended Rate; or

II a public statement or publication of information by the regulatory supervisor for the administrator of the JPY Recommended Rate, the central bank for the currency of the JPY Recommended Rate, an insolvency official with jurisdiction over the administrator of the JPY Recommended Rate, a resolution authority with jurisdiction over the administrator of the JPY Recommended Rate or a court or an entity with similar insolvency or resolution authority over the administrator of the JPY Recommended Rate, which states that the administrator of the JPY Recommended Rate has ceased or will cease to provide the JPY Recommended Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the JPY Recommended Rate;

p means the number of Tokyo Banking Days specified as such in the applicable Final Terms;

Tokyo Banking Day means a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in Tokyo.

TONA means the daily Tokyo Overnight Average rate administered by the Bank of Japan (or any successor administrator);

TONA Index Cessation Effective Date means, in respect of TONA and a TONA Index Cessation Event, the first date on which TONA would ordinarily have been published or provided and is no longer published or provided;

TONA Index Cessation Event means, in respect of TONA:

I a public statement or publication of information by or on behalf of the administrator of TONA announcing that it has ceased or will cease to provide TONA permanently or indefinitely, provided that, at the time of the statement

or publication, there is no successor administrator that will continue to provide TONA; or

II a public statement or publication of information by or on behalf of the regulatory supervisor for the administrator of TONA, the central bank for the currency of TONA, an insolvency official with jurisdiction over the administrator of TONA, a resolution authority with jurisdiction over the administrator of TONA or a court or an entity with similar insolvency or resolution authority over the administrator of TONA, which states that the administrator of TONA has ceased or will cease to provide TONA permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide TONA;

TONA Observation Period means, in respect of any Floating Interest Period, the period from (and including) the date falling *p* Tokyo Banking Days prior to the first day of such Floating Interest Period to (but excluding) the date falling p Tokyo Banking Days prior to the Interest Payment Date for such Floating Interest Period or such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Floating Interest Period);

TONA Reference Rate means the rate determined by the Principal Paying Agent or the Calculation Agent, as applicable, in respect of a Tokyo Banking Day, being a reference rate equal to the daily TONA for such Tokyo Banking Day as provided by the administrator of TONA to authorised distributors and as then published on the Relevant Screen Page (or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors) in each case as of approximately 10:00 a.m. (Tokyo time) (or any amended publication time as specified by the administrator of such rate) on the Tokyo Banking Day immediately following such Tokyo Banking Day. If no such rate is published by the administrator of TONA or an authorised distributor and is not otherwise provided by the administrator of TONA other than as a consequence of a TONA Index Cessation Event, then TONA for such Tokyo Banking Day will be TONA as last provided or published on the Relevant Screen Page (or as otherwise published by relevant authorised distributors) that appears at approximately 10:00 a.m. (Tokyo time) on the Bank of Japan's Website on the Tokyo Banking Day immediately following such Tokyo Banking Day;

TONA Reference Time means, with respect to any determination of TONA, 10:00a.m. (Tokyo time) on the Tokyo Banking Day immediately following the date of such determination; and

(j) *Floating Rate Covered Bonds referencing €STR*

(i) Where the **Reference Rate** for the manner in which the Rate of Interest is to be determined is specified as being **€STR** in the applicable Final Terms, the Rate of Interest for an Interest Period (as defined below) will be calculated in accordance with Conditions 4.2(j)(i)(A), 4.2(j)(i)(B) and 4.2(j)(i)(C) below, subject as provided below, as applicable:

(A) Where the €STR Calculation Method is specified in the applicable Final Terms as being **€STR Compounded Daily**, the Rate of Interest for each Floating Interest Period will be the Compounded Daily €STR with respect to such Floating Interest Period plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the relevant Principal Paying Agent or the Calculation Agent, as applicable, on the relevant Interest Determination Date and the resulting percentage being rounded (if necessary) to the fifth decimal place, with 0.000005 being rounded upwards.

(B) Where the €STR Calculation Method is specified in the applicable Final Terms as being **€STR Index Compounded Daily**, the Rate of Interest for each Floating Interest Period will be the Compounded Daily €STR Index with respect to such Floating Interest Period plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the relevant Principal Paying Agent or the Calculation Agent, as applicable on the relevant Interest Determination Date and the resulting percentage being rounded (if necessary) to the fifth decimal place, with 0.000005 being rounded upwards.

(C) Where the €STR Calculation Method is specified in the applicable Final Terms as being **€STR Weighted Average**, the Rate of Interest for each Floating Interest Period will be the Weighted Average €STR plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the relevant Principal Paying Agent or the Calculation Agent, as applicable on the relevant Interest Determination Date and the resulting percentage being rounded (if necessary) to the fifth decimal place, with 0.000005 being rounded upwards.

In this Condition 4.2(j) (*Floating Rate Covered Bonds referencing €STR*):

Compounded Daily €STR means, with respect to a Floating Interest Period, the rate of return of a daily compound interest investment in euro (with the daily euro short-term rate (**€STR**)) as reference rate for the calculation of interest, and will be calculated as follows:

(1) if "Lag" or "Lock-out" is specified as the €STR Observation Method in the applicable Final Terms in accordance with the following formula:

$$\left[\prod_{i=1}^{d_0}\left(1+\frac{€STR_{i-pTBD}\times n_i}{360}\right)-1\right]\times\frac{360}{d}$$

(2) if "Shift" is specified as the €STR Observation Method in the applicable Final Terms, in accordance with the following formula:

$$\left[\prod_{i=1}^{d_0}\left(1+\frac{€STR_i\times n_i}{360}\right)-1\right]\times\frac{360}{d}$$

where, in each case:

d is the number of calendar days in (A) if "Lag" or "Lock-out" is specified as the €STR Observation Method in the applicable Final Terms, the relevant Floating Interest Period, or (B) if "Shift" is specified as the €STR Observation Method in the applicable Final Terms, the relevant €STR Observation Period;

d_0 means (A) if "Lag" or "Lock-out" is specified as the €STR Observation Method in the applicable Final Terms, in respect of a Floating Interest Period, the number of T2 Business Days in the relevant Floating Interest Period, or (B) if "Shift" is specified as the €STR Observation Method in the applicable Final Terms, in respect of an €STR Observation Period, the number of T2 Business Days in the relevant €STR Observation Period;

n_i, for any T2 Business Day$_i$, means the number of calendar days from and including such T2 Business Day$_i$ up to but excluding the following T2 Business Day;

€STR$_i$ means, in respect of any T2 Business Day$_i$:

I if "Lag" is specified as the €STR Observation Method in the applicable Final Terms, the €STR reference rate in respect of p^{TBD} in respect of such T2 Business Day$_i$;

II if "Lock-out" is specified as the €STR Observation Method in the applicable Final Terms:

(x) in respect of any T2 Business Day_i that is a Reference Day, the €STR reference rate in respect of the T2 Business Day immediately preceding such Reference Day; otherwise

(y) the €STR reference rate in respect of the T2 Business Day immediately preceding the Interest Determination Date for the relevant Interest Period; or

III if "Shift" is specified as the €STR Observation Method in the applicable Final Terms, the €STR reference rate for such T2 Business Day_i;

€STR$_{i\text{-}pTBD}$ means:

I if "Lag" is specified as the €STR Observation Method in the applicable Final Terms, in respect of a T2 Business Day_i, €STR_i in respect of the T2 Business Day falling p T2 Business Days prior to such T2 Business Day_i (p^{LBD}); or

II if "Lock-out" is specified as the €STR Observation Method in the applicable Final Terms, in respect of a T2 $Business_i$, €STR_i in respect of such T2 $Business_i$; and

i is a series of whole numbers from 1 to d_0, each representing the relevant T2 Business Day in chronological order from, and including, the first T2 Business Day (x) if "Lag" or "Lock-out" is specified as the €STR Observation Method in the applicable Final Terms, in the relevant Interest Period or (y) if "Shift" is specified as the €STR Observation Method in the applicable Final Terms, in the relevant €STR Observation Period;

Compounded Daily €STR Index means, with respect to a Floating Interest Period, the rate of return of a daily compound interest investment in euro (with €STR as a reference rate for the calculation of interest) by reference to the screen rate or index for compounded daily €STR rates administered by the European Central Bank, as the administrator of such rate (or any successor administrator of such rate) that is published or displayed on the website of the European Central Bank (or any successor administrator of such rate) or any successor source from time to time on the relevant Interest Determination Date, as further specified in the applicable Final Terms (the **€STR Compounded Index**) and will be determined by the Principal Paying Agent or the Calculation Agent, as applicable, on the relevant Interest Determination Date and calculated as follows:

$$\left(\frac{€STR\ Compounded\ Index_{End}}{€STR\ Compounded\ Index_{Start}} - 1\right) \times \frac{360}{d}$$

where, in each case:

€STR Compounded Index$_{Start}$ means, with respect to a Floating Interest Period, the €STR Compounded Index value on the day falling "p" T2 Business Days prior to the first day of such Floating Interest Period;

€STR Compounded Index$_{End}$ means, with respect to a Floating Interest Period, the €STR Compounded Index value on the day falling "p" T2 Business Days prior to the Interest Period End Date for such Floating Interest Period (or the date falling "p" T2 Business Days prior to such earlier date, if any, on which the Covered Bonds become due and payable);

d is the number of calendar days from (and including) the day in relation to which €STR Compounded IndexStart is determined to (but excluding) the day in relation to which €STR Compounded IndexEnd is determined;

p means the number of T2 Business Days as specified in the applicable Final Terms;

the **€STR reference rate** means, in respect of any T2 Business Day, a reference rate equal to €STR as provided by the European Central Bank, as the administrator of such rate (or any successor administrator of such rate) on the website of the European Central Bank (or any successor administrator of such rate) or any successor source, in each case, at the time specified by, or determined in accordance with, the applicable methodology, policies or guidelines, of the administrator of such rate on the T2 Business Day immediately following such T2 Business Day;

Interest Period End Date shall have the meaning specified in the applicable Final Terms;

Lock-out Period means, in respect of a Floating Interest Period, the period from and including the day following the Interest Determination Date to, but excluding, the Interest Period End Date falling at the end of such Floating Interest Period;

€STR Observation Period means the period from and including the date falling "p" T2 Business Days prior to the first day of the relevant Floating Interest Period (and the first Floating Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date falling "p" T2 Business Days prior to the Interest Period End Date for such Floating Interest Period (or the date falling "p" T2 Business Days prior to such earlier date, if any, on which the Covered Bonds become due and payable);

p means, in respect of a Floating Interest Period (A) where "Lag" or "Shift" is specified as the €STR Observation Method in the applicable Final Terms, the number of T2 Business Days as specified in the applicable Final Terms and (B) where "Lock-out" is specified as the €STR Observation Method in the applicable Final Terms, zero;

Reference Day means each T2 Business Day in the relevant Floating Interest Period that is not a T2 Business Day falling in the Lock-out Period;

T2 means the Trans-European Automated Real-time Gross Settlement Express Transfer System or any successor or replacement for that system;

T2 Business Day or **TBD** means any day on which T2 is open;

T2 Business Day$_i$ means, in respect of any T2 Business Day "i" falling in the relevant (A) €STR Observation Period, if "Shift" is specified as the €STR Observation Method in the applicable Final Terms, or (B) Floating Interest Period, if "Lag" or "Lock-out" is specified as the €STR Observation Method in the applicable Final Terms, the €STR reference rate for such T2 Business Day; and

Weighted Average €STR means:

(1) where "Lag" is specified as the €STR Observation Method in the applicable Final Terms, the sum of the €STR reference rate in respect of each calendar day during the relevant €STR Observation Period divided by the number of calendar days during such €STR Observation Period. For these purposes, the €STR reference rate in respect of any calendar day which is not a T2 Business Day shall be deemed to be the €STR reference rate in respect of the T2 Business immediately preceding such calendar day; or

(2) where "Lock-out" is specified as the €STR Observation Method in the applicable Final Terms, the sum of the €STR reference rate in respect of each calendar day during the relevant Floating Interest Period divided by the number of calendar days in the relevant Floating Interest Period, provided that, for any calendar day of such Floating Interest Period falling in the Lock-out Period for the relevant Floating Interest Period, the €STR reference rate for such calendar day will be deemed to be the €STR reference rate in respect of the T2 Business Day immediately preceding the first day of such Lock-out Period. For these purposes, the €STR reference rate in respect of any calendar day which is not a T2 Business Day shall, subject to the preceding proviso, be deemed to be the €STR reference rate in respect of the T2 Business Day immediately preceding such calendar day.

(ii) Where the Rate of Interest for each Floating Interest Period is calculated in accordance with Condition 4.2(j)(i)(B), if the relevant €STR Compounded Index is not published or displayed by the European Central Bank (or any successor administrator of such rate) reference rate or other information service by 5:00 p.m. (Frankfurt time) (or, if later, by the time falling one hour after the customary or scheduled time for publication thereof in accordance with the then-prevailing operational procedures of the European Central Bank (or any successor administrator of €STR) on the relevant Interest Determination Date, the Rate of Interest shall be calculated for the Floating Interest Period for which the €STR Compounded Index is not available in accordance with Condition 4.2(j)(i)(A), and for these purposes, the "€STR Observation Method" shall be deemed to be "Shift".

(iii) Where "€STR" is specified as the relevant Reference Rate in the applicable Final Terms, if, in respect of any T2 Business Day, €STR is not available, such Reference Rate shall be the €STR reference rate for the first preceding T2 Business Day on which the €STR reference rate was published by the European Central Bank, as the administrator of the €STR reference rate (or any successor administrator of the €STR reference rate) on the website of the European Central Bank (or of any successor administrator of such rate), and "p" shall be interpreted accordingly.

If the relevant Series of Covered Bonds become due and payable in accordance with Condition 9 (*Events of Default and Enforcement*), the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Final Terms, be deemed to be the date on which such Covered Bonds became due and payable and the Rate of Interest on such Covered Bonds shall, for so long as any such Covered Bonds remains outstanding, be that determined on such date and as if (solely for the purpose of such interest determination) the relevant Floating Interest Period had been shortened accordingly.

(k) *Minimum and/or Maximum Rate of Interest*

If the applicable Final Terms specifies a minimum Rate of Interest for any Floating Interest Period, then, in the event that the Rate of Interest in respect of any such Floating Interest Period determined in accordance with the above provisions is less than such minimum Rate of Interest, the Rate of Interest for such Floating Interest Period shall be such minimum Rate of Interest. If the applicable Final Terms specifies a maximum Rate of Interest for any Floating Interest Period, then, in the event that the Rate of Interest in respect of any such Floating Interest Period determined in accordance with the above provisions is greater than such maximum Rate of Interest, the Rate of Interest for such Floating Interest Period shall be the maximum Rate of Interest.

Unless otherwise stated in the applicable Final Terms, the minimum Rate of Interest shall be deemed to be zero.

(l) *Business Day, Interest Determination Date and Relevant Screen Page*

(i) In this Condition, **Business Day** has the meaning given to it in Condition 4.3 (*Day Count Fraction and Business Day Convention*).

(ii) In this Condition, **Interest Determination Date** has the meaning set out in the applicable Final Terms.

(iii) In this Condition, **Relevant Screen Page** has the meaning set out in the applicable Final Terms.

(m) *Determination of Rate of Interest and Calculation of Interest Amount*

The Principal Paying Agent or the Calculation Agent, as applicable, will, as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest and/or calculate the Interest Amount payable on the Floating Rate Covered Bonds for the relevant Floating Interest Period as soon as practicable after calculating the same.

Unless otherwise specified in the applicable Final Terms, the Interest Amount payable on the Floating Rate Covered Bonds for the relevant Floating Interest Period will be calculated by applying the Rate of Interest to:

(i) in the case of Floating Rate Covered Bonds which are (A) represented by a Global Covered Bond or (B) Registered Covered Bonds in definitive form, the aggregate outstanding nominal amount of (I) the Covered Bonds represented by such Global Covered Bonds or (II) such Registered Covered Bonds, in each case, unless "Calculation to be on a Calculation Amount Basis" is specified as being applicable in the applicable Final Terms, in which case the Rate of Interest shall be applied to the Calculation Amount; or

(ii) in the case of Floating Rate Covered Bonds which are Definitive Covered Bonds, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Covered Bond which is:

(A) a Definitive Covered Bond; or

(B) (I) represented by a Global Covered Bond or (II) a Registered Covered Bond in definitive form, where in each case, "Calculation to be on a Calculation Amount Basis" is specified as being applicable in the applicable Final Terms,

is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Bearer Covered Bond or such Global Covered Bond or Registered Covered Bond shall 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.

The determination of the Rate of Interest and calculation of each Interest Amount by the Principal Paying Agent or the Calculation Agent, as applicable, shall (in the absence of manifest error) be final and binding upon all parties.

(n) *Notification of Rate of Interest and Interest Amount*

The Principal Paying Agent or the Calculation Agent, as applicable, will cause the Rate of Interest and the Floating Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified, other than where the Reference Rate is specified in the applicable Final Terms as being "Compounded Daily SONIA", "Compounded Daily SOFR", "Compounded Daily SORA", "Compounded Daily CORRA", "Compounded Daily TONA" or

"€STR", to the Issuer and, in the case of Floating Rate Covered Bonds which are listed on a stock exchange, that stock exchange as soon as possible but in any event not later than the second Business Day after their determination and will cause notice of such information to be given to the holders of the Covered Bonds of this Series in accordance with Condition 12 (*Notices*) not later than the fourth Business Day after their determination and, in the case of Floating Rate Covered Bonds referencing Compounded Daily SONIA, Compounded Daily SOFR, Compounded Daily SORA, Compounded Daily CORRA, Compounded Daily TONA or "€STR", in the case of notice to the Issuer, any stock exchange and in accordance with Condition 12 (*Notices*) as provided above, the Principal Paying Agent or the Calculation Agent, as applicable, will cause such notice to be given as soon as possible after the determination of the relevant Rate of Interest and Interest Amount, and no later than the second London Banking Day (as defined in Condition 4.2(e) above) after their determination. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notification as aforesaid in the event of an extension or shortening of the Floating Interest Period. Any such amendment will be promptly notified to any stock exchange on which the Covered Bonds affected thereby are for the time being listed.

(o) *Notifications, etc. to be final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of these Conditions by the Principal Paying Agent or the Calculation Agent, as applicable, will (in the absence of default, bad faith or manifest error by them or any of their directors, officers, employees or agents) be binding on the Issuer, the Covered Bond Guarantor, the Principal Paying Agent, the Calculation Agent, as applicable, the Paying Agents and all holders of the Covered Bonds of this Series and Coupons relating thereto and (in the absence of any default, bad faith or manifest error as referred to above) no liability to the Issuer or the holders of the Covered Bonds of this Series and Coupons relating thereto shall attach to the Principal Paying Agent or the Calculation Agent, as applicable, in connection with the exercise or non-exercise by them of their powers, duties and discretions under this Condition.

(p) *Linear Interpolation*

Where Linear Interpolation is specified, as applicable, in respect of a Floating Interest Period in the applicable Final Terms, the Rate of Interest for such Floating Interest Period shall be calculated by the Principal Paying Agent or the Calculation Agent, as applicable, by straight line linear interpolation by reference to two rates based on the relevant Reference Rate or the relevant Floating Rate Option, 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 Floating 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 Floating Interest Period, provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Principal Paying Agent or the Calculation Agent, as applicable, shall determine such rate at such time and by reference to such sources as it determines appropriate.

In these Conditions:

Designated Maturity means the period of time designated in the Reference Rate.

4.3 Day Count Fraction and Business Day Convention

(a) *Day Count Fraction*

Day Count Fraction means, unless otherwise specified in the applicable Final Terms:

(i) if "Actual/Actual (ISDA)" is specified in the applicable Final Terms, the actual number of days in, for the purposes of Condition 4.1 (*Interest on Fixed Rate Covered Bonds*),

the Interest Period or, if interest is required to be calculated for a period (the **Relevant Period**) other than a full Interest Period, as the case may be, and, for the purposes of Condition 4.2 (*Interest on Floating Rate Covered Bonds*), the Interest Period, in each case divided by 365 (or, if any portion of the relevant period falls in a leap year, the sum of (A) the actual number of days in that portion of the relevant period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the relevant period falling in a non-leap year divided by 365);

(ii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in, for the purposes of Condition 4.1 (*Interest on Fixed Rate Covered Bonds*), the Interest Period or the Relevant Period, as the case may be, and, for the purposes of Condition 4.2 (*Interest on Floating Rate Covered Bonds*), the Interest Period, in each case divided by 365;

(iii) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in, for the purposes of Condition 4.1 (*Interest on Fixed Rate Covered Bonds*), the Interest Period or the Relevant Period, as the case may be, and, for the purposes of Condition 4.2 (*Interest on Floating Rate Covered Bonds*), the Interest Period, in each case divided by 360;

(iv) if "30/360 (Floating)", "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:

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

where:

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

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

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

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

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

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

(v) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in, for the purposes of Condition 4.1 (*Interest on Fixed Rate Covered Bonds*), the Interest Period or the Relevant Period, as the case may be, and, for the purposes of Condition 4.2 (*Interest on Floating Rate Covered Bonds*), the Interest Period, in each case divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

(vi) 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 Interest Period or the Relevant Period, as the case may be, 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 that would occur in one calendar year assuming interest was to be payable in respect of the whole of that 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 assuming interest was to be payable in respect of the whole of that 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 assuming interest was to be payable in respect of the whole of that year;

Determination Period means the period from (and including) a Determination Date (as specified in the applicable Final Terms) 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); and

(i) if "30/360 (Fixed)" or "30/360, unadjusted" is specified in the applicable Final Terms, the number of days in the Interest Period or the Relevant Period, as the case may be, (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360; or

(ii) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in, for the purposes of Condition 4.1 (*Interest on Fixed Rate Covered Bonds*), the Interest Period or the Relevant Period, as the case may be, and, for the purposes of Condition 4.2 (*Interest on Floating Rate Covered Bonds*), the Interest Period, in each case, divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (A) that day is the last day of February but not the Final Maturity Date or (B) such number would be 31 and D_2 will be 30.

(b) *Business Day Convention*

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(i) in the case where a Specified Period is specified in accordance with Condition 4.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (A) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (2) below shall apply *mutatis mutandis* or (B) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (1) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (2) each subsequent Interest Payment Date shall be the last Business Day of the last month which falls in the Specified Period after the preceding applicable Interest Payment Date occurred; or

(ii) the Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day; or

(iii) the Modified Following Business Day Convention, such Interest Payment Date shall 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 shall be brought forward to the immediately preceding Business Day; or

(iv) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In this Condition:

Business Day means (unless otherwise stated in the applicable Final Terms):

(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 London and, if any Additional Business Centre(s) (other than T2) is specified in the applicable Final Terms, in such Additional Business Centre(s);

(ii) if T2 is specified as an Additional Business Centre in the applicable Final Terms, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System or any successor or replacement for that system (**T2**) is open; and

(iii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Specified Currency or (2) in relation to any sum payable in euro, a day on which T2 is open.

4.4 [**Deliberately Blank]**

4.5 [Deliberately Blank]

4.6 [Deliberately Blank]

4.7 Benchmark Discontinuation

Notwithstanding the provisions in Condition 4.2 (*Interest on Floating Rate Covered Bonds*) above, (in the case of Floating Rate Covered Bonds other than where the Reference Rate is specified in the applicable Final Terms as being Compounded Daily SOFR, Compounded Daily SORA, Compounded Daily CORRA or Compounded Daily TONA, in which case the provisions of this Condition 4.7 (*Benchmark Discontinuation*) shall not apply) if the Issuer (acting in good faith and in a commercially reasonable manner) determines that a Benchmark Event has occurred in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to that Original Reference Rate, then the following provisions of this Condition 4.7 (*Benchmark Discontinuation*) shall apply.

(a) *Successor Rate or Alternative Rate*

If there is a Successor Rate, then the Issuer shall, prior to the date which is five Business Days prior to the relevant Interest Determination Date, notify the Bond Trustee, the Principal Paying Agent or the Calculation Agent, as applicable, and, in accordance with Condition 12 (*Notices*), the Covered Bondholders of such Successor Rate and that Successor Rate shall (subject to adjustment as provided in Condition 4.7(b) (*Adjustment Spread*)) and subject to Condition 4.7(c) (*Benchmark Amendments*) subsequently be used by the Principal Paying Agent or the Calculation Agent, as applicable, in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Covered Bonds (subject to the further operation of this Condition 4.7 (*Benchmark Discontinuation*)).

If there is no Successor Rate but the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines that there is an Alternative Rate, then the Issuer shall, prior to the date which is five Business Days prior to the relevant Interest Determination Date, notify the Bond Trustee, the Principal Paying Agent or the Calculation Agent, as applicable, and, in accordance with Condition 12 (*Notices*), the Covered Bondholders

of such Alternative Rate and that Alternative Rate shall (subject to adjustment as provided in Condition 4.7(b) (*Adjustment Spread*)) subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Covered Bonds (subject to the further operation of this Condition 4.7 (*Benchmark Discontinuation*)).

(b) *Adjustment Spread*

If, in the case of a Successor Rate, an Adjustment Spread is formally recommended, or provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body, then the Issuer shall, prior to the date which is five Business Days prior to the relevant Interest Determination Date, notify the Bond Trustee, the Principal Paying Agent or the Calculation Agent, as applicable, and, in accordance with Condition 12 (*Notices*), the Covered Bondholders of such Adjustment Spread and the Principal Paying Agent or the Calculation Agent, as applicable, shall apply such Adjustment Spread to the Successor Rate for each subsequent determination of a relevant Rate of Interest (or a component part thereof) by reference to such Successor Rate.

If, in the case of a Successor Rate where no such Adjustment Spread is formally recommended or provided as an option by any Relevant Nominating Body, or in the case of an Alternative Rate, the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines that there is an Adjustment Spread in customary market usage in the international debt capital markets for transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be), then the Issuer shall, prior to the date which is five Business Days prior to the relevant Interest Determination Date, notify the Bond Trustee, the Principal Paying Agent or the Calculation Agent, as applicable, and, in accordance with Condition 12 (*Notices*), the Covered Bondholders of such Adjustment Spread and the Principal Paying Agent or the Calculation Agent, as applicable, shall apply such Adjustment Spread to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

If no such recommendation or option has been made (or made available) by any Relevant Nominating Body, or the Issuer so determines that there is no such Adjustment Spread in customary market usage in the international debt capital markets and the Issuer further determines, acting in good faith, in a commercially reasonable manner and following consultation with an Independent Adviser, that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be), then the Adjustment Spread shall be:

(A) the Adjustment Spread determined by the Issuer, acting in good faith, in a commercially reasonable manner and following consultation with an Independent Adviser, as being the Adjustment Spread recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or

(B) if there is no such industry standard recognised or acknowledged, such Adjustment Spread as the Issuer, acting in good faith, in a commercially reasonable manner and following consultation with an Independent Adviser, determines to be appropriate, having regard to the objective, so far as is reasonably practicable in the circumstances, of reducing or eliminating any economic prejudice or benefit (as the case may be) to Covered Bondholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be).

Following any such determination of the Adjustment Spread, the Issuer shall, prior to the date which is five Business Days prior to the relevant Interest Determination Date, notify the Bond

Trustee, the Principal Paying Agent or the Calculation Agent, as applicable, and, in accordance with Condition 12 (*Notices*), the Covered Bondholders of such Adjustment Spread and the Principal Paying Agent or the Calculation Agent, as applicable, shall apply such Adjustment Spread to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

(c) *Benchmark Amendments*

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 4.7 (*Benchmark Discontinuation*) and the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines in its discretion (A) that amendments to these Conditions and/or the Bond Trust Deed and/or the Principal Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the **Benchmark Amendments**) and (B) the terms of the Benchmark Amendments, then following receipt of the notice referred to later in this Condition 4.7(c) (*Benchmark Amendments*), the Bond Trustee, the Principal Paying Agent or the Calculation Agent, as applicable, and each Agent party to the Principal Agency Agreement shall concur with the Issuer and the Covered Bond Guarantor, and/or (in the case of the Bond Trustee) direct the Security Trustee to concur with the Issuer and the Covered Bond Guarantor, without any requirement for the consent or approval of Covered Bondholders, in effecting any necessary modifications to these Conditions and/or the Bond Trust Deed and/or the Principal Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice, regardless of whether or not the effecting of such Benchmark Amendments constitutes a Series Reserved Matter.

In connection with any such modifications in accordance with this Condition 4.7(c) (*Benchmark Amendments*), if and for so long as the Covered Bonds are admitted to trading and listed on the official list of a stock exchange, the Issuer shall comply with the rules of that stock exchange.

Notwithstanding any other provision of this Condition 4.7(c) (*Benchmark Amendments*), neither the Bond Trustee nor the Principal Paying Agent or the Calculation Agent (as applicable) shall be obliged to concur with the Issuer and the Covered Bond Guarantor, and/or (in the case of the Bond Trustee) direct the Security Trustee to concur with the Issuer and the Covered Bond Guarantor in respect of any Benchmark Amendments which, in the sole opinion of the Bond Trustee or the Principal Paying Agent or the Calculation Agent (as applicable), would have the effect of (i) exposing the Bond Trustee or the Principal Paying Agent or the Calculation Agent (as applicable) to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protections, of the Bond Trustee or the Principal Paying Agent or the Calculation Agent (as applicable) in the Bond Trust Deed, the Principal Agency Agreement and/or these Conditions.

Notwithstanding any other provision of this Condition 4 (*Interest*), if in the Principal Paying Agent's or Calculation Agent's opinion, as applicable, there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 4 (*Interest*), the Principal Paying Agent or Calculation Agent, as applicable, shall promptly notify the Issuer thereof and the Issuer shall direct the Principal Paying Agent or Calculation Agent, as applicable, in writing as to which alternative course of action to adopt. If the Principal Paying Agent or Calculation Agent, as applicable, is not promptly provided with such direction, or is otherwise unable to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Principal Paying Agent or Calculation Agent, as applicable, shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so.

Any Benchmark Amendments determined under this Condition 4.7(c) (*Benchmark Amendments*) shall be notified promptly by the Issuer to the Covered Bond Guarantor, the Bond Trustee, the Principal Paying Agent or the Calculation Agent (as applicable) and each Agent party to the Principal Agency Agreement and, in accordance with Condition 12 (*Notices*), the

Covered Bondholders. Such notice shall be irrevocable and shall specify the effective date of such Benchmark Amendments.

No later than notifying the Bond Trustee and the Principal Paying Agent or the Calculation Agent (as applicable) of the same, the Issuer shall deliver to each of the Bond Trustee and the Principal Paying Agent or the Calculation Agent (as applicable) a certificate (on which each of the Bond Trustee and the Principal Paying Agent or the Calculation Agent (as applicable) shall be entitled to rely without further enquiry or liability) signed by an authorised signatory of the Issuer:

(A) confirming (I) that a Benchmark Event has occurred, (II) whether the Issuer has consulted with an Independent Adviser, (III) the Successor Rate or, as applicable, the Alternative Rate, (IV) where applicable, any Adjustment Spread and/or (V) the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 4.7 (*Benchmark Discontinuation*); and

(B) certifying that the Benchmark Amendments (I) are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread and (II) in each case, have been drafted solely to such effect.

(d) *Independent Adviser*

In the event the Issuer is to consult with an Independent Adviser in connection with any determination to be made by the Issuer pursuant to this Condition 4.7 (*Benchmark Discontinuation*), the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, for the purposes of any such consultation.

An Independent Adviser appointed pursuant to this Condition 4.7 (*Benchmark Discontinuation*) shall act in good faith and in a commercially reasonable manner, and (in the absence of fraud or wilful default) shall have no liability whatsoever to the Issuer, the Bond Trustee or the Covered Bondholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 4.7 (*Benchmark Discontinuation*) or otherwise in connection with the Covered Bonds.

If the Issuer consults with an Independent Adviser as to whether there is an Alternative Rate and/or any Adjustment Spread is required to be applied and/or in relation to the quantum of, or any formula or methodology for determining such Adjustment Spread and/or whether any Benchmark Amendments are necessary and/or in relation to the terms of any such Benchmark Amendments, a written determination of an Independent Adviser in respect thereof shall be conclusive and binding on all parties, save in the case of manifest error, and (in the absence of fraud or wilful default) the Issuer shall have no liability whatsoever to the Covered Bondholders in respect of anything done, or omitted to be done, in relation to that matter in accordance with any such written determination.

No Independent Adviser appointed in connection with the Covered Bonds (acting in such capacity), shall have any relationship of agency or trust with the Covered Bondholders.

(e) *Survival of Original Reference Rate Provisions*

Without prejudice to the obligations of the Issuer under this Condition 4.7 (*Benchmark Discontinuation*), the Original Reference Rate and the fall-back provisions provided for in Condition 4.2 (*Interest on Floating Rate Covered Bonds*), the Principal Agency Agreement and the applicable Final Terms, as the case may be, will continue to apply unless and until the Issuer has determined the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with the relevant provisions of this Condition 4.7 (*Benchmark Discontinuation*).

(f) *Notifications, etc. to be final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4.7 by the Issuer will (in the absence of default, bad faith or manifest error by them or any of their directors, officers, employees or agents) be binding on the Issuer, the Covered Bond Guarantor, the Bond Trustee, the Principal Paying Agent, the Calculation Agent, the Paying Agents and all holders of the Covered Bonds of this Series and Coupons relating thereto and (in the absence of any default, bad faith or manifest error as referred to above) no liability to the Bond Trustee and the Principal Paying Agent or the holders of the Covered Bonds of this Series and Coupons relating thereto shall attach to the Issuer in connection with the exercise or non-exercise by them of their powers, duties and discretions under this Condition 4.7.

(g) *Definitions*

In this Condition 4.7 (*Benchmark Discontinuation*):

Adjustment Spread means either a spread, or the formula or methodology for calculating a spread and the spread resulting from such calculation, which spread may in either case be positive or negative and is to be applied to the Successor Rate or the Alternative Rate (as the case may be) where the Original Reference Rate is replaced with the Successor Rate or the Alternative Rate (as the case may be);

Alternative Rate means an alternative benchmark or screen rate which the Issuer determines in accordance with this Condition 4.7 (*Benchmark Discontinuation*) is used in place of the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for a commensurate interest period and in the same Specified Currency as the Covered Bonds and is an alternative benchmark or screen rate which the Principal Paying Agent has access to;

Benchmark Event means the earliest to occur of:

(i) the Original Reference Rate ceasing to be published for at least five Business Days or ceasing to exist or be administered;

(ii) the later of (A) the making of a public statement by the administrator of the Original Reference Rate that it will, by a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and (B) the date falling six months prior to such specified date;

(iii) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued, is prohibited from being used or is no longer representative, or that its use is subject to restrictions or adverse consequences or, where such discontinuation, prohibition, restrictions or adverse consequences are to apply from a specified date after the making of any public statement to such effect, the later of the date of the making of such public statement and the date falling six months prior to such specified date; and

(iv) it has or will prior to the next Interest Determination Date become unlawful for the Calculation Agent, any Paying Agent or the Issuer to determine any Rate of Interest and/or calculate any Interest Amount using the Original Reference Rate (including, without limitation, under (A) Regulation (EU) No. 2016/1011 and/or (B) Regulation (EU) No. 2016/1011 as it forms part of domestic law in the UK by virtue of the European Union (Withdrawal) Act 2018, if applicable);

Independent Adviser means an independent financial institution of international repute or other independent adviser of recognised standing with appropriate expertise appointed by the Issuer at its own expense;

Original Reference Rate means the benchmark or screen rate (as applicable) originally specified in the applicable Final Terms for the purposes of determining the relevant Rate of Interest (or any component part thereof) in respect of the Covered Bonds (provided that if, following one or more Benchmark Events, such originally specified Reference Rate (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate and a Benchmark Event subsequently occurs in respect of such Successor Rate or Alternative Rate, the term **Original Reference Rate** shall include any such Successor Rate or Alternative Rate);

Relevant Nominating Body means, in respect of a benchmark or screen rate (as applicable):

(i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (B) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (C) a group of the aforementioned central banks or other supervisory authorities, or (D) the Financial Stability Board or any part thereof; and

Successor Rate means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

5. REDEMPTION AND PURCHASE

5.1 Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, each Covered Bond of this Series will be redeemed at its 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 (*Events of Default and Enforcement*), if an Extended Due for Payment Date is specified as applicable in the Final Terms for a Series of Covered Bonds and the Issuer has failed to pay the Final Redemption Amount on the Final Maturity Date specified in the Final Terms (or after expiry of the grace period set out in Condition 9.1(a) (*Issuer Events of Default*) 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 has insufficient monies available under the Guarantee Priority of Payments to pay the Guaranteed Amounts corresponding to the Final Redemption Amount in full in respect of the relevant Series of Covered Bonds on the date falling on the earlier of (a) the date which falls two Business Days after service of 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 9.2(a) (*Covered Bond Guarantor Events of Default*)) under the terms of the Covered Bond Guarantee and (b) the Extension Determination Date, then (subject as provided below) payment of the unpaid amount by the Covered Bond Guarantor under the Covered Bond Guarantee shall be deferred until the Extended Due for Payment Date, provided that the Covered Bond Guarantor may pay any amount representing the Final Redemption Amount on the relevant Final Maturity Date and any amount representing the Final Redemption Amount due and remaining unpaid on the earlier of (a) and (b) above may also be paid by the Covered Bond Guarantor on any Interest Payment Date thereafter up to (and including) the Extended Due for Payment Date. The Issuer shall confirm to the Principal Paying Agent as soon as reasonably practicable, and in any event at least four Business Days prior to the Final Maturity Date of a Series of Covered Bonds, whether (x) payment will be made in full of the Final Redemption Amount in respect of a Series of Covered Bonds on that Final Maturity Date or (y) payment will not be made in full of the Final Redemption Amount in respect of a Series of Covered Bonds on that Final

Maturity Date. Any failure by the Issuer to notify the Principal Paying Agent shall not affect the validity or effectiveness of the extension.

The Covered Bond Guarantor shall notify the relevant Covered Bondholders (in accordance with Condition 12 (*Notices*)), the Rating Agencies, the Bond Trustee, the Security Trustee, the Principal Paying Agent and the Registrar (in the case of Registered Covered Bonds) as soon as reasonably practicable and in any event at least one Business Day prior to the dates specified in (a) and (b) of the preceding paragraph of any inability of the Covered Bond Guarantor to pay in full the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of a Series of Covered Bonds pursuant to the Covered Bond Guarantee. Any failure by the Covered Bond Guarantor to notify such parties shall not affect the validity or effectiveness of the extension nor give rise to any rights in any such party. In such circumstances, the Covered Bond Guarantor shall on the earlier of (a) the date falling two Business Days after the service of a Notice to Pay on the Covered Bond Guarantor or if later the Final Maturity Date (or, in each case, after the expiry of the grace period set out in Condition 9.2(a) (*Covered Bond Guarantor Events of Default*)) and (b) the Extension Determination Date, under the Covered Bond Guarantee, apply the monies (if any) available (after paying or providing for payment of higher ranking or *pari passu* amounts in accordance with the Guarantee Priority of Payments) *pro rata* in part payment of an amount equal to the Final Redemption Amount of each Covered Bond of the relevant Series of Covered Bonds and shall pay Guaranteed Amounts constituting the Scheduled Interest in respect of each such Covered Bond on such date. The obligation of the Covered Bond Guarantor to pay any amounts in respect of the balance of the Final Redemption Amount not so paid shall be deferred as described above. Such failure to pay by the Covered Bond Guarantor shall not constitute a Covered Bond Guarantor Event of Default.

Any discharge of the obligations of the Issuer as the result of the payment of Excess Proceeds to the Bond Trustee shall 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 5.1 (*Final Redemption*).

For the purposes of these Conditions:

Extended Due for Payment Date means, in relation to any Series of Covered Bonds, the date, if any, specified as such in the applicable Final Terms to which the payment of all or (as applicable) part of the Final Redemption Amount payable on the Final Maturity Date will be deferred in the event that the Final Redemption Amount is not paid in full on the Extension Determination Date.

Extension Determination Date means, in respect of a Series of Covered Bonds to which an Extended Due for Payment Date applies, the date falling two Business Days after the expiry of fourteen days starting on (and including) the Final Maturity Date of such Series of Covered Bonds.

Guarantee Priority of Payments means the guarantee priority of payments relating to the allocation and distribution of all Available Revenue Receipts and Available Principal Receipts following service of a Notice to Pay on the Covered Bond Guarantor, but prior to service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor, as set out in clause 12.5 of the Establishment Deed.

Rating Agency means any one of Moody's Investors Service Pty Limited and Fitch Australia Pty Ltd (together, the **Rating Agencies**) or their successors, to the extent they provide ratings in respect of the Covered Bonds.

5.2 Redemption for Tax Reasons

The Covered Bonds of this Series may be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of Fixed Rate Covered Bonds) or on any Interest Payment Date (in the case of Floating Rate Covered Bonds), on giving not less than 30 nor more than 60 days' notice in accordance with Condition 12 (*Notices*) which notice shall be irrevocable), at the Early Redemption Amount provided in, or calculated in accordance with, Condition 5.8 (*Early Redemption Amounts*), together with (if provided in such paragraphs) interest accrued up to, but excluding, the date fixed for redemption, if (a) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) or (b) the rate of approved issuer levy exceeds the rate of the levy chargeable as

at the date the Issuer originally issued the Covered Bonds or incurs any other cost in excess of that applicable under New Zealand law at the date of issue of the Covered Bonds, in each case as a result of any change in, or amendment to, the laws or regulations of New Zealand or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including the manner of exercising any official discretion thereunder), which change or amendment becomes known generally or to the Issuer on or after the Issue Date (or, in the case of a second or subsequent Tranche of Covered Bonds of this Series, the Issue Date for the original Tranche) provided that no such notice of redemption shall be given in respect of the Covered Bonds of this Series earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts and, for the purpose only of determining the earliest date on which such notice may be given, it shall be deemed that a payment, in respect of which the Issuer would be obliged to pay such additional amounts, is due in respect of the Covered Bonds of this Series on the day on which any such change or amendment becomes effective.

5.3 Redemption at the Option of the Issuer (Issuer Call)

If Issuer Call is specified in the applicable Final Terms, the Issuer may, on any Optional Redemption Date specified in the applicable Final Terms, at its option, on giving not less than five Business Days' notice or such other notice period specified in the applicable Final Terms to the Bond Trustee, (in the case of Registered Covered Bonds) the Registrar and Covered Bondholders of a relevant Series, which in the case of Covered Bonds that clear through DTC should be not less than 30 nor more than 60 days, (which notice shall be irrevocable) in accordance with Condition 12 (*Notices*), redeem all or from time to time some only of the Covered Bonds then outstanding on the relevant Optional Redemption Date and at the Optional Redemption Amount specified in the applicable Final Terms together, if applicable, with (in the case of Fixed Rate Covered Bonds) interest accrued to, but excluding, the relevant Optional Redemption Date. In the event of a redemption of some only of such Covered Bonds, such redemption must be for an amount being equal to the Minimum Redemption Amount or a Higher Redemption Amount (if any) 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 individually by lot (without involving any part only of a Bearer Covered Bond), in the case of Redeemed Covered Bonds represented by Definitive Covered Bonds, and in accordance with the rules of DTC, 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), not less than 40 days prior to the date fixed for redemption. Each notice of redemption will specify the date fixed for redemption and, in the case of a partial redemption, the aggregate nominal amount, and, where some or all of the Redeemed Covered Bonds are represented by Definitive Covered Bonds, the serial numbers of the Redeemed Covered Bonds and, in each case, the aggregate nominal amount of the Covered Bonds of this Series which will be outstanding after the partial redemption. In addition, in the case of a partial redemption of a Series of Covered Bonds which includes Registered Covered Bonds, the Issuer will publish an additional notice of redemption not less than 80 nor more than 95 days before the date fixed for redemption which notice will specify the period during which exchanges or transfers of Covered Bonds may not be made as provided for in Condition 2 (*Transfer*).

5.4 Redemption at the Option of the Covered Bondholders (Investor Put)

If Investor Put is specified in the applicable Final Terms, upon any Covered Bondholder giving to the Issuer in accordance with Condition 12 (*Notices*) not less than 30 nor more than 60 days' notice (the **notice period**) as specified in the applicable Final Terms, the Issuer will, upon the expiry of such notice redeem in whole (but not in part) the Covered Bonds, the subject of the notice on the Optional Redemption Date and at the Optional Redemption Amount indicated in the applicable Final Terms together with (in the case of Fixed Rate Covered Bonds) interest accrued up to, but excluding, the Optional Redemption Date.

To exercise the right to require redemption of this Covered Bond, the holder of this Covered Bond must, if this Covered Bond is in Definitive form, deliver, at the specified office of any Paying Agent (in the case of Covered Bonds in bearer form) or the Registrar (in the case of Covered Bonds in registered form) on any business day (as defined in Condition 6.7 (*Payments due on non-business days*)), falling within the notice period a duly signed and completed notice of exercise in the form (for the time being current)

obtainable from any specified office of any Paying Agent or from the Registrar (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 5.4 (*Redemption at the Option of the Covered Bondholders (Investor Put)*). If this Covered Bond is in Definitive form, the Put Notice must be accompanied by this Covered Bond or evidence satisfactory to the Paying Agent concerned that this Covered Bond will, following delivery of the Put Notice, be held to its order or under its control.

If the Covered Bond is represented by a Global Covered Bond held through Euroclear, Clearstream, Luxembourg or DTC, to exercise the right to require redemption of the Covered Bond, the holder of the 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, Clearstream, Luxembourg or DTC, (which may include notice being given on his instruction by Euroclear, Clearstream, Luxembourg or DTC, or any common depository, for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear, Clearstream, Luxembourg or DTC from time to time and, if the Covered Bond is represented by a Bearer Global Covered Bond, at the same time present or procure the presentation of the relevant Bearer Global Covered Bond to the Principal Paying Agent for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg or DTC, by a holder of any Covered Bond pursuant to this Condition 5.4 (*Redemption at the Option of the Covered Bondholders (Investor Put)*) shall 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 (*Events of Default and Enforcement*), in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 5.4 (*Redemption at the Option of the Covered Bondholders (Investor Put)*) and instead request or direct the Bond Trustee to declare such Covered Bond forthwith due and payable pursuant to Condition 9 (*Events of Default and Enforcement*).

5.5 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 to the Bond Trustee, the Principal Paying Agent, the Registrar and, in accordance with Condition 12 (*Notices*), all the Covered Bondholders (which notice shall 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 Loan Provider and/or Demand Loan Provider to make, fund or allow to remain outstanding any Term Advance or the Demand Loan (or, in either case, any part thereof) made by the Intercompany Loan Provider or the Demand Loan Provider, as the case may be, to the Covered Bond Guarantor pursuant to the Intercompany Loan Agreement or the Demand Loan 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 5.5 (*Redemption due to Illegality*) will be redeemed at their Early Redemption Amount referred to in Condition 5.8 (*Early Redemption Amounts*) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

Prior to the publication of any notice of redemption pursuant to Condition 5.2 (*Redemption for Tax Reasons*) and Condition 5.5 (*Redemption due to Illegality*), the Issuer shall deliver to the Bond Trustee a certificate signed by either a Director, authorised representative, attorney or authorised signatory 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 to redeem have occurred and the Bond Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of such conditions precedent, in which event it shall be conclusive and binding on all holders of the Covered Bonds and Couponholders.

5.6 Final Terms

The applicable Final Terms indicates that either (a) this Covered Bond cannot be redeemed prior to its Final Maturity Date except as provided in Condition 5.2 (*Redemption for Tax Reasons*) above or (b) that

this Covered Bond will be redeemable at the option of the Issuer and/or the holder of this Covered Bond prior to such Final Maturity Date in accordance with the provisions of Conditions 5.3 (*Redemption at the Option of the Issuer (Issuer Call)*) and/or 5.4 (*Redemption at the Option of the Covered Bondholders (Investor Put)*) on an Optional Redemption Date and at an Optional Redemption Amount and in any Minimum Redemption Amount or Higher Redemption Amount indicated therein.

5.7 [Deliberately Blank]

5.8 Early Redemption Amounts

For the purposes of Condition 5.2 (*Redemption for Tax Reasons*) or Condition 5.5 (*Redemption due to Illegality*) above and Condition 9 (*Events of Default and Enforcement*), unless otherwise indicated in the applicable Final Terms, Covered Bonds will be redeemed at their Early Redemption Amount, being, in the case of Fixed Rate Covered Bonds or Floating Rate Covered Bonds, the Final Redemption Amount in the relevant Specified Currency together with, in the case of Fixed Rate Covered Bonds redeemed pursuant to Condition 5.2 (*Redemption for Tax Reasons*) or Condition 5.5 (*Redemption due to Illegality*) above, and in the case of Floating Rate Covered Bonds redeemed pursuant to Condition 5.5 (*Redemption due to Illegality*) above, interest accrued to, but excluding, the date fixed for redemption.

5.9 [Deliberately Blank]

5.10 Purchase and Cancellation

The Issuer or any of their respective subsidiaries or the Covered Bond Guarantor may (subject as provided below) at any time purchase or otherwise acquire Covered Bonds of this Series (provided that, in the case of Bearer Definitive Covered Bonds, all unmatured Coupons and Talons appertaining to such Covered Bonds are attached thereto or surrendered therewith) in any manner and at any price. 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, at the option of the Issuer or the relevant subsidiary, surrendered to the Registrar and/or to any Paying Agent for cancellation (except that any Covered Bonds purchased or otherwise acquired by the Covered Bond Guarantor must immediately be surrendered to the Registrar and/or to any Paying Agent for cancellation).

6. PAYMENTS AND EXCHANGE OF TALONS

6.1 Payments in respect of Bearer Definitive Covered Bonds

(a) Payments of principal and interest (if any) in respect of Bearer Definitive Covered Bonds (if issued) will (subject as provided below) be made against surrender (or, in the case of part payment only, presentation and endorsement) of Bearer Definitive Covered Bonds or Coupons (which expression, in this Condition and Condition 8 (*Prescription*), shall not include Talons), as the case may be, at any specified office of any Paying Agent.

(b) Except as otherwise provided in Condition 6.4 (*Payments of interest in U.S. dollars in respect of Bearer Covered Bonds*) below, all payments of principal and interest with respect to Bearer Definitive Covered Bonds will be made outside the United States. Payments in any currency other than euro in respect of Bearer Definitive Covered Bonds will (subject as provided below) be made by transfer to an account (in the case of payment in Yen to a non-resident of Japan, a non-resident account) in the Specified Currency maintained by the payee with a bank in the principal financial centre of the country of the Specified Currency, provided that if at any time such payments cannot be so made, then payments will be made in such other manner as the Issuer may determine and notify in accordance with Condition 12 (*Notices*).

6.2 Payments in respect of Registered Covered Bonds

Payments of principal in respect of Registered Covered Bonds (whether or not in Global form) will (subject as provided in this Condition) be made against presentation and surrender of such Registered Covered Bonds at the specified office of the Registrar by a cheque in the Specified Currency drawn on a bank in the principal financial centre of the country of the Specified Currency. Payments of interest in

respect of Registered Covered Bonds will (subject as provided in this Condition) be made by a cheque in the Specified Currency drawn on a bank in the principal financial centre of the country of the Specified Currency and posted on the business day in the city in which the Registrar has its specified office immediately preceding the relevant due date to the holder (or to the first named of joint holders) of the Registered Covered Bond appearing on the register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date and (ii) where in definitive form, at the close of business on the 15th day (whether or not such 15th day is a business day) before the relevant due date (the **Record Date**) at their address shown on the register on the Record Date. Upon application of the holder to the specified office of the Registrar not less than three business days in the city in which the Registrar has its specified office before the due date for any payment in respect of a Registered Covered Bond, the payment of principal and/or interest may be made (in the case of payment of principal against presentation and surrender of the relevant Registered Covered Bond as provided above) by transfer on the due date to an account in the Specified Currency maintained by the payee with a bank in the principal financial centre of the country of the Specified Currency, subject to the provisions of the following two sentences. If the Specified Currency is Yen, payment will be made (in the case of payment to a non-resident of Japan) by cheque drawn on, or by transfer to a non-resident account. If the Specified Currency is euro, payment will be made to a euro account specified by the payee.

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 shall be charged to such Covered Bondholders by the Registrar in respect of any payment of principal or interest in respect of the Registered Covered Bonds.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Covered Bond in respect of Covered Bonds denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Registrar (i) to an account specified in accordance with Condition 6.1(b) (*Payments in respect of Bearer Definitive Covered Bonds*) identified to DTC by a participant in DTC in respect of its holding of such Covered Bonds, or (ii) to an account in the relevant Specified Currency of the Exchange Agent for conversion into and payment in U.S. dollars in accordance with the provisions of the Principal Agency Agreement.

None of the Issuer, the Bond Trustee, the Covered Bond Guarantor 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.

6.3 Payments in respect of Bearer Global Covered Bonds

(a) Payments of principal and interest (if any) in respect of Bearer Global Covered Bonds will (subject as provided below) be made in the manner specified in the Bearer Global Covered Bond against presentation and endorsement or surrender, as the case may be, of such Bearer Global Covered Bond at the specified office of any Paying Agent. A record of each payment made on such Bearer Global Covered Bond, distinguishing between any payment of principal and interest, will be made on such Bearer Global Covered Bond by the Paying Agent to which such Bearer Global Covered Bond is presented for the purpose of making such payment, and such record shall (save in the case of manifest error) be conclusive evidence that the payment in question has been made.

(b) The holder of a Bearer Global Covered Bond (or, as provided in the Bond Trust Deed, the Bond Trustee) shall be the only person entitled to receive payments in respect of Covered Bonds represented by such Bearer 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 Bearer Global Covered Bond (or the Bond Trustee as the case may be) in respect of each amount so paid. Each of the persons shown in the records of DTC, Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of Covered Bonds must look solely to DTC, Euroclear or Clearstream, Luxembourg, as the case may be, for their share of each payment so made by the Issuer, or, as the case may be, the Covered Bond Guarantor to, or to

the order of, the holder of the relevant Bearer Global Covered Bond (or as provided in the Bond Trust Deed, the Bond Trustee). No person other than the holder of a Bearer Global Covered Bond (or, as provided in the Bond Trust Deed, the Bond Trustee) shall have any claim against the Issuer, or, as the case may be, the Covered Bond Guarantor in respect of any payments due on that Bearer Global Covered Bond.

6.4 Payments of interest in U.S. dollars in respect of Bearer Covered Bonds

Notwithstanding the foregoing, payments of interest in U.S. dollars in respect of Bearer Covered Bonds will only be made at the specified office of any Paying Agent in the United States (which expression, as used herein, means the United States of America (including the States and District of Columbia and its possessions)) (a) if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment 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 interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) such payment is then permitted under United States law and (b) at the option of the relevant holder if such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

6.5 Payments subject to applicable laws

Payments in respect of the Covered Bonds will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in any jurisdiction but without prejudice to the provisions of Condition 7 (*Taxation*) and (ii) 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 (collectively referred to as **FATCA**), and any such amounts withheld or deducted will be treated as paid for all purposes under the Covered Bonds, and no additional amounts will be paid on the Covered Bonds with respect to any such withholding or deduction.

6.6 Unmatured Coupons and Talons

(a) Fixed Rate Covered Bonds which are Bearer Definitive Covered Bonds (other than Long Maturity Covered Bonds (as defined in paragraph (b))) should be presented for redemption together with all unmatured Coupons (which expression shall include Coupons falling to be issued on exchange of Talons which will have matured on or before the relevant redemption date) appertaining thereto, failing which, the amounts of any missing unmatured Coupons (or, in the case of payment of principal not being made in full, that proportion of the aggregate amount of such missing unmatured Coupons that the sum of principal so paid bears to the total principal amount due) will be deducted from the sum due for payment. Any amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupons at any time in the period expiring ten years after the Relevant Date (as defined in Condition 7 (*Taxation*)) for the payment of such principal, whether or not such Coupon would otherwise have become void pursuant to Condition 8 (*Prescription*) or, if later, five years from the due date for payment of such Coupon. Upon any Fixed Rate Covered Bond which is a Bearer Definitive Covered Bond becoming due and repayable prior to its Final Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons in respect of any such Talons will be made or issued, as the case may be.

(b) Upon the due date for redemption of any Floating Rate Covered Bond or Long Maturity Covered Bond which is a Bearer Definitive Covered Bond, any unmatured Coupons or Talons relating to such Covered Bond (whether or not attached) shall become void and no payment or exchange, as the case may be, shall be made in respect of them. Where any such Covered Bond is presented for redemption without all unmatured Coupons or Talons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require. 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 shall cease to be a Long Maturity Covered Bond on the Fixed Interest Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Covered Bond.

6.7 Payments due on non-business days

If any date for payment of principal, interest or any other payment in respect of any Bearer Covered Bond or Coupon is not a business day, then the holder thereof shall not be entitled to payment at the place of presentation of the amount due until either (A) if the Business Day Convention is specified as Following Business Day Convention in the applicable Final Terms, the next following business day or (B) if the Business Day Convention is specified as Modified Following Business Day Convention in the applicable Final Terms, the next day which is a business day unless it would thereby fall into the next calendar month in which event the holder shall be entitled to such payment at the place of presentation on the immediately preceding business day (in each case, unless otherwise specified in the applicable Final Terms) and shall not be entitled to any interest or other sum in respect of any such postponed payment. If any date for payment of principal, interest or any other amount in respect of any Registered Covered Bond is not a business day, then the holder thereof shall not be entitled to payment, in the case of principal, at the place of presentation or, in the case of interest or any other amount, by transfer to an account specified by the holder until either (x) if Following Business Day Convention is specified in the applicable Final Terms, the next following business day or (y) if Modified Following Business Day Convention is specified in the applicable Final Terms, the next day which is a business day unless it would thereby fall into the next calendar month, in which event the holder shall be entitled to payment at the place of presentation or to such account as applicable on the immediately preceding business day (in each case, unless otherwise specified in the applicable Final Terms) and shall not be entitled to any interest or other sum in respect of any such postponed payment. In this Condition, **business day** means, subject as provided in the applicable Final Terms:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

(i) in the case of Definitive Covered Bonds only, the relevant place of presentation;

(ii) any Additional Financial Centre (other than T2) specified in the applicable Final Terms; and

(iii) if T2 is specified as an Additional Financial Centre in the applicable Final Terms, a day on which T2 is open;

(b) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency or (2) in relation to any sum payable in euro, a day on which T2 is open; and

(c) in the case of any payment in respect of a Registered Global Covered Bond denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Covered Bond) has elected to receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

6.8 Payment of accrued interest

If the due date for redemption of any interest bearing Covered Bond which is a Bearer Definitive Covered Bond is not a due date for the payment of interest relating thereto, interest accrued in respect of such Covered Bond from, and including, the last preceding due date for the payment of interest (or, if none, from the Interest Commencement Date) will be paid only against surrender (or, in the case of part payment, presentation and endorsement) of such Covered Bond.

6.9 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 Paying Agent in Luxembourg (or any other Paying Agent notified by the Issuer to the Covered Bondholders in accordance with Condition 12 (*Notices*) for the purposes of this Condition) 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 Covered Bond which is a Bearer Definitive Covered Bond to which it appertains) a further Talon, subject to the provisions of Condition 8 (*Prescription*). Each Talon shall, for the purposes of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the Coupon sheet in which that Talon was included on issue matures.

6.10 Interpretation of principal and interest

Any reference in these Conditions to principal in respect of the Covered Bonds shall be deemed to include, as applicable:

(a) any additional amounts which may be payable with respect to principal under Condition 7 (*Taxation*) or under any undertakings or covenants given in addition thereto, or in substitution therefor, pursuant to the Bond Trust Deed;

(b) the Final Redemption Amount of the Covered Bonds;

(c) the Early Redemption Amount of the Covered Bonds;

(d) the Optional Redemption Amount(s) (if any) of the Covered Bonds;

(e) any premium and any other amounts (other than interest) which may be payable under or in respect of the Covered Bonds; and

(f) 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 shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7 (*Taxation*) or under any undertakings given in addition thereto, or in substitution therefor, pursuant to the Bond Trust Deed.

7. TAXATION

All payments of, or in respect of, principal and interest on the Covered Bonds of this Series 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 New Zealand or any political sub-division thereof or any authority thereof or therein having power to tax unless such taxes, duties, assessments or governmental charges are required by law to be withheld or deducted. In that event, the Issuer will pay such additional amounts of, or in respect of, principal and/or interest as will result (after deduction of the taxes, duties, assessments or governmental charges) in payment to the holders of the Covered Bonds of this Series and/or the Coupons relating thereto of the amounts which would otherwise have been payable in respect of the Covered Bonds of this Series or, as the case may be, Coupons relating thereto, except that no such additional amounts shall be payable with respect to any Covered Bond of this Series or Coupon relating thereto presented for payment:

(a) [Deliberately Blank];

(b) by or on behalf of a holder or beneficial owner who is subject to such taxes, duties, assessments or governmental charges in respect of such Covered Bond or Coupon by reason of such holder or beneficial owner being connected with New Zealand other than by reason only of the holding or beneficial ownership of the Covered Bond or Coupon or the receipt of payment thereon;

(c) with respect to any withholding or deduction for or on account of New Zealand resident withholding tax

(d) with respect to any withholding or deduction for or on account of New Zealand non-resident withholding tax imposed at a resident withholding tax rate as a consequence of a holder or beneficial owner deriving interest under such Covered Bond or Coupon jointly with one or more other persons at least one of which is a resident of New Zealand for income tax purposes;

(e) by or on behalf of a holder or beneficial owner if such withholding or deduction may be avoided (and has not been so avoided) by complying with any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to any authority of or in New Zealand, unless such holder or beneficial owner proves that they are not entitled so to comply or to make such declaration or claim;

(f) by or on behalf of a holder or beneficial owner who is an associated person of the Issuer (as that term is defined in the Tax Act), or a person who otherwise holds or beneficially owns the Covered Bonds as a "related-party debt" as that term is defined in the Tax Act; or

(g) more than 30 days after the Relevant Date, except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on the last day of such period of 30 days.

For the avoidance of doubt, in no event will the Issuer, the Paying Agent or any other person 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 FATCA.

The **Relevant Date** in relation to any Covered Bond or Coupon of this Series means whichever is the later of:

(a) the date on which payment in respect of such Covered Bond or Coupon first becomes due and payable; or

(b) if the full amount of the moneys payable in respect of such Covered Bond or Coupon has not been duly received by the Principal Paying Agent on or prior to such date, the date on which notice is duly given to the Covered Bondholders of this Series in accordance with Condition 12 (*Notices*) that such moneys have been so received.

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 New Zealand or by any other authority having power to tax, the Covered Bond Guarantor:

(a) will not be obliged to pay any additional amount as a consequence; and

(b) for the avoidance of doubt will not be required to pay any amount of approved issuer levy in respect of such payments unless required by law.

If the Covered Bond Guarantor is required by law to pay any amount of approved issuer levy in respect of any payments made by it under the Covered Bond Guarantee, it may deduct from such payments an amount equal to the amount of approved issuer levy payable and will not be obliged to pay any additional amount as a consequence.

References in these Conditions to principal and interest shall be deemed also to refer (as appropriate) (i) to any additional amounts which may be payable under this Condition 7 (*Taxation*) and (ii) to any premium which may be payable in respect of the Covered Bonds.

Where used in the remaining provisions of this Condition, **Interest** means interest (as defined under New Zealand taxation legislation) for withholding tax purposes, which under current legislation includes the excess of the redemption amount over the issue price of any Covered Bond as well as coupon interest

paid on such Covered Bond. The Issuer is, and the Covered Bond Guarantor (where applicable) may be, required by law to deduct New Zealand resident withholding tax from the payment of interest to a Covered Bondholder or Couponholder, if:

(i) the Covered Bondholder or Couponholder or beneficial owner of any such Covered Bond or Coupon, as the case may be, is a Tax Resident of New Zealand for income tax purposes or is otherwise subject to the New Zealand resident withholding tax rules (a **New Zealand Covered Bondholder**); and

(ii) at the time of such payment, the New Zealand Covered Bondholder has not provided evidence they have "RWT-exempt status" (as defined in the Tax Act) in respect of resident withholding tax.

Prior to any date on which interest is payable or the Final Maturity Date, any New Zealand Covered Bondholder:

(i) must notify the Issuer or the Covered Bond Guarantor, (A) that the New Zealand Covered Bondholder is the holder or beneficial owner of a Covered Bond or Coupon and (B) whether it beneficially derives interest under a Covered Bond or Coupon jointly with any other person; and

(ii) must notify the Issuer or the Covered Bond Guarantor, of any circumstances, and provide the Issuer or the Covered Bond Guarantor, with its New Zealand tax file number and any information (including notifying whether it has "RWT-exempt status" (as defined in the Tax Act), that may enable the Issuer or the Covered Bond Guarantor, to make payment of interest to the New Zealand Covered Bondholder without deduction on account of New Zealand resident withholding tax.

A New Zealand Covered Bondholder must notify the Issuer or the Covered Bond Guarantor, prior to any date on which interest is payable, of any change in the New Zealand Covered Bondholder's circumstances from those previously notified that could affect the payment or withholding obligations of the Issuer or the Covered Bond Guarantor, in respect of this Covered Bond or Coupon. By accepting payment of the full face amount of a Covered Bond or Coupon, as the case may be or any interest thereon, the New Zealand Covered Bondholder indemnifies the Issuer or the Covered Bond Guarantor, for all purposes in respect of any liability the Issuer or the Covered Bond Guarantor may incur for not deducting any amount from such payment on account of New Zealand resident withholding tax.

Only a New Zealand Covered Bondholder will be obliged to make the notification referred to above and no other holder will be required to make any certification that it is not a New Zealand Covered Bondholder.

8. PRESCRIPTION

Claims for payment of principal under the Covered Bonds (whether in bearer or registered form) shall be prescribed upon the expiry of ten years, and claims for payment of interest (if any) in respect of the Covered Bonds (whether in bearer or registered form) shall be prescribed upon the expiry of five years, in each case from the Relevant Date (as defined in Condition 7 (*Taxation*)) therefor subject to the provisions of Condition 6 (*Payments and Exchange of Talons*). There shall 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 or Condition 6 (*Payments and Exchange of Talons*) or any Talon which would be void pursuant to Condition 6 (*Payments and Exchange of Talons*).

9. EVENTS OF DEFAULT AND ENFORCEMENT

9.1 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 referred to in this Condition 9.1 (*Issuer Events of Default*)

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 NZ Dollars converted into NZ Dollars at the relevant Swap Rate) or if so directed by an Extraordinary Resolution of the Covered Bondholders shall, (but in the case of the happening of any of the events mentioned in paragraphs (b) and (c) below, only if the Bond Trustee shall 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 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 shall, unless such event shall 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**) shall occur:

(a) default is made by the Issuer in the payment of any principal or interest when due, in respect of any Covered Bonds and such default continues for a period of 14 days; or

(b) the Issuer defaults in performance or observance of or compliance with any of its other undertakings set out in the Covered Bonds which default is incapable of remedy or which, if capable of remedy, is not remedied within 30 days after notice of such default shall have been given to the Issuer by the Bond Trustee; or

(c) the Issuer becomes insolvent or it is unable to pay its debts as they mature or the Issuer applies for or consents to or suffers the appointment of a liquidator or receiver of the Issuer or the whole or substantially the whole of the undertaking, property, assets or revenues of the Issuer or takes any proceeding under any law for a readjustment or deferment of its obligations or any part thereof or makes or enters into a general assignment or an arrangement or composition with or for the benefit of its creditors; or

(d) any law is passed, the effect of which is to dissolve the Issuer or the Issuer ceases to carry on a general banking business in New Zealand or ceases to be authorised to carry on a general banking business within New Zealand; or

(e) if an Asset Coverage Test Breach Notice is served and not revoked (or deemed to be revoked) in accordance with the terms of the Establishment Deed on or before the next Determination Date to occur following the service of such Asset Coverage Test Breach Notice; or

(f) if the Pre-Maturity Test in respect of any Series of Hard Bullet Covered Bonds is breached during the Pre-Maturity Test Period and the amount standing to the credit of the Pre-Maturity Ledger of the GIC Account is less than the NZ Dollar Equivalent of the Required Redemption Amount for each Series of Hard Bullet Covered Bonds in respect of which the Pre-Maturity Test has been breached on the earlier to occur of:

  (i) the later of:

    (A) the date that is 10 Local Business Days from the date that the Seller is notified of that breach; and

    (B) the date that is six months prior to the Final Maturity Date of the relevant Series of Hard Bullet Covered Bonds; and

  (ii) the Final Maturity Date of that Series of Hard Bullet Covered Bonds.

Upon the Covered Bonds becoming immediately due and repayable against the Issuer pursuant to this Condition 9.1 (*Issuer Events of Default*), the Bond Trustee shall forthwith serve a notice to pay (the **Notice to Pay**) on the Covered Bond Guarantor pursuant to the Covered Bond Guarantee and the Covered Bond Guarantor shall be required to make payments of Guaranteed Amounts when the same shall become Due for Payment in accordance with the terms of the Covered Bond Guarantee.

Following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice, the Bond Trustee may or shall take such proceedings or other action or step against the Issuer in accordance with Condition 9.3 (*Enforcement*).

The Bond Trust Deed provides that all monies received by or on behalf of the Bond Trustee following the occurrence of an Issuer Event of Default and the delivery of an Issuer Acceleration Notice and a Notice to Pay, from the Issuer, or any receiver, liquidator, administrator, receiver and manager, statutory manager or other similar official appointed in relation to the Issuer (the **Excess Proceeds**), shall be paid by the Bond Trustee on behalf of the Covered Bondholders of the relevant Series to the Covered Bond Guarantor for its own account, as soon as practicable, and shall be held by the Covered Bond Guarantor in the GIC Account and the Excess Proceeds shall thereafter form part of the Security and shall be used by the Covered Bond Guarantor in the same manner as all other monies from time to time standing to the credit of the GIC Account pursuant to the Security Deed and the Establishment Deed. Any Excess Proceeds received by the Bond Trustee shall discharge *pro tanto* the obligations of the Issuer in respect of the payment of the amount of such Excess Proceeds under the Covered Bonds and Coupons (as applicable and to the extent of the amount so received and subject to restitution of the same if such Excess Proceeds shall be required to be repaid by the Covered Bond Guarantor) (but shall 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 the Bond Trustee of any Excess Proceeds and payment to the Covered Bond Guarantor of such Excess Proceeds shall not reduce or discharge any of such obligations.

By subscribing for Covered Bond(s), each Covered Bondholder shall be deemed to have irrevocably directed the Bond Trustee to pay the Excess Proceeds to the Covered Bond Guarantor in the manner as described above.

9.2 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 9.2 (*Covered Bond Guarantor Events of Default*) 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 NZ Dollars converted into NZ Dollars at the relevant Swap Rate) or if so directed by an Extraordinary Resolution of all the Covered Bondholders shall, (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 (b) or (e) below, only if the Bond Trustee shall 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, that (x) each Covered Bond of each Series is, and each Covered Bond of each Series shall as against the Issuer (if not already due and repayable against it following an Issuer Event of Default), 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 shall thereupon immediately become due and payable at the Guaranteed Amount corresponding to the Early Redemption Amount for each Covered Bond of each Series together with accrued interest, in each case as provided in the Bond Trust Deed and thereafter the Security shall become enforceable if any of the following events (each, a **Covered Bond Guarantor Event of Default**) shall occur and be continuing:

(a) default is made by the Covered Bond Guarantor for a period of 14 days or more in the payment of any Guaranteed Amounts when Due for Payment in respect of the Covered Bonds of any Series except in the case of the payments of a Guaranteed Amount when Due for Payment on the Extended Due for Payment Date under Condition 5.1 (*Final Redemption*), where the Covered Bond Guarantor shall be required to make payments of Guaranteed Amounts which relate to the Final Redemption Amount and which are Due for Payment on the Extended Due for Payment Date; or

(b) if default is made by the Covered Bond Guarantor in the performance or observance of any other obligation, condition or provision binding on it (other than any obligation for the payment of Guaranteed Amounts in respect of the Covered Bonds of any Series) under the Bond Trust Deed, the Security Deed or any other Programme Document to which the Covered Bond Guarantor is a party (other than the Programme Agreement or any Subscription Agreement) and, except where such default is or the effects of such default are, in the opinion of the Bond Trustee, not capable of remedy when no such continuation and notice as is hereinafter mentioned will be required, such default continues for 30 days (or such longer period as the Bond Trustee may permit) after written notice thereof has been given by the Bond Trustee to the Covered Bond Guarantor requiring the same to be remedied; or

(c) if the Covered Bond Guarantor ceases or threatens to cease to carry on its business or substantially the whole of its business; or

(d) the Covered Bond Guarantor shall stop payment or shall be unable, or shall admit inability, to pay its debts generally as they fall due or shall be adjudicated or found bankrupt or insolvent; or

(e) proceedings are initiated against the Covered Bond Guarantor under any applicable liquidation, winding up, insolvency, bankruptcy, composition, reorganisation or other similar laws (including, but not limited to, presentation of a petition or the filing of documents with a court or any registrar for its winding-up, administration or dissolution or the giving of notice of the intention to appoint an administrator (whether out of court or otherwise)); or a receiver and/or manager, administrative receiver, administrator, trustee or other similar official shall be appointed (whether out of court or otherwise) in relation to the Covered Bond Guarantor or in relation to the whole or any part of its assets, or a distress, diligence or execution or other process shall be levied or enforced upon or sued out against the whole or any part of its assets, or if the Covered Bond Guarantor shall initiate or consent to judicial proceedings relating to itself under any applicable liquidation, winding up, insolvency, bankruptcy, composition, reorganisation or other similar laws or shall make a conveyance, assignment or assignation for the benefit of, or shall enter into any composition with, its creditors generally; or

(f) a failure to satisfy the Amortisation Test (as set out in the Establishment Deed) on any Determination Date following service of a Notice to Pay on the Covered Bond Guarantor; or

(g) 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 shall take such proceedings or steps in accordance with the first and third paragraphs, respectively, of Condition 9.3 (*Enforcement*) and the Bond Trustee shall 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 (*Taxation*)) as provided in the Bond Trust Deed in respect of each Covered Bond.

9.3 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 shall 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 shall have 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

NZ Dollars at the relevant Swap Rate as aforesaid) 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 NZ Dollars at the relevant Swap Rate as aforesaid) and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

In exercising any of its powers, trusts, authorities and discretions the Bond Trustee shall only have regard to the interests of the Covered Bondholders of all Series equally and shall 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 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 the Security Trustee to take such steps as it may think fit to enforce the Security, but it shall not be bound to give any such direction and the Security Trustee shall not be bound to take any such steps or proceedings unless (i) the Bond Trustee shall have 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 NZ Dollars at the relevant Swap Rate as aforesaid) 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 NZ Dollars at the relevant Swap Rate as aforesaid) and (ii) each of the Bond Trustee and Security Trustee shall have been indemnified and/or secured and/or prefunded to its satisfaction. In exercising any of its powers, trusts, authorities and discretions under this paragraph each of the Bond Trustee and the Security Trustee shall only have regard to the interests of the Covered Bondholders of all Series equally and shall not have regard to the interests of any other Secured Creditors.

No Covered Bondholder or Couponholder shall be entitled to institute proceedings directly against the Issuer or the Covered Bond Guarantor or to take any step or action with respect to the Bond Trust Deed, the Covered Bonds, the Coupons, or the Security 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 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).

9.4 Directions of Security Trustee by Bond Trustee

The Security Trustee shall not be obliged to take any steps under any of the Programme Documents or exercise any of its powers, rights, trusts, authorities, duties, functions or discretions under any of the Programme Documents to which the Security Trustee is a party without first taking instructions from the Bond Trustee (provided that the Security Trustee shall never be entitled to seek or receive instructions from the Bond Trustee in relation to clause 10.5 or 24 of the Security Deed or in relation to investing in Authorised Investments) and having been indemnified and/or secured to its satisfaction as aforesaid and provided always that the Security Trustee shall 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. The Security Trustee may exercise a right, power or discretion without receiving any instructions from the Bond Trustee if the Security Trustee reasonably believes that it is in the best interests of the Secured Creditors that it does so.

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 shall do so (save where expressly provided otherwise), in relation to (i) only, in its absolute discretion subject to and in accordance with these presents or, in relation to both (i) and (ii) 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 NZ Dollars, converted into NZ Dollars at

the relevant 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 NZ Dollars, converted into NZ Dollars at the relevant Swap Rate) subject in each case to the Bond Trustee being indemnified and/or secured and/or prefunded to its satisfaction prior to it giving any instructions to the Security Trustee. The Bond Trustee shall 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 shall have no obligation to monitor the performance of the Security Trustee and shall have no liability to any person for the performance or non-performance of the Security Trustee. In no circumstances will the Bond Trustee be required to indemnify, secure or prefund the Security Trustee.

An Extraordinary Resolution passed at a meeting of Covered Bondholders duly convened and held in accordance with the Bond Trust Deed and is binding upon the Security Trustee and all the Secured Creditors whether present or not present at such meeting and each of such Secured Creditors and, subject to the provisions of the Security Deed, the Security Trustee is bound to give effect to the Extraordinary Resolution. The Security Trustee is not required to do or omit to do any act if, in the opinion of the Security Trustee, this might cause it to breach a law, a Programme Document, a fiduciary duty or an obligation owed to another person.

10. MEETINGS OF COVERED BONDHOLDERS, MODIFICATION, WAIVER, SUBSTITUTION, RATINGS AGENCIES AND LEGISLATIVE EXCHANGE

Covered Bondholders, Couponholders and other Secured Creditors should note that the Issuer, the Covered Bond Guarantor and 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.

10.1 Meetings

The Bond Trust Deed contains provisions for convening meetings (including by way of a physical meeting, conference call or by use of a videoconference platform (or a combination thereof)) 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 shall be one or more persons holding or representing not less than two-thirds of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series for the time being outstanding or at any adjourned meeting, the business of which includes any Series Reserved Matter, the quorum shall 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: (i) 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 (ii) 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 (iii) 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. An Extraordinary Resolution passed by 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 any meeting and whether or not they voted on the Extraordinary Resolution) 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 shall 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 9.1 (*Issuer Events of Default*) or to give a Covered Bond Guarantee Acceleration Notice pursuant to Condition 9.2 (*Covered Bond Guarantor Events of Default*) 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 shall not be treated as such for the purposes of the Bond Trust Deed (each, a **Programme Resolution**) shall 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 shall 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 NZ Dollars, the Principal Amount Outstanding of the Covered Bonds of any Series not denominated in NZ Dollars shall be converted into NZ Dollars at the relevant Swap Rate.

10.2 Modification and waiver

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 the other Secured Creditors (other than any Secured Creditors who are party to the relevant document), at any time and from time to time, concur with the Issuer, the Covered Bond Guarantor or any other party or direct the Security Trustee to concur with the Issuer, the Covered Bond Guarantor or any other party in making any modification of the Covered Bonds of one or more Series, the related Coupons or any Programme Document:

(a) which in the opinion of the Bond Trustee is not materially prejudicial to the interests of the Covered Bondholders of any Series but such power does not extend to any such modification referred to in the definition of Series Reserved Matter; or

(b) 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 is made 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) (without prejudice to paragraphs (a) and (b) above) which is made to enable Covered Bondholders and Secured Creditors or any of them to obtain the protection and/or other benefits of any legislation or regulation or any directive of any regulatory body including, without limitation, the RBNZ that is introduced in New Zealand for the purpose of supporting the issuance of covered bonds provided that the Bond Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the Covered Bondholders of any Series.

Notwithstanding the above, the Bond Trustee and the Security Trustee shall not be obliged to agree to any amendment which, in the sole opinion of the Bond Trustee or the Security Trustee (as applicable), would have the effect of (x) exposing the Bond Trustee or the Security Trustee (as applicable), to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or

(y) increasing the obligations or duties, or decreasing the protections, of the Bond Trustee or the Security Trustee (as applicable), 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 shall not be materially prejudiced thereby, waive or authorise, or direct the Security Trustee to waive or authorise, any breach or proposed breach by the Issuer or the Covered Bond Guarantor or any other 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 shall not be treated as such for the purposes of the Bond Trust Deed, provided always that the Bond Trustee shall not exercise any powers conferred on it in contravention of any express direction given by Extraordinary Resolution or by a request under Condition 9.1 (*Issuer Events of Default*) or 9.2 (*Covered Bond Guarantor Events of Default*) but so that no such direction or request shall affect any waiver, authorisation or determination previously given or made. Any such waiver, authorisation or determination may be given or made on such terms and subject to such conditions (if any) as the Bond Trustee may determine, shall be binding on the Covered Bondholders, the related Couponholders and, if, but only if, the Bond Trustee shall so require, shall be notified by the Issuer or the Covered Bond Guarantor (as the case may be) to the Covered Bondholders in accordance with Condition 12 (*Notices*) as soon as practicable thereafter.

In addition, the Issuer may, subject to this Conditions 10.2, vary or amend the Conditions and/or the Programme Documents to give effect to certain amendments without any requirement for the consent or approval of the Covered Bondholders and the Principal Paying Agent and the Bond Trustee shall, and the Bond Trustee shall direct the Security Trustee to, concur with the Issuer in effecting any Benchmark Amendments in the circumstances and as otherwise on the basis set out in Conditions 4.2 and 4.7 (*Benchmark Discontinuation*) without any requirement for the consent or approval of Covered Bondholders or the Couponholders.

Subject to as provided below, the Bond Trustee shall 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 shall 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 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 NZ Dollars at the relevant 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 NZ Dollars at the relevant 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 NZ Dollars at the relevant 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 NZ Dollars as aforesaid), and at all times then only if it shall be 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.

The Security Trustee may, without the consent of the Secured Creditors (other than any Secured Creditor who is a party to the relevant document) and without prejudice to its right in respect of any further or other breach, from time to time and at any time, but only if so directed by (a) the Bond Trustee, so long as there are any Covered Bonds outstanding or (b) the Majority Secured Creditors, if there are no Covered Bonds outstanding, authorise or waive any proposed or actual breach of any of the covenants or provisions contained in any Programme Document and/or agree to any modification to any Programme

Document. Any such authorisation or waiver or modification shall be binding on the Secured Creditors and, unless the Bond Trustee otherwise agrees, notice thereof shall be given by the Issuer or the Covered Bond Guarantor (as the case may be) to the Secured Creditors as soon as practicable thereafter.

Any such modification, waiver, authorisation or determination shall 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 shall be notified by the Issuer, to the Covered Bondholders of all Series of Covered Bonds in accordance with Condition 12 (*Notices*) and to the Rating Agencies as soon as practicable thereafter.

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 shall have regard to the general interests of the Covered Bondholders of each Series as a class (but shall 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, shall 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 shall not be entitled to require, nor shall 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 (*Taxation*) and/or in any undertaking or covenant given in addition to, or in substitution for, Condition 7 (*Taxation*) pursuant to the Bond Trust Deed.

Prior to the Bond Trustee and/or the Security Trustee making or granting any waiver, authorisation or determination or agreeing to any modification pursuant to this Condition, the Issuer must send written confirmation to the Bond Trustee and Security Trustee that: (i) any such waiver, authorisation, determination or modification would not require the RBNZ to be notified; or (ii) if such waiver, authorisation, determination or modification would require the RBNZ to be notified, the Issuer has provided all information required to be provided to the RBNZ and, if consent is required, the RBNZ has given its consent to the proposed waiver, authorisation, determination or modification.

Subject to any required RBNZ consent, the Bond Trustee and Security Trustee shall concur in and effect any modifications to the Programme Documents that are requested by the Covered Bond Guarantor or the Trust Manager to accommodate the accession of a new Servicer, new Swap Provider or new Agent to the Programme provided that (a) each of the Swap Providers provide written confirmation to the Security Trustee consenting to such modification of those documents to which they are a party (such consent not to be unreasonably withheld); (b) the Covered Bond Guarantor or the Trust Manager, as the case may be, has certified to the Security Trustee and the Bond Trustee in writing that such modifications are required in order to accommodate the addition of the new Servicer, new Swap Provider or new Agent to the Programme; and (c) all other conditions precedent to the accession of the new Servicer, new Swap Provider or new Agent to the Programme set out in the Programme Documents have been satisfied at the time of the accession.

10.3 Substitution

The Bond Trust Deed provides that in connection with any scheme of amalgamation or reconstruction of the Issuer and not involving the bankruptcy or insolvency of the Issuer (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 shall, if requested by the Issuer, be obliged, without the consent 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 Covered Bonds, Coupons and 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:

(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 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;

(c) each stock exchange or market on which the Covered Bonds are listed confirming in writing that following the proposed substitution of the Substituted Debtor, the Covered Bonds will continue to be listed on such stock exchange or market;

(d) the supplemental trust deed containing a warranty and representation by the Substituted Debtor that: (A) the Substituted Debtor has obtained all necessary governmental and regulatory approvals and consents necessary for or in connection with the assumption by the Substituted Debtor of liability as principal debtor in respect of, and of its obligations under, the supplemental trust deed and the Covered Bonds; (B) such approvals and consents are at the time of substitution in full force and effect; and (C) the obligations assumed by the Substituted Debtor under the supplemental trust deed are legal, valid and binding in accordance with their respective terms;

(e) confirmations being received by the Bond Trustee from each Rating Agency that the substitution will not adversely affect the then current rating of the Covered Bonds;

(f) where the Substituted Debtor is incorporated, domiciled or resident in, or subject generally to the taxing jurisdiction of, a territory other than or in addition to New Zealand, undertakings or covenants in form and manner satisfactory to the Bond Trustee being given by the Substituted Debtor in terms corresponding to the provisions of Condition 7 (*Taxation*) with the substitution for (or, as the case may be, the addition to) the references to New Zealand of references to that other or additional territory in which the Substituted Debtor is incorporated, domiciled or resident or to whose taxing jurisdiction it is subject and (where applicable) Condition 5.2 (*Redemption for Tax Reasons*) being modified accordingly;

(g) without prejudice to the rights of reliance of the Bond Trustee under the immediately following paragraph, the Bond Trustee being satisfied that the relevant transaction is not materially prejudicial to the interests of the Covered Bondholders;

(h) two directors of the Substituted Debtor (or other officer acceptable to the Bond Trustee) certifying that the Substituted Debtor is solvent both at the time at which the relevant transaction is proposed to be effected and immediately thereafter (which certificate the Bond Trustee may rely on absolutely without liability to any person);

(i) the Issuer and the Covered Bond Guarantor, delivering to the Bond Trustee legal opinions obtained from lawyers of international repute in (i) England and Wales and (ii) the jurisdiction of incorporation of the Substituted Debtor in form and substance satisfactory to the Bond Trustee; and

(j) the Covered Bond Guarantee remaining in place or being modified to apply *mutatis mutandis* and continuing in full force and effect in relation to any Substituted Debtor.

Any such supplemental trust deed or undertaking shall, if so expressed, operate to release the Issuer or the previous substitute as aforesaid from all of its obligations as principal debtor under the Bond Trust Deed.

In addition, subject as further provided in the Bond Trust Deed, the Bond Trustee may without the consent or sanction of the Covered Bondholders or Couponholders at any time agree to the substitution in place of the Issuer (or any previous substitute under this Condition) as the principal debtor under the

Covered Bonds, Coupons and the Bond Trust Deed or any other corporation subject to certain other conditions set out in the Bond Trust Deed being complied with.

Any substitution pursuant to this Condition 10.3 (*Substitution*) shall be binding on the Covered Bondholders and shall be notified in a form previously approved by the Bond Trustee by the new Issuer to the Covered Bondholders not later than 14 days after any such substitution in accordance with Condition 12 (*Notices*).

10.4 Rating Agencies

If:

(a) a confirmation or affirmation of rating or other response by a Rating Agency is a condition to any action or step under any Programme Document; and

(b) the Trust Manager has delivered to the Covered Bond Guarantor (copied to the Seller and each Rating Agency) written confirmation that it has notified the Rating Agencies of the action or step and that the Trust Manager is satisfied, following discussions with the Rating Agencies, that the action or step, as applicable, will not result in a reduction, qualification or withdrawal of the ratings then assigned by the Rating Agencies and the Rating Agency does not consider such confirmation necessary,

the parties shall 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 action or step.

The Bond Trustee shall be entitled to treat as conclusive a certificate signed by an Authorised Signatory of the Issuer or the Covered Bond Guarantor as to any matter referred to in paragraph (b) above and the Bond Trustee shall not be responsible for any Liability that may be caused as a result.

10.5 Legislative Exchange

Following the coming into force in New Zealand, at any time after the Programme Date, of any legislation, rules, regulations or guidelines published by any governmental authority that provide for the regulation of covered bonds issued by New Zealand issuers, the Issuer may agree with the Bond Trustee and without the consent of the Security Trustee, the Covered Bondholders or the Couponholders, to exchange, provided that such exchange is necessary in the opinion of the Issuer (as certified to the Bond Trustee in accordance with paragraph 10.5(b) (*Legislative Exchange*) below) for the Covered Bonds to comply with any new legislation, rules, regulations or guidelines and such compliance cannot be attained through the modification of the Programme Documents, all (but not some only) of the Covered Bonds of all Series then outstanding (the **Existing Covered Bonds**) for new Covered Bonds which are regulated by such new legislation, rules, regulations or guidelines (the **New Covered Bonds**) and to the extent permitted by such new legislation, rules, regulations or guidelines, are in identical form, amount and denomination as the Existing Covered Bonds and on the same economic terms and conditions as the Existing Covered Bonds (the **Legislative Exchange**) if not more than 60 nor less than 30 days' notice to the Covered Bondholders (in accordance with Condition 12 (*Notices*)), the Bond Trustee and the Principal Paying Agent is given by the Issuer and provided that:

(a) on the date on which such notice expires, the Issuer delivers to the Bond Trustee a certificate signed by two directors of the Issuer confirming that (i) no Issuer Event of Default (as defined in Condition 9 (*Events of Default and Enforcement*)) or Potential Issuer Event of Default (as defined in this Condition 10 (*Meetings of Covered Bondholders, Modification, Waiver, Substitution, Ratings Agencies and Legislative Exchange*)) and (ii) no Covered Bond Guarantor Event of Default (as defined in Condition 9 (*Events of Default and Enforcement*)) or Potential Covered Bond Guarantor Event of Default (as defined in this Condition 10 (*Meetings of Covered Bondholders, Modification, Waiver, Substitution, Ratings Agencies and Legislative Exchange*)), shall have occurred and be continuing (disregarding for the purposes of this certificate any such event which occurs or which has occurred due to the implementation of such legislation, rules, regulations or guidelines);

(b) the Issuer delivers to the Bond Trustee a certificate signed by two directors of the Issuer certifying that the New Covered Bonds are in identical form, amount and denomination as the Existing Covered Bonds to the extent permitted by such new legislation, rules, regulations or guidelines and that such exchange is necessary in the opinion of the Issuer for the Covered Bonds to comply with the new legislation, rules, regulations or guidelines;

(c) each Rating Agency which has previously assigned a rating to the Existing Covered Bonds confirms to the Issuer in writing that the New Covered Bonds will be assigned the same rating as is then applicable to the Existing Covered Bonds;

(d) if the Existing Covered Bonds are listed, quoted and/or traded on or by a competent and/or relevant listing authority, stock exchange and/or quotation system on or before the date on which such notice expires, the Issuer delivers to the Bond Trustee a certificate signed by two directors of the Issuer confirming that all applicable rules of such competent and/or relevant listing authority, stock exchange and/or quotation system have been or will be complied with (or compliance with such rules has been waived by the relevant listing authority, stock exchange and/or quotation system); and

(e) the Issuer will procure delivery of legal opinions addressed to the Bond Trustee on the date of such exchange, in form and content satisfactory to the Bond Trustee as to such law as the Bond Trustee may request.

The Existing Covered Bonds will be cancelled concurrently with the issue of the New Covered Bonds and with effect on and from the date of issue thereof, all references herein to Covered Bonds shall be deemed to be references to the New Covered Bonds and the Bond Trustee may, pursuant to the provisions described in this Condition 10 (*Meetings of Covered Bondholders, Modification, Waiver, Substitution, Ratings Agencies and Legislative Exchange*), agree with the Issuer and the Covered Bond Guarantor such modifications to the Programme Documents as may be necessary for the issue of the New Covered Bonds under the new legislation, rules, regulations or guidelines.

For the purposes of this Condition 10 (*Meetings of Covered Bondholders, Modification, Waiver, Substitution, Ratings Agencies and Legislative Exchange*):

Potential Covered Bond Guarantor Event of Default means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute a Covered Bond Guarantor Event of Default;

Potential Issuer Event of Default means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute an Issuer Event of Default; and

Series Reserved Matter, in relation to Covered Bonds of a Series, means any proposal:

(i) to amend the dates of maturity or redemption of the Covered Bonds, or any date for payment of interest or Interest Amounts on the Covered Bonds or the obligation of the Issuer to pay additional amounts pursuant to Condition 7 (*Taxation*), (ii) to reduce or cancel the Principal Amount Outstanding of, or any premium payable on redemption of, the Covered Bonds, (iii) to reduce the rate or rates of interest in respect of the Covered Bonds or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Covered Bonds (other than any variation arising from the occurrence of a Benchmark Event or otherwise by the discontinuation of any interest rate benchmark used to determine the amount of any payment in respect of the Covered Bonds (including any Benchmark Amendment or any other amendments as provided for in the Conditions)), (iv) if a Minimum and/or a Maximum Rate of Interest, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount is set out in the Final Terms, to reduce any such amount, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, (vi) to vary the currency or currencies of payment or Specified Denomination of the Covered Bonds, (vii) to take any steps that as specified in the Final Terms may only

be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, or (viii) to modify the provisions concerning the quorum required at any meeting of Covered Bondholders or the majority required to pass the Extraordinary Resolution.

11. REPLACEMENT OF COVERED BONDS, COUPONS AND TALONS AND EXCHANGE OF TALONS

Should any Covered Bond, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced subject to applicable laws, regulations and listing authority, stock exchange and/or quotation system regulations at the specified office of the Principal Paying Agent in London (in the case of Bearer Covered Bonds, Coupons or Talons) or the specified office of the Registrar (in the case of Registered Covered Bonds), or any other place approved by the Bond Trustee of which notice shall have been published in accordance with Condition 12 (*Notices*) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Covered Bond, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Covered Bonds, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Covered Bonds, Coupons or Talons must be surrendered before replacements will be issued.

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 (*Prescription*).

12. 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 shall 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 shall approve.

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 and/or DTC, be substituted for such publication in such newspaper(s) or such mailing the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or DTC 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 shall 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 and/or DTC.

Notices to be given by any Covered Bondholder shall 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 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, Clearstream, Luxembourg and/or DTC, as the case may be, in such manner as the Principal Paying Agent, the Registrar and DTC and/or Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

13. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Covered Bondholders or the Couponholders to create and issue further 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 shall be consolidated and form a single Series with the outstanding Covered Bonds of such Series.

14. 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 shall 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.

Neither the Bond Trustee nor the Security Trustee will be responsible for any loss, expense or liability which may be suffered as a result of any Mortgage Loans or Related Security, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons whether or not on behalf of the Bond Trustee and/or the Security Trustee. Neither the Bond Trustee nor the Security Trustee will be responsible for *inter alia*: (i) supervising the performance by the Issuer or any other party to the Programme Documents or, in relation to Condition 4.7 (*Benchmark Discontinuation*) only, any Independent Adviser, of their respective obligations under the Programme Documents and the Bond Trustee and the Security Trustee will be entitled to assume, until they each have written notice to the contrary, that all such persons are properly performing their duties; (ii) considering the basis on which approvals or consents are granted by the Issuer or any other party to the Programme Documents under the Programme Documents; (iii) monitoring the Mortgage Loan Portfolio, including, without limitation, whether the Mortgage Loan Portfolio is in compliance with the Asset Coverage Test or the Amortisation Test; (iv) monitoring whether Mortgage Loans are Qualifying Mortgage Loans; or (v) monitoring whether the Pre-Maturity Test has been breached. Neither the Bond Trustee nor the Security Trustee will

be liable to any Covered Bondholder or other Secured Creditor for (a) any failure to make or to cause to be made on their behalf the searches, investigations and enquiries which would normally be made by a prudent secured creditor in relation to the Security and have no responsibility in relation to the legality, validity, sufficiency and enforceability of the Security and the Programme Documents or (b) in relation to Condition 4.7 (*Benchmark Discontinuation*) only, the acts or omissions of any Independent Adviser.

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.

15. LIMITED RECOURSE AND NON-PETITION

15.1 Only the Security Trustee may pursue the remedies available under the general law or under the Security Deed to enforce the Security and no Transaction Party shall be entitled to proceed directly against the Covered Bond Guarantor to enforce the Security. In particular, each Transaction Party (other than the Covered Bond Guarantor and the Security Trustee) has agreed with and acknowledges to each of the Covered Bond Guarantor and the Security Trustee, and the Security Trustee agreed with and acknowledged to the Covered Bond Guarantor, that:

(a) none of the Transaction Parties (nor any person on their behalf, other than the Security Trustee where appropriate) is entitled, otherwise than as permitted by the Programme Documents, to direct the Security Trustee to enforce the Security or take any proceedings against the Covered Bond Guarantor to enforce the Security;

(b) none of the Transaction Parties (other than the Security Trustee) shall have the right to take or join any person in taking any steps against the Covered Bond Guarantor for the purpose of obtaining payment of any amount due from the Covered Bond Guarantor to any of such Transaction Parties;

(c) until the date falling two years after the Vesting Date, none of the Transaction Parties nor any person on their behalf shall initiate or join any person in initiating an Insolvency Event in relation to the Trust other than a Receiver appointed under clause 15 of the Security Deed; and

(d) none of the Transaction Parties shall be entitled to take or join in the taking of any corporate action, legal proceedings or other procedure or step which would result in the Priorities of Payments not being complied with.

15.2 The Covered Bondholders agree with and acknowledge to each of the Covered Bond Guarantor and the Security Trustee, and the Security Trustee has agreed with and acknowledged to the Covered Bond Guarantor, that notwithstanding any other provision of any Programme Document, all obligations of the Covered Bond Guarantor to such party including, without limitation, the Secured Obligations, are limited in recourse to the Covered Bond Guarantor as set out below:

(a) it will have a claim only in respect of the Charged Property and will not have any claim, by operation of law or otherwise, against, or recourse to, any of the Covered Bond Guarantor's other assets;

(b) sums payable to each party in terms of the Covered Bond Guarantor's obligations to such party shall be limited to the lesser of (i) the aggregate amount of all sums due and payable to such party and (ii) the aggregate amounts received, realised or otherwise recovered and immediately available for payment by or for the account of the Covered Bond Guarantor in respect of the Charged Property whether pursuant to enforcement of the Security or otherwise, net of any sums

which are payable by the Covered Bond Guarantor in accordance with the Priorities of Payments in priority to or *pari passu* with sums payable to such party; and

(c) upon the Security Trustee giving written notice to the relevant party that it has determined in its opinion, and the Servicer having certified to the Security Trustee, that there is no reasonable likelihood of there being any further realisations in respect of the Charged Property (whether arising from an enforcement of the Security or otherwise) which would be available to pay unpaid amounts outstanding under the relevant Programme Document, the relevant party shall have no further claim against the Covered Bond Guarantor in respect of any such unpaid amounts and the obligations to pay such unpaid amounts shall be discharged in full,

save that this limitation will not apply to a liability of the Covered Bond Guarantor to the extent it results from the Covered Bond Guarantor's fraud, gross negligence, wilful default or breach of trust.

15.3 The Covered Bondholders agree with and acknowledge 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 this deed or any other Programme Document (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 it results from the Security Trustee's fraud, gross negligence, wilful default or breach of trust.

15.4 To the extent permitted by law, no recourse under any obligation, covenant, or agreement of any person contained in the Programme Documents shall 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 shall 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.

16. DISAPPLICATION OF CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of any Covered Bond, but this does not affect any right or remedy of any person which exists or is available apart from the Contracts (Rights of Third Parties) Act 1999.

17. GOVERNING LAW

The Bond Trust Deed (including the Covered Bond Guarantee), the Principal Agency Agreement, the Covered Bonds, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law unless specifically stated to the contrary.

18. JURISDICTION

18.1 Each of the Issuer and the Covered Bond Guarantor hereby irrevocably submit to the jurisdiction of the English courts in any action or proceeding arising out of or related to the Covered Bonds. The courts of England and (in the case of any action involving the Issuer) New Zealand are to have jurisdiction to settle any dispute (including a dispute relating to any non-contractual obligations arising out of or in connection with the Covered Bonds), and each party hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined by such courts. Each party hereby irrevocably waives, to the fullest extent it may possibly do so, any defence or claim that the English or New Zealand courts (as applicable) are an inconvenient forum for the maintenance or hearing of such action or proceeding.

Each party may take any suit, action or proceeding arising out of or in connection with the Covered Bonds (including any proceedings relating to any non-contractual obligations arising out of or in connection with the Covered Bonds) against any of the Issuer and the Covered Bond Guarantor in any other court of competent jurisdiction and concurrent proceedings in any number of jurisdictions.

18.2 Each of the Issuer and the Covered Bond Guarantor:

(a) agrees that the process by which any proceedings in England are begun may be served on it by delivery to Commonwealth Bank of Australia, London Branch being at the date hereof at 1 New Ludgate, 60 Ludgate Hill, London EC4M 7AW, United Kingdom;

(b) agrees to procure that, so long as any of the Covered Bonds issued or guaranteed by it (as the case may be) remains liable to prescription, there shall be in force an appointment of such a person approved by the Bond Trustee with an office in London with authority to accept service as aforesaid;

(c) agrees that a failure by any such person to give notice of such service or process to the Issuer or the Covered Bond Guarantor shall not impair the validity of such service or of any judgment based thereon; and

(d) agrees that nothing in these Conditions shall affect the right to serve process in any other manner permitted by law.

USE OF PROCEEDS

The net proceeds from each issue of Covered Bonds by the Issuer will be used for its general corporate purposes, which include making a profit.

ASB BANK LIMITED

Overview

ASB is a full service, nationally operating registered bank and financial services provider in New Zealand.

ASB is the parent company and the main operating company of the ASB Group.

ASB is a wholly owned subsidiary of ASB Holdings Limited which in turn is wholly owned by CBA.

ASB was re-registered pursuant to the Companies Act 1993 on 30 June 1995 with the company number 398445. ASB is governed by, and operates within the ambit of and as required by, its constitution, New Zealand and international legislation including, without limitation, the Companies Act 1993 (NZ), the Banking (Prudential Supervision) Act 1989 (NZ) (**BPS Act**), the Financial Markets Conduct Act 2013 (NZ), the Deposit Takers Act 2023 (NZ) (**DTA**) and the Financial Reporting Act 2013 (NZ) (which constitute the corporate governance regime of New Zealand applicable to ASB).

ASB's registered office is at Level 2, ASB North Wharf, 12 Jellicoe Street, Auckland 1010, New Zealand, telephone number +64 9377 8930.

ASB's Board of Directors and management operate autonomously from the Board of Directors and management of CBA.

The RBNZ has set minimum regulatory capital requirements for banks that are consistent with Basel III developed by the BCBS. These requirements define what is acceptable as capital and provide for methods of measuring the risks incurred by the ASB Group. ASB must comply with RBNZ minimum capital adequacy ratios under its conditions of registration as a registered bank under the BPS Act.

As set out in ASB's consolidated financial statements for the year ended 30 June 2024, as at 30 June 2024 ASB Group's CET1 capital ratio was 14.9 per cent., its Tier One capital ratio was 14.9 per cent. and its Total Capital ratio was 16.3 per cent. against RBNZ minimum requirements at that time of 4.5 per cent., 6.0 per cent. and 8.0 per cent. respectively, noting that Tier 1 and Total minimum requirements increased to 7.0 per cent. and 9.0 per cent. respectively on 1 July 2024.

As at the date of this Prospectus, ASB has been rated AA- by S&P, Aa3 by Moody's and A+ by Fitch.

History

The Auckland Savings Bank was founded in June 1847.

Following deregulation of the banking industry in late 1986, it became a full-service bank offering personal, corporate and business banking services and treasury operations, and changed its name to ASB Bank in August 1987. As a result of the now repealed Trustee Banks Restructuring Act 1988, ASB was incorporated on 16 August 1988 in New Zealand.

CBA acquired a 75 per cent. shareholding in February 1989, with the ASB Bank Community Trust retaining a 25 per cent. shareholding.

In 1992, ASB commenced its national expansion programme by moving outside its traditional Auckland and Northland areas of operation.

On 30 March 1999, the direct shareholding of ASB changed from Commonwealth Investments New Zealand Limited (75 per cent.) and ASB Bank Community Trust (25 per cent.) to being a wholly owned subsidiary of ASB Group Limited; ASB Group Limited then being owned by CBA (75 per cent.) and the ASB Bank Community Trust (25 per cent.).

On 3 October 2000, CBA purchased the remaining 25 per cent. of ASB Group Limited from the ASB Bank Community Trust.

Effective 1 July 2001, CBA restructured its New Zealand operations and moved the ultimate New Zealand ownership of ASB to ASB Holdings Limited. CBA owns 100 per cent. of ASB Holdings Limited, which in turn owns 100 per cent. of ASB.

Business Overview

ASB is a full service, nationally operating bank and financial services company. It provides a seamless, total service that covers a comprehensive range of financial solutions that can be tailored to the needs of more than 1.8 million corporate, business, rural and personal customers.

Significant segments of ASB's business operations at the date of this Prospectus include the following:

Personal Banking

This segment provides banking, investment and insurance services to personal customers.

Business Banking

This segment provides services to commercial, rural and small business customers.

Corporate Banking

This segment provides services to corporate customers, transactional banking services and retail broking services. It also comprises ASB's financial markets activities, including financial instruments trading and sales of financial instruments to customers bank wide.

Basis of Financial Reporting and Alternative Performance Measures

The ASB Financial Statements as set out in the "*Documents Incorporated by Reference*" section have been prepared in accordance with New Zealand Generally Accepted Accounting Practice and comply with New Zealand Equivalents to International Financial Reporting Standards and other New Zealand accounting standards and authoritative notices, as appropriate for for-profit entities. The ASB Financial Statements also comply with International Financial Reporting Standards (**IFRS**) Accounting Standards.

Certain performance measures set out in the section "*Recent Developments - Reconciliation of Statutory Profit to Cash Profit and certain performance measures calculated on a Cash Profit basis*" below have been calculated on a "Cash Profit" basis (**Cash Profit Basis**) which reflects the ASB Group's underlying operating results and excludes items that introduce volatility and/or one-off distortions which are not considered representative of ongoing financial performance. These items are calculated consistently year on year and do not discriminate between positive and negative adjustments.

ASB considers the measures calculated on a Cash Profit Basis to constitute alternative performance measures (**APMs**), as defined for the purposes of the European Securities and Markets Authority guidelines on APMs.

APMs are measures that are not defined under New Zealand Generally Accepted Accounting Practice, IFRS or any generally accepted accounting practice and which are used by the ASB Group to supplement disclosures prepared in accordance with New Zealand Generally Accepted Accounting Practice.

ASB considers that these measures provide useful information to enhance the understanding of ASB and its subsidiaries' financial performance. The APMs should be viewed as complementary to, rather than a substitute for, the figures determined according to other regulatory measures. A description of each such metric's components and calculation method can be found in the section "*Recent Developments - Reconciliation of Statutory Profit to Cash Profit and certain performance measures calculated on a Cash Profit basis*" below.

Overview of CBA

CBA is ASB's ultimate parent through its ownership of ASB Holdings Limited. CBA is incorporated in Australia and is an authorised deposit-taking institution under the Banking Act 1959 (Cth) (the **Australian Banking Act**). CBA is one of Australia's leading financial services providers, offering services including retail, business

and institutional banking, funds management, and insurance and broking services. CBA is one of the largest companies listed on the Australian Securities Exchange.

CBA does not guarantee the obligations of the ASB Group.

Limits on CBA's ability to provide financial support to ASB

CBA is subject to prudential regulation by the Australian Prudential Regulation Authority (**APRA**) and other regulatory bodies. Under APRA's Prudential Standards, CBA's ability to provide material financial support to ASB is subject to certain requirements and, unless APRA provides otherwise, CBA must comply with, among other prudential requirements, APS 222. APS 222 contains the following prudential requirements, including revisions released by APRA in August 2019 which applied from 1 January 2022:

- CBA's exposure to ASB (being a **related ADI** as defined in APS 222) must not exceed 25 per cent. of CBA's Level 1 Tier One Capital, and its aggregate exposures to all related authorised deposit taking institutions (**ADIs**) (including ASB and other overseas based equivalents) must not exceed 75 per cent. of that capital base (currently, these limits are 50 per cent. and 150 per cent., respectively, of CBA's Level 1 Total capital);

- CBA must not hold unlimited exposures to ASB (i.e. no general guarantee covering any of its obligations);

- CBA must not enter into cross-default clauses whereby a default by ASB on an obligation (whether financial or otherwise) triggers or is deemed to trigger a default by CBA on its obligations; and

- when determining limits on acceptable levels of exposure to ASB, the Board of Directors of CBA must have regard to:

    - the level of exposures that would be approved to third parties of broadly equivalent credit status; and

    - the impact on CBA's stand-alone capital and liquidity positions, and its ability to continue operating, in the event of a failure by ASB or any other related entity to which it is exposed.

Sufficient capacity exists under the limits to accommodate CBA's exposures to its related entities, including ASB.

From 1 January 2022, APRA implemented the revised Prudential Standard APS 111: Capital Adequacy: Measurement of Capital, which included a change in the existing capital treatment of investments in Australian ADIs' regulated subsidiaries to be risk-weighted at 250 per cent. up to 10 per cent. of the ADI's Level 1 CET1 capital, with any excess deducted from the ADI's Level 1 CET1 capital. The proposal may impact CBA's Level 1 CET1 ratio if CBA is required to inject additional capital into ASB, and this impact will depend on the future capital requirements of ASB.

In addition, APRA limits the level of financial exposures that can be provided to New Zealand's four largest banks, including ASB, by their Australian parent banks. CBA meets the requirement that no more than 5 per cent. of CBA's Level 1 Tier One capital base can comprise non-equity exposures to ASB. This limit does not include holdings of capital instruments or eligible contingent funding support provided to ASB during times of financial stress.

APRA has also stated that it will allow, on terms agreeable to APRA, CBA to provide contingent funding support to ASB during times of financial stress. At present, only covered bonds meet APRA's criteria for contingent funding arrangements.

Recent Developments

High Court Proceedings

Save as disclosed below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the twelve 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 ASB Group.

Proceedings were served on ASB on 29 September 2021 by plaintiffs seeking to bring a representative (class action) proceeding against ASB in the High Court of New Zealand (the **High Court proceedings**). The proceedings relate to ASB's compliance with parts of the CCCFA which requires variation disclosure to be issued when customers and ASB make agreed changes to loan agreements captured under the CCCFA.

On 23 and 24 April 2024, the New Zealand Court of Appeal heard ASB's appeal from an earlier High Court decision permitting the plaintiffs to pursue their claims as an opt-out representative proceeding on behalf of a class. On 19 July 2024, the New Zealand Court of Appeal confirmed the earlier Court's decision to allow the plaintiffs to bring the action against ASB as an opt-out representative action.

On 16 August 2024, ASB applied to the Supreme Court of New Zealand for permission to appeal against one part of the New Zealand Court of Appeal's decision where it made a common fund order in favour of the plaintiffs.

The plaintiffs' class definition covers all customers who had a home or personal loan with ASB between 6 June 2015 and 18 June 2019 covered by the CCCFA and who were not provided with compliant variation disclosure. Given this definition and the fact that issues raised in the claim have not been determined by the Courts before, the size of the class is unknown. However, the class and the allegations made in the proceedings would potentially cover hundreds of thousands of loans.

The plaintiffs' statement of claim in the High Court proceedings seeks three declarations: (1) that ASB breached section 22 of the CCCFA by failing to provide the plaintiffs with variation disclosure; (2) that ASB breached section 48 of the CCCFA by failing to fully refund or credit to the plaintiffs their costs of borrowing in relation to the period of ASB's alleged breach; and (3) that a breach of section 22 of the CCCFA triggers sections 99(1A) and/or 99(1) and 48 of the CCCFA, and that where a defendant has not complied in full with section 48, a plaintiff is entitled to orders under section 94(1)(a) requiring the defendant to refund or credit all costs of borrowing received by it during the period of the alleged breach (except to the extent that such costs of borrowing have already been refunded or credited) without any adjustment or discretion being applied. In their claim, the plaintiffs argue that ASB is not entitled to retain any interest or fees paid by any class member for the period during which it is alleged that ASB did not provide, and has not provided, compliant variation disclosure under the CCCFA. ASB denies that the relief sought by the plaintiffs is available to them and is vigorously defending the proceedings.

It is not possible to determine the ultimate impact of the claim, if any, on the ASB Group.

See "*Risk Factors – Risk factors relating to the Issuer, including the ability of the Issuer to fulfil its obligations under the Covered Bonds – ASB is subject to extensive regulation, which could have an adverse impact on ASB*".

Reconciliation of Statutory Profit to Cash Profit and certain performance measures calculated on a Cash Profit basis

The following table includes the reconciliation of the ASB Group's Statutory Profit to Cash Profit and certain performance measures calculated on a Cash Profit Basis for the years ended 30 June 2024 and 30 June 2023. This information should not be considered in isolation from, or as a substitute for, financial information presented in the ASB Financial Statements and should be read in conjunction with the ASB Financial Statements.

For the year ended 30 June	**2024**	**2023[1]**
Reconciliation of statutory profit to cash profit		**(NZ$ millions)**
Net profit after tax (Statutory Profit)	1,455	1,559
Reconciling items		

[1] Certain comparatives have been restated to ensure consistency with the presentation in the current period year.

Hedging and International Financial Reporting Standards (**IFRS**) volatility[2]	18	45
Notional inter-group charges[3]	(133)	(98)
Reporting structure differences[4]	(15)	(13)
Tax on reconciling items[5]	39	20
Cash net profit after tax (Cash Profit)	1,364	1,513
Performance[6]		
Return on average total equity[7]	12.5 per cent.	14.7 per cent.
Return on assets[8]	1.1 per cent.	1.2 per cent.
Net interest margin[9]	2.23 per cent.	2.39 per cent.
Operating expenses as a percentage of total operating income[10]	39.8 per cent.	36.8 per cent.

Board Audit Committee

The Board Audit Committee (the **BAC**) is a committee of the Board of ASB (the **Board**). Its primary purpose is to provide objective review and oversight across the ASB Group of the accounting, financial and climate reporting processes, the audit process and the ASB Group's system of internal controls.

All non-executive directors of ASB are members of the BAC. The current chairman of the BAC is Ross Buckley.

The BAC ensures the integrity of the ASB Group's financial controls, reporting systems and internal audit standards and it assists the Board in discharging its responsibilities on a range of matters including:

- the external reporting of financial information for the ASB Group;
- the internal control framework for the ASB Group;

2 Hedging and IFRS volatility includes unrealised fair value gains or losses on economic hedges that do not qualify for hedge accounting and unrealised fair value gains or losses on the ineffective portion of hedges that do qualify for hedge accounting under IFRS. These fair value gains or losses are excluded from Cash Profit since the asymmetric recognition of the gains or losses does not affect ASB's performance over the life of the hedge.

3 Notional inter-group charges represent the recognition of a notional cost of capital from CBA and other allocated costs which are not included in Statutory Profit.

4 The results of certain business units are excluded from Cash Profit for management reporting purposes, but included in Statutory Profit.

5 Tax on reconciling items and prior period adjustments is the tax relating to the reconciling items set out under "*Reconciling items*" above, which are reflected on a pre-tax basis.

6 These performance metrics are calculated on a Cash Profit basis.

7 Return on average total equity is calculated as Cash Profit divided by the average total equity (being, in relation to each financial year ended 30 June (each a **Financial Year**), the average of total shareholders' equity as at the last day of the Financial Year and the last day of the previous Financial Year).

8 Return on assets is calculated as Cash Profit divided by total assets (being total assets as at the last day of the Financial Year, excluding assets allocated to other CBA business units for management reporting purposes).

9 Net interest margin is calculated as net interest earnings on a Cash Profit basis divided by the average total interest earning and discount bearing assets (being, in relation to each Financial Year, the average daily balance of total interest earning and discount bearing assets during that Financial Year, excluding assets allocated to other CBA business units for management reporting purposes).

10 Operating expenses as a percentage of total operating income is calculated as operating expenses, divided by total operating income (both on a Cash Profit basis).

- oversight of the internal auditor (**Chief Internal Auditor**), the internal audit function (**Audit & Assurance**) and the external auditors (**External Auditors**);

- accounting policy and practice; and

- without limiting the above, compliance with laws and regulatory standards relating to accounting, financial and climate reporting.

The Board has approved the ASB External Auditor Services Policy, which supports the independence of the External Auditor by regulating the services provided by the External Auditor to the ASB Group and its fund affiliates. The objective of the policy is to avoid prejudice to the independence of the External Auditor and to prevent undue reliance by the External Auditor on revenue from ASB Group. The policy ensures that the External Auditor does not provide services which are likely to:

- create a mutual or conflicting business, financial or other interest between the External Auditor and the ASB Group or its fund affiliates;

- result in the External Auditor auditing its own work;

- result in the External Auditor performing management functions or acting as an employee of or contractor to the ASB Group; or

- place the External Auditor in a position of acting as an advocate for the ASB Group or its fund affiliates.

Under the policy, the External Auditor will not provide the following services:

- the design or implementation of internal controls over financial report and accounting records;

- services involving payment of a contingency fee, commission or success fee;

- bookkeeping or services relating to accounting records or financial statements;

- financial information systems design and implementation;

- appraisal or valuation and fairness opinions;

- actuarial services;

- internal auditing outsourcing services;

- management functions, including acting as an employee and secondment arrangements;

- executive recruitment or extensive human resource functions;

- acting as a broker-dealer, investment adviser or investment banker;

- legal services;

- providing an expert opinion or other expert service for the purpose of advocating the interests of the ASB group or a fund affiliate in litigation or in regulatory or administrative proceedings or investigations;

- assurance or other services relating to remediation activities connected to regulatory investigations or potential contraventions of legislation;

- advice on deal structuring and related documentation; and

- tax planning and strategic advice.

The Chief Internal Auditor has a direct reporting line to the Chair of the BAC. Consequently, the Chief Internal Auditor function reports directly to the BAC through the Chair. This is to ensure the objectivity and independence of the internal audit function.

The Board may make other delegations to the BAC from time to time.

Board Risk and Compliance Committee

The Board Risk and Compliance Committee (the **BRCC**) is a committee of the Board. Its primary purpose is to provide objective review and oversight across the ASB Group of all categories of risk, risk appetite and the ASB Group's risk framework.

All non-executive directors are members of the BRCC. The current chairman of the BRCC is Dr Rod Carr.

The BRCC assists the Board in discharging its responsibilities on a range of matters, including:

- the oversight and governance of risks impacting the ASB Group;
- the design, implementation and operation of the ASB Group's Risk Management Framework;
- monitoring the risk appetite and assessing the risk profile of the ASB Group;
- monitoring the effectiveness of the compliance management framework impacting the material risk types; and
- risk culture and behaviours.

The Board may make other delegations to the BRCC from time to time.

Directors

The directors of ASB, the business address of each of whom should be regarded for the purposes of this Prospectus as being the same as that of ASB and their principal outside activities, where significant, are set out below. The directors of ASB may change from time to time. As at the date of this Prospectus, the directors are listed below.

THERESE MARIA WALSH

Position	Chair and Independent Non-Executive Director
Appointed	13 October 2015
Occupation	Company director
Country of residence	New Zealand
Other company directorships	Air New Zealand Limited, Therese Walsh Consulting Limited, On Being Bold Limited
Qualifications	BCA, FCA, CMInstD

VITTORIA ANNABEL JUNE SHORTT

Position	Managing Director
Appointed	5 March 2018
Occupation	Chief Executive Officer for ASB Bank Limited
Country of residence	New Zealand

Other company directorships	Lawford Family Trustee Limited
Qualifications	BMS, F.C.A

ROSS JAMES PATRICK BUCKLEY

Position	Independent Non-Executive Director
Appointed	1 October 2020
Occupation	Company director
Country of residence	New Zealand
Other company directorships	Stride Property Limited, Stride Investment Management Limited, Stride Holdings Limited, Investore Property Limited, Service Foods Limited
Qualifications	BBS, F.C.A, FCPA, CMInstD

DR RODERICK MARSHALL CARR

Position	Independent Non-Executive Director
Appointed	12 September 2018
Occupation	Company director
Country of residence	New Zealand
Other company directorships	Waingawa Forest Corporation Limited, JRC (NZ) Limited
Qualifications	BCom (Hons), LLB (Hons), MBA, MA, PhD

DAVID ANTONY KEITH COHEN

Position	Non-Executive Director
Appointed	11 February 2019
Occupation	Consultant
Country of residence	Australia
Other company directorships	None
Qualifications	B.A., LLB, FAPI

VICTORIA HELEN CRONE

Position	Independent Non-Executive Director
Appointed	12 April 2022
Occupation	Company director
Country of residence	New Zealand
Other company directorships	Victory & Grace Limited, Chitogel Limited

Qualifications	MCA

COLIN ARCHIBALD MACDONALD QSO

Position	Independent Non-Executive Director
Appointed	2 March 2022
Occupation	Company director
Country of residence	New Zealand
Other company directorships	None
Qualifications	BSc, CPEng, MinstD

JULIET KERI TAINUI-HERNANDEZ

Position	Independent Non-Executive Director
Appointed	1 May 2024
Occupation	Company director
Country of residence	New Zealand
Other company directorships	Ngāi Tahu Holdings Corporation Limited
Qualifications	BA, LLB

NIGEL HENRY MURRAY WILLIAMS

Position	Non-Executive Director
Appointed	21 March 2024
Occupation	Group Chief Risk Officer for Commonwealth Bank of Australia
Country of residence	Australia
Other company directorships	The Cancer Council NSW
Qualifications	BCom

No conflicts of interest confirmation

As at the date of this Prospectus, no actual or potential conflicts of interest exist between any duties owed to ASB by members of its board of directors listed above and their other interest/duties. ASB has processes in place to identify, ensure disclosure of, and manage any actual, potential, or perceived conflicts of interest that may arise in the future in accordance with ASB's Conflicts Management Policy.

Long term credit ratings for ASB

As at the date of this Prospectus ASB's unsecured, unsubordinated, long term senior debt obligations are rated AA- by Standard & Poor's (Australia) Pty. Ltd, Aa3 by Moody's and A+ by Fitch. Standard & Poor's (Australia) Pty. Ltd is not established in the European Union and has not applied for registration under the CRA Regulation. However, S&P Global Ratings Europe Limited is established in the European Union and is registered under the CRA Regulation. The application for registration disclosed that S&P Global Ratings Europe Limited intends to endorse select public ratings issued by Standard & Poor's (Australia) Pty. Ltd.

SUPERVISION AND REGULATION OF ASB BANK LIMITED

The supervisory role of the RBNZ

The BPS Act requires the RBNZ to exercise its powers of registration of banks and prudential supervision of registered banks for the purposes of:

- promoting the maintenance of a sound and efficient financial system; or
- avoiding significant damage to the financial system that could result from the failure of a registered bank.

The RBNZ's policy around the registration of banks aims to ensure that only financial institutions of appropriate standing and repute are able to become registered banks. Subject to this requirement, the RBNZ has stated that it intends to keep to a minimum any impediments to the entry of new registered banks, in order to encourage competition in the banking system.

The RBNZ's supervisory functions are aimed at encouraging the soundness and efficiency of the financial system as a whole, and are not aimed at preventing individual bank failures or at protecting creditors. The RBNZ seeks to achieve this by drawing on and enhancing disciplines that are naturally present in the market.

As a consequence, the RBNZ places considerable emphasis on its quarterly "dashboard" and on banks' own six-monthly disclosure statements, which make information on financial performance and risk positions publicly available, and that directors attest to certain key matters in every disclosure statement. These measures are intended to strengthen market disciplines and to ensure that responsibility for the prudent management of banks lies with those who the RBNZ considers are best placed to exercise that responsibility – the directors and management of the banks.

The main elements of the RBNZ's supervisory role include:

- requiring all banks to comply with certain minimum prudential requirements, which are applied through conditions of registration. These include constraints on connected exposure, minimum capital adequacy requirements and minimum standards for liquidity risk management;
- monitoring each registered bank's financial condition and compliance with its conditions of registration, principally on the basis of published disclosure statements and regulatory reporting to RBNZ. This monitoring is intended to ensure that the RBNZ maintains familiarity with the financial condition of each bank and the banking system as a whole, and maintains a state of preparedness to invoke crisis management powers should this be necessary;
- consulting with the senior management of registered banks;
- using crisis management powers available to it under the BPS Act to intervene where a bank distress or failure situation threatens the soundness of the financial system;
- assessing whether a bank is carrying on business prudently;
- issuing guidelines on banks' compliance with anti-money laundering and countering financing of terrorism requirements;
- monitoring banks' outsourcing arrangements to determine whether a bank's management of risks associated with outsourcing are appropriately managed;
- issuing guidelines on banks' internal capital adequacy process and liquidity policy;
- issuing guidelines on corporate governance; and

- maintaining close working relationships with parent bank supervisors (such as APRA in Australia) on bank-specific issues, policy issues and general matters relating to the condition of the financial system in New Zealand and in the countries where parent banks are domiciled.

The disclosure statements that are required to be issued semi-annually by registered banks contain comprehensive corporate details, together with full financial statements at the full year, and unaudited interim financial statements at the half-year. The financial statements are subject to full external audit (other than the capital adequacy and regulatory liquidity disclosures which are subject to review by the external auditor) at the end of each financial year and a limited scope review at the end of each financial half-year. Each bank director is required to sign their bank's disclosure statements and to make certain attestations. A bank and its directors may incur criminal and civil penalties if the bank's disclosure statement contains information that is held to be false or misleading.

In connection with quarterly financial information, the RBNZ publishes a 'dashboard' of information on New Zealand locally incorporated banks on its website.

The RBNZ implemented the Basel III capital adequacy requirements, modified to reflect New Zealand conditions. See "*ASB Bank Limited – Overview"* for further detail.

The RBNZ requires all registered banks to obtain and maintain a credit rating from an approved organisation and publish that rating in its disclosure statements. In addition, the RBNZ has wide reaching powers to obtain further information, data and forecasts in connection with its supervisory functions, and to require that information, data, and forecasts be audited.

It also possesses a number of crisis management powers. Those powers include recommending that a bank's registration be cancelled, investigating the affairs of a registered bank, requiring that a registered bank consult with the RBNZ, giving directions to a registered bank, removing, replacing or appointing a director of a registered bank or recommending that a registered bank be subject to statutory management.

If a registered bank is declared to be subject to statutory management, no person may, amongst other things:

- commence or continue any action or other proceedings including proceedings by way of counterclaim against that bank;
- issue any execution, attach any debt, or otherwise enforce or seek to enforce any judgment or order obtained in respect of that bank;
- take any steps to put that bank into liquidation; or
- exercise any right of set-off against that bank.

As part of the RBNZ's supervisory powers, a person must obtain the written consent of the RBNZ before giving effect to a transaction resulting in that person acquiring or increasing a "significant influence" over a registered bank. "Significant influence" means the ability to directly or indirectly appoint 25 per cent. or more of the board of directors of a registered bank (or other persons exercising the powers of management) or a qualifying interest (for example, legal or beneficial ownership) in 10 per cent. or more of its voting securities.

In assessing applications for consent to acquire a significant influence over a registered bank, the RBNZ has stated that it will have regard to the same matters as are relevant in assessing an application for registration as a registered bank. In giving its consent, the RBNZ may impose such terms and conditions as it thinks fit.

The supervisory role of the FMA

The Financial Markets (Conduct of Financial Institutions) Amendment Act 2022 (**CoFI Act**) provides the framework for a new conduct licensing regime for banks, insurers, and non-bank deposit takers (together, for the purposes of this section "financial institutions") (see "*Supervision and Regulation of ASB Bank Limited – Regulatory environment in New Zealand*" below for further detail). This regime will be monitored and enforced by the FMA, thereby extending the FMA's current mandate and supervisory powers. The regime will come into force on 31 March 2025.

The conduct licensing regime introduces a requirement for financial institutions that provide financial products and services to consumers and retail customers to apply for and hold a licence issued by the FMA in respect of their general conduct towards consumers. Licensing applications opened on 25 July 2023.

The main elements of the FMA's supervisory role under the conduct licensing regime will include:

- assessing applications for, and issuing, licences to financial institutions under the conduct licensing regime;
- monitoring compliance by financial institutions with the requirement to establish, implement, and maintain a fair conduct programme that complies with certain minimum requirements set out in the CoFI Act;
- taking enforcement action in relation to non-compliance with the conduct licensing regime, including having the power to suspend or cancel a licence (subject to the prior consent of the RBNZ); and
- engaging with industry and developing regulatory guidance to provide clarity about the FMA's expectations for various aspects of the regime.

Regulatory environment in New Zealand

In New Zealand, there is significant regulatory change under review or development for the financial services industry as at the date of this Prospectus. These changes are being led by the RBNZ, the FMA, the Commerce Commission and the New Zealand Government. Some of the most material examples impacting ASB are set out below.

RBNZ led:

Capital Review

- The RBNZ completed a comprehensive review of the capital adequacy framework applying to New Zealand incorporated banks.
- The RBNZ has introduced a revised capital adequacy framework with a seven-year transition period. The new requirements came into effect on 1 October 2021 and the full transition to the new regime is scheduled to be completed by 1 July 2028.
- The RBNZ is conducting a review of its BS13 Liquidity Policy following an industry thematic review of compliance with the existing policy. The RBNZ has completed two rounds of consultation through 2022 and 2023 and, in December 2023, announced two key review decisions, specifically:
  - the retention of the current mismatch and core funding ratio liquidity metrics on a modified basis (rather than adopt the international Basel liquidity metrics); and
  - the tightening of the eligibility criteria for liquid assets.

  The RBNZ is consulting on these changes. The final liquidity standard is expected to be published in late 2026 or early 2027, or otherwise in line with the delivery of the DTA. See "*Risk Factors – Liquidity and funding risks could adversely impact ASB's results of operations and financial condition* " for further detail.
- In July 2024, the RBNZ activated Debt-to-Income (**DTI**) restrictions and eased Loan-to-Value ratio (**LVR**) settings. The changes are as follows:

  DTI restrictions will be activated at settings of:

  - a 20 per cent. limit on new residential lending to owner-occupiers with a DTI ratio greater than 6; and

– a 20 per cent. limit on new residential lending to investors with a DTI ratio greater than 7.

LVRs will be eased to allow banks to make:

– 20 per cent. of owner-occupier lending to borrowers with an LVR greater than 80 per cent.; and

– 5 per cent. of investor lending to borrowers with an LVR greater than 70 per cent.

Commerce Commission led:

Personal Banking Services Market Study

- The Commerce Commission undertook a market study into competition in New Zealand's personal banking sector and its final report was published on 20 August 2024. The Commerce Commission found, among other things, that the four largest New Zealand banks (including ASB) do not face strong competition when providing banking services. The report identified factors limiting competition for personal banking services in New Zealand and proposed multi-faceted solutions to improve competition, including accelerating and co-ordinating progress on open banking, a regulatory environment that supports competition, empowering consumers and changes in the provision of home loans by providers.

Retail Payment System Act 2022

- The Retail Payment System Act 2022 (**RPS Act**) aims to promote competition and efficiency in the retail payment system for the long-term benefit of merchants and consumers in New Zealand, including by regulating participants in designated payment networks. The RPS Act includes a designation regime which allows the Commerce Commission to regulate designated networks, such as by requiring the disclosure of information relating to payment services or the designated networks, determining how prices may be set, and specifying access requirements. The Mastercard and Visa debit and credit networks are designated networks, and the Commerce Commission closed its consultation in August 2024 on changes to the initial pricing standard limiting interchange fees payable for certain transactions on those networks. In August 2024, the Commerce Commission published their recommendation to the Minister of Commerce and Consumer Affairs to designate the interbank payment network, which would give the Commerce Commission powers under that Act to, among other things, determine how prices may be set within that network. Any such designation, if made, must be via an Order in Council on the recommendation of the Minister.

New Zealand Government led:

Review of the BPS Act

- The New Zealand Government announced that, as part of its review of the BPS Act, the BPS Act would be replaced with two separate Acts – the Reserve Bank of New Zealand Act 2021 and the "DTA", the latter of which would establish a depositor protection regime in New Zealand.

- The Reserve Bank of New Zealand Act 2021 contains the governance and accountability arrangements for the RBNZ and came into effect on 1 July 2022.

- The DTA will implement, among other things, a depositor compensation scheme that will provide coverage for up to NZ$100,000 per depositor at each deposit taking institution and a new crisis management regime for deposit takers (which is expected to include ASB) with powers for the RBNZ to make directions and put the deposit taker into resolution in certain circumstances, including where the RBNZ is satisfied on reasonable grounds that the deposit taker is insolvent or is likely to become insolvent. While a deposit taker is in resolution, management of that deposit taker vests in a resolution manager and, among other things, no person may commence or continue a proceeding against that deposit taker. Priority has been given to depositor compensation ahead of the rest of the DTA, and is expected to be in place in mid-2025. The regime introduces core standards in relation to capital, liquidity, disclosure, and the depositor compensation scheme and non-core standards, which are yet to be finalised. The finalised core standards will replace existing prudential requirements for banks and will be used by

the RBNZ to license existing banks and non-bank deposit takers under the new deposit takers regime, expected from 2027. The balance of the DTA is expected to be in effect in July 2028.

The New Zealand Government has agreed in-principle to the development of an integrated prudential and market conduct 'executive accountability regime' to cover both deposit takers and insurers. Such a move would bring New Zealand broadly in line with similar regimes in other jurisdictions such as Australia and the UK.

Regulatory changes

- As noted above (see "*The supervisory role of the FMA*"), the CoFI Act is currently being implemented and under current legislation, the CoFI Act is set to commence on 31 March 2025.

- The Credit Contracts Legislation Amendment Act 2019 (**CCLAA**) made a number of significant changes to the CCCFA, including strengthening requirements to lend responsibly, especially in relation to requirements regarding how affordability and suitability tests should be conducted, limiting the accumulation of interest and fees on high-cost loans, and providing new remedies and penalties for non-compliance. The CCLAA and associated CCCFA regulations came fully into force on 1 December 2021, with some subsequent further amendments.

- On 5 September 2024, the New Zealand Government released a Cabinet paper detailing its decision on reforming certain aspects of financial services legislation, with the intention to introduce a Bill to implement these changes in December 2024. The key decisions in the paper relate to consumer credit legislation (including limiting the effect of non-compliance with certain provisions of the CCCFA), financial services conduct legislation (including FMA powers in relation to licences) and financial services dispute resolution.

- The Financial Markets Conduct Act 2013 was amended in 2021 to make climate-related disclosures for certain financial institutions and listed issuers mandatory. This requires an annual climate statement covering governance arrangements, risk management, strategies and metrics and targets relating to climate-related risks and opportunities, with the new regime applying to financial years beginning in 2023, being FY24 for ASB Group's financial statements.

- Following a consultation process, the New Zealand Government released a report from its statutory review of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (**AML/CFT Act**) which signalled future significant reform of the AML/CFT Act and associated regulations. In July 2023, the New Zealand Government introduced a package of regulatory amendments to the AML/CFT Act regime in response to the statutory review and agreed to a multi-year work programme to deliver further regulatory and legislative changes. The regulations will come into force in three stages from 31 July 2023 to 1 June 2025.

- In May 2024, the New Zealand Government introduced the Customer and Product Data Bill to Parliament, which is anticipated to be reported on by Select Committee in early 2025. If passed, this will establish a framework in relation to, among other things, consumer data in New Zealand.

- In August 2024, the Finance and Expenditure Select Committee called for submissions on its inquiry into banking competition, including business banking and rural banking, with reference to the findings of the Commerce Commission's study into personal banking competition (see above under "Personal Banking Services Market Study").

THE ASB COVERED BOND TRUST

The ASB Covered Bond Trust (Trust) is a special purpose trust established by the Establishment Deed under New Zealand law on 11 August 2011. The Covered Bond Guarantor is the trustee of the Trust.

The Covered Bond Guarantor's principal office is at Level 16, SAP Tower, 151 Queen Street, Auckland 1010, New Zealand. The telephone number of the Covered Bond Guarantor's principal office is +64 9 985 5582.

The Covered Bond Guarantor is dependent on the Trust Manager, the Servicer and the Calculation Manager (amongst others) to provide certain management and administrative services to it, on the terms of the Establishment Deed and the other Programme Documents.

The principal activities of the Trust are set out in the Establishment Deed and include the acquisition, management and sale of, amongst other things, Mortgage Loans and the Related Security, the borrowing of moneys to fund the acquisition of such assets, the hedging of risks associated with such assets and such funding, the acquisition, management and sale of Substitution Assets and Authorised Investments, the giving of guarantees, the granting of security and any other business as the Trust Manager shall direct (with the prior written consent of the Security Trustee, prior to the release of the Security constituted by the Security Deed for as long as the Covered Bonds are outstanding).

The Trust has not engaged since its establishment, and will not engage whilst the Covered Bonds or the Term Advances remain outstanding, in any material activities other than activities incidental to its establishment, activities contemplated under the Programme Documents to which the Covered Bond Guarantor is or will be a party and other matters which are incidental or ancillary to the foregoing.

The Trust's balance date is 30 June. The directors of Securitisation Management Services Limited approved the Trust's financial statements for the year ended 30 June 2024 on 26 September 2024.

Beneficiary

The Beneficiary of the Trust as at the date of this Prospectus is Public Trust as trustee of the ASB Securitisation Charitable Trust.

Trust Manager

At the date of this Prospectus, the Trust Manager is Securitisation Management Services Limited. The registered office of the Trust Manager is Level 2, ASB North Wharf, 12 Jellicoe Street, Auckland 1010, New Zealand.

Pursuant to the Establishment Deed, the Trust Manager acts as manager of the Trust and will provide certain administrative services required by the Trustee pursuant to the Programme Documents. As compensation for the performance of the Trust Manager's obligations under the Establishment Deed and as reimbursement for its related expenses, the Trust Manager is entitled to a fee, which is paid in accordance with the applicable Priority of Payments.

Directors

The directors of Securitisation Management Services Limited, the business address of each of whom should be regarded for the purposes of this Prospectus as being Level 2, ASB North Wharf, 12 Jellicoe Street, Auckland 1010, New Zealand, and their principal outside activities, where significant, are as follows:

C. R. (CARL) FERGUSON

Mr Ferguson is the Chief Financial Officer of ASB. He is a director of the following other ASB Group companies (in addition to the Trust Manager):
ASB Management Services Limited
ASB Nominees Limited
ASB Securities Limited

A.M. (AMIE) SMITH

Ms Smith is the Chief Operating Officer of ASB. She is a director of the following other ASB Group companies (in addition to the Trust Manager):
ASB Management Services Limited
ASB Nominees Limited
ASB Securities Limited

S.R. LUCAS
Mr Lucas is the General Manager Treasury of ASB. He is not a director of any other ASB Group companies.

No conflicts of interest confirmation

Securitisation Management Services Limited has in place a Conflicts Management Policy and procedures whereby any actual, potential, or perceived conflicts between the directors' duties to the company and their other interests are declared and managed. As at the date of this Prospectus, (i) there are no actual or potential conflicts of interest between any duties owed to Securitisation Management Services Limited by the members of its Board of Directors listed above and their other interests and/or duties and (ii) there are no actual or potential conflicts of interest between the other interests and/or duties of the directors listed above and the duties Securitisation Management Services Limited owes to ASB Covered Bond Trustee Limited.

Delegation by the Trust Manager

The Trust Manager may, in performing its functions under the Establishment Deed and the other Programme Documents, delegate to any service provider the performance of any of its functions and appoint any person to be delegate or sub-delegate, in each case subject to and in accordance with the provisions of the Establishment Deed and the Management Agreement, as the case may be.

SUMMARY OF THE PRINCIPAL DOCUMENTS

Bond Trust Deed

The Bond Trust Deed, entered into between the Issuer, the Covered Bond Guarantor and the Bond Trustee on 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*" above);

(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 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 the Guaranteed Amounts as and when the same shall become Due for Payment.

Following the occurrence of an Issuer Event of Default and the service by the Bond Trustee of an Issuer Acceleration Notice on the Issuer and a Notice to Pay on the Covered Bond Guarantor, the Covered Bond Guarantor shall, 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) to or to the order of the Bond Trustee (for the benefit of the Covered Bondholders) an amount equal to those Guaranteed Amounts which shall 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 shall be so served 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, in respect of the Covered Bonds of each Series which shall 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 shall, 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.

Subject to the grace periods specified in Condition 9.2(a) (*Covered Bond Guarantor Events of Default*), 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 principal and interest (if any) in respect of the Covered Bonds and Coupons by or on behalf of the Covered Bond Guarantor will be made without withholding or deduction for, or on account of, any present or future tax, duties, assessment or other governmental charges of whatever nature 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 shall pay the Guaranteed Amounts net of such withholding or deduction and shall account to the appropriate Tax Authority for the amount required to be withheld or

deducted. The Covered Bond Guarantor shall 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 "*Taxation*" for further information.

Covered Bond Guarantor as principal debtor and not merely as surety

The Covered Bond Guarantor has agreed that its obligations under the Covered Bond Guarantee shall be:

(a) as if it were principal debtor and not merely as surety or guarantor and shall be absolute;

(b) (in the case of the Covered Bond Guarantor following service of an Issuer Acceleration Notice and Notice to Pay or a Covered Bond Guarantee Acceleration Notice) unconditional and its obligations under the Trust Presents shall be as if it were principal debtor and not merely as surety or guarantor and shall be absolute; and

(c) unaffected by any invalidity, irregularity, illegality or unenforceability of, or of any defence or counterclaim whatsoever available to the Issuer, in relation to, its obligations under the Trust Presents 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,

and Covered Bond Guarantee shall not be discharged, nor shall the liability of the Covered Bond Guarantor under the Trust Presents be affected by any act, thing or omission or means whatsoever whereby its liability would not have been discharged if it had been the principal debtor.

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 which are received by or on behalf of the Bond Trustee from the Issuer or any receiver, liquidator, administrator or other similar official appointed in relation to the Issuer, and are then held by it or under its control, shall be paid by the Bond Trustee on behalf of the Covered Bondholders of the relevant Series to the Covered Bond Guarantor for its own account, as soon as practicable, and shall be held by the Covered Bond Guarantor in the GIC Account, and the Excess Proceeds shall thereafter form part of the Security and shall 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 shall 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 shall be required to be repaid by the Covered Bond Guarantor) (but shall be deemed not to have done so for the purposes of subrogation rights of the Covered Bond Guarantor contemplated by the Covered Bond Guarantee and 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 shall not reduce or discharge any such obligations.

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

For the avoidance of doubt, any payments by the Covered Bond Guarantor to the Covered Bondholders out of the Excess Proceeds shall reduce the Guaranteed Amounts *pro tanto*.

The Bond Trust Deed and any non-contractual obligations arising out of or in connection with it are governed by English law.

Intercompany Loan Agreement

On each Issue Date, the Intercompany Loan Provider will make a Term Advance to the Covered Bond Guarantor in an amount equal to either (a) if a Non-Forward Starting Covered Bond Swap is entered into on the relevant

Issue Date, the Principal Amount Outstanding on the Issue Date of the relevant Series or, as applicable, Tranche of Covered Bonds in the Specified Currency of the relevant Series or Tranche of Covered Bonds or (b) if a Forward Starting Covered Bond Swap is entered into on the relevant Issue Date, the NZ Dollar Equivalent of the Principal Amount Outstanding on the Issue Date of the relevant Series or, as applicable, Tranche of Covered Bonds, and for a matching term. The Covered Bond Guarantor will use the proceeds of the Term Advances received under the Intercompany Loan Agreement from time to time (if not denominated in NZ Dollars, upon exchange into NZ Dollars under the applicable Non-Forward Starting Covered Bond Swap): if a New Mortgage Loan Portfolio (consisting of Mortgage Loans and the Related Security originated by the Seller) is being acquired in connection with the issue of a related Series or Tranche of Covered Bonds: (i) to fund (in whole or in part) the Purchase Price of the New Mortgage Loan Portfolio from the Seller in accordance with the terms of the Mortgage Sale Agreement; and/or (ii) acting on the directions of the Trust Manager, to invest in Substitution Assets in an amount not exceeding the prescribed limit as specified in the Establishment Deed, to the extent required to meet the Asset Coverage Test; and thereafter or otherwise the Covered Bond Guarantor may use such proceeds (subject to complying with the Asset Coverage Test): (A) if an existing Series or part of an existing Series of Covered Bonds is being refinanced by the issue of a further Series or Tranche of Covered Bonds to which the Term Advance relates, to repay the Term Advance(s) corresponding to the Covered Bonds being so refinanced (after exchange into the currency of the Term Advance(s) being repaid, if necessary); and/or (B) to make a repayment of the Demand Loan, provided that the Calculation Manager has determined the outstanding balance of the Demand Loan by calculating the Asset Coverage Test as at the Intercompany Loan Drawdown Date having taken into account such repayment and the Calculation Manager has confirmed that the Asset Coverage Test will continue to be met after giving effect to such repayment; 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 prescribed limit in the Programme Documents).

The Issuer will not be relying on repayment of any Term Advance in order to meet its repayment obligations under the Covered Bonds. The Covered Bond Guarantor (acting on the instructions of the Trust Manager) will pay amounts due in respect of Term Advances in accordance with the relevant Priority of Payments. Prior to the service of a Notice to Pay on the Covered Bond Guarantor or the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor, the Issuer and/or the Security otherwise becoming enforceable, amounts due in respect of each Term Advance will be paid by the Covered Bond Guarantor to, or as directed by, the Intercompany Loan Provider on each Intercompany Loan Interest Payment Date, subject to paying all higher ranking amounts in the Pre-Acceleration Revenue Priority of Payments or, as applicable, the Pre-Acceleration Principal Priority of Payments. Any failure by the Covered Bond Guarantor to pay any amounts due on the Term Advances will not affect the liability of the Issuer to pay the relevant amount due on the Covered Bonds.

Any amounts owing by the Intercompany Loan Provider (as Issuer of a particular Series or Tranche of Covered Bonds) 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, shall be set-off automatically (and without any action being required by the Covered Bond Guarantor, the Trust Manager, the Calculation Manager, the Intercompany Loan Provider, the Demand Loan Provider or the Security Trustee) against any amounts payable by the Covered Bond Guarantor under the Intercompany Loan Agreement in relation to the Term Advance corresponding to the relevant Series or Tranche of Covered Bonds (and, in accordance with paragraph (d) below, against any amounts payable by the Covered Bond Guarantor to the Demand Loan Provider under the Demand Loan Agreement). The amount set-off shall 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 NZ Dollar Equivalent of such amount if the related Term Advance is denominated in NZ Dollars and the relevant Covered Bonds are not denominated in NZ Dollars) or the Principal Amount Outstanding of any relevant Covered Bonds purchased or otherwise acquired and cancelled by the Covered Bond Guarantor in accordance with Condition 5.10 (Purchase and Cancellation) (or the NZ Dollar Equivalent of such amount if the related Term Advance is denominated in NZ Dollars and the relevant Covered Bonds are not denominated in NZ Dollars), as applicable, which amount shall be applied to reduce amounts payable under the Intercompany Loan Agreement in relation to the Term Advance corresponding to the relevant Covered Bonds (and, in accordance with paragraph (d) below, against any amounts payable by the Covered Bond Guarantor to the Demand Loan Provider under the Demand Loan Agreement) in the following order of priority:

(a) first, to reduce and discharge interest (including accrued interest) due and unpaid on the outstanding principal balance of such Term Advance;

(b) second, to reduce and discharge the outstanding principal balance of such Term Advance;

(c) third, to reduce and discharge any other amounts due and payable by the Covered Bond Guarantor to the Intercompany Loan Provider under the Intercompany Loan Agreement; and

(d) fourth, to reduce and discharge amounts due and payable by the Covered Bond Guarantor to the Demand Loan Provider under the Demand Loan Agreement (see below).

The Intercompany Loan Agreement is governed by New Zealand law.

Demand Loan Agreement

Under the Demand Loan Agreement the Demand Loan Provider has agreed to make available to the Covered Bond Guarantor a NZ Dollar revolving credit facility under which the Demand Loan Provider may make Demand Loan Advances to the Covered Bond Guarantor. Each Demand Loan Advance will be denominated in NZ Dollars. The interest rate on the Demand Loan will be equal to the 30 day Bank Bill Rate plus a spread to be determined by the Demand Loan Provider. The balance of the Demand Loan will fluctuate over time, as described below.

The proceeds of each Demand Loan Advance may only be used by the Covered Bond Guarantor: (a) as consideration (in whole or part) for the acquisition of Mortgage Loans and the Related Security from the Seller on a Transfer Date where the aggregate of the proceeds of the related Term Advance (if any) made on that date and/or (subject to paragraph (b) of the Pre-Acceleration Principal Priority of Payments) the Available Principal Receipts (if any) are not sufficient to pay the Purchase Price for the relevant New Mortgage Loan Portfolio; (b) to repay a Term Advance on the date on which the Series of Covered Bonds corresponding to such Term Advance matures; (c) to rectify a failure to meet the Asset Coverage Test; (d) to rectify a breach of the Pre-Maturity Test; (e) to rectify an Interest Rate Shortfall; or (f) to fund the Reserve Fund up to an amount not exceeding the prescribed limit (see "Structure Overview – *Credit Structure – Reserve Fund*").

The Covered Bond Guarantor shall repay the principal on the Demand Loan in accordance with the applicable Priority of Payments and the terms of the Demand Loan Agreement and the Establishment Deed, using: (i) funds in the applicable Trust Accounts; and/or (ii) proceeds from the sale of Substitution Assets and/or Authorised Investments; and/or (iii) proceeds of the sale, pursuant to the Establishment Deed, of Mortgage Loans and the Related Security to the Seller or to another person subject to the Seller's right of pre-emption; and/or (iv) the proceeds of a Term Advance pursuant to the terms of the Intercompany Loan Agreement (see "*Cashflows*" below).

At any time prior to an Issuer Event of Default and provided that the relevant conditions precedent have been satisfied, the Covered Bond Guarantor may re-borrow any amount of the Demand Loan repaid by the Covered Bond Guarantor in accordance with the Demand Loan Agreement and the relevant Priority of Payments. Unless otherwise agreed by the Demand Loan Provider, no further Demand Loan Advances will be required to be made to the Covered Bond Guarantor under the Demand Loan Facility following an Issuer Event of Default or Covered Bond Guarantor Event of Default.

If a demand for repayment of all or part of the Demand Loan is given, then, subject to the applicable Priority of Payments, the principal amount of the Demand Loan shall be repaid on the next Trust Payment Date by an amount equal to the lesser of: (a) the amount requested to be repaid by the Demand Loan Provider; and (b) the maximum amount (as calculated by the Calculation Manager) that will not result in a breach of the Asset Coverage Test after giving effect to such repayment. No repayment of the Demand Loan shall be made on any Trust Payment Date if the Asset Coverage Test will be breached after giving effect to the repayment.

The NZ Dollar Equivalent of any amounts owing by the Intercompany Loan Provider (as Issuer of a particular Series or Tranche of Covered Bonds) to the Covered Bond Guarantor in respect of amounts paid by the Covered Bond Guarantor under the Covered Bond Guarantee in relation to the particular Series or Tranche of Covered Bonds or the purchase of the particular Series or Tranche of Covered Bonds by the Covered Bond Guarantor, as applicable, which are not set off in accordance with the order of priority contained in the Intercompany Loan Agreement (set out above) shall be set off automatically (and without any action being required by the Covered Bond Guarantor, the Trust Manager, the Calculation Manager, the Demand Loan Provider or the Security Trustee)

against any amounts payable by the Covered Bond Guarantor under the Demand Loan Agreement in the following order of priority:

(A) *first*, to reduce and discharge interest (including accrued interest) due and unpaid on the Demand Loan;

(B) *second*, to reduce and discharge the outstanding principal balance of the Demand Loan; and

(C) *third*, to reduce and discharge any other amounts due and payable by the Covered Bond Guarantor to the Demand Loan Provider under the Demand Loan Agreement.

The Demand Loan Agreement is governed by New Zealand law.

Mortgage Sale Agreement

Sale by the Seller of Mortgage Loans and Related Security

Mortgage Loans and the Related Security 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 ASB, as Seller, Calculation Manager, Issuer, Servicer and All Moneys Mortgage Beneficiary, the Covered Bond Guarantor, the Trust Manager and the Security Trustee.

The types of Mortgage Loans forming part of the Mortgage Loan Portfolio will vary over time, provided that, at the time the relevant Mortgage Loans are sold to the Covered Bond Guarantor, the Mortgage Loans are Qualifying Mortgage Loans (as described below) on the relevant Transfer Date. Accordingly, New Mortgage Loans sold by the Seller to the Covered Bond Guarantor on a Transfer Date may have characteristics that differ from Mortgage Loans already in the Mortgage Loan Portfolio as at that date.

Prior to the occurrence of an Issuer Event of Default or a Covered Bond Guarantor Event of Default, the Covered Bond Guarantor will acquire Mortgage Loans and Related Security from the Seller in the four circumstances described below:

(a) *first*, in connection with a proposed issue of a Series or Tranche of Covered Bonds or the prudent maintenance of the Mortgage Loan Portfolio, the proceeds of a Demand Loan and/or a Term Advance (after being swapped into NZ Dollars at the applicable Swap Rate if the Term Advance is not denominated in NZ Dollars), together with (if applicable) any Available Principal Receipts available for that purpose, may be applied in whole or in part by the Covered Bond Guarantor to acquire Mortgage Loans and the Related Security from the Seller on the relevant Transfer Date;

(b) *second*, if at any time prior to the service of an Asset Coverage Test Breach Notice (which has not been revoked) both:

(i) the amount of Available Principal Receipts available for distribution on the immediately following Trust Payment Date exceeds the amount required to be applied under paragraphs (a) to (d) inclusive of the Pre-Acceleration Principal Priority of Payments; and

(ii) the Trust Manager considers (having regard to the composition of the Mortgage Loan Portfolio, and the amount of Substitution Assets and Authorised Investments held by the Covered Bond Guarantor, at that time) that all or part of the Available Principal Receipts remaining after application under paragraphs (a) to (d) inclusive of the Pre-Acceleration Principal Priority of Payments should be utilised to acquire New Mortgage Loans and the Related Security,

then the Covered Bond Guarantor shall use the Available Principal Receipts to acquire New Mortgage Loans and Related Security from the Seller on the relevant Transfer Date;

(c) *third*, the Covered Bond Guarantor 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 Calculation Manager on each Determination Date). If on any Determination Date the Adjusted Aggregate Mortgage Loan Amount is less than the NZ Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds, the Seller will use all reasonable efforts to offer to sell sufficient New

Mortgage Loans and the Related Security to the Covered Bond Guarantor so the Asset Coverage Test is met on the next Determination Date (provided that the Seller shall not be obliged to sell to the Covered Bond Guarantor New Mortgage Loans and the Related Security if, in the reasonable opinion of the Seller, the sale of such New Mortgage Loans and the Related Security would materially adversely affect the business or financial condition of the Seller); and

(d) *fourth*, if the Covered Bond Guarantor and the Security Trustee notify the Servicer and the Seller that further Mortgage Loans and the Related Security should be sold to the Covered Bond Guarantor to rectify the Interest Rate Shortfall, the Seller will use all reasonable efforts to offer to sell (and the Covered Bond Guarantor will use all reasonable endeavours to acquire from the Seller) in accordance with the Mortgage Sale Agreement sufficient New Mortgage Loans and the Related Security to the Covered Bond Guarantor on or before the next succeeding Determination Date to rectify the Interest Rate Shortfall on that Determination Date (provided that the Seller shall not be obliged to sell to the Covered Bond Guarantor New Mortgage Loans and the Related Security if, in the reasonable opinion of the Seller, the sale of such New Mortgage Loans and the Related Security would materially adversely affect the business or financial condition of the Seller).

In exchange for the sale of the Mortgage Loans and the Related Security to the Covered Bond Guarantor, the Seller will receive a cash payment of the Purchase Price and the payment of the Deferred Consideration in accordance with the applicable Priority of Payments.

The Seller and the Covered Bond Guarantor may agree that all or part of the Purchase Price for each New Mortgage Loan Portfolio shall be set off against any amount payable on the Transfer Date by ASB as Intercompany Loan Provider and/or Demand Loan Provider under the Intercompany Loan Agreement and/or the Demand Loan Agreement.

The Purchase Price for a New Mortgage Loan Portfolio shall be paid on the applicable Transfer Date.

The Seller will be required to repurchase Mortgage Loans and the Related Security sold to the Covered Bond Guarantor in the circumstances described below under "*Repurchase by the Seller following breach of Representations and Warranties*".

Qualifying Mortgage Loans

The sale of Mortgage Loans and the Related Security to the Covered Bond Guarantor will be subject to certain conditions being satisfied on the relevant Transfer Date, including that each Mortgage Loan is a Qualifying Mortgage Loan. A Qualifying Mortgage Loan is a Mortgage Loan that satisfies the following conditions:

(a) it is secured by a Mortgage over Land which is not commercial land, farm land, Maori land or vacant land;

(b) it is an amortising loan that does not provide for the payment of interest to be deferred or capitalised;

(c) it is due from a Qualifying Borrower;

(d) it was advanced in, and is repayable in, NZ Dollars;

(e) it is or has been fully drawn;

(f) it has a stated term remaining to maturity not exceeding 30 years;

(g) it is secured by a Mortgage that is a first ranking mortgage subject only to statutory charges and encumbrances in favour of territorial authorities;

(h) as at the Transfer Date no payment due from the Borrower under the Mortgage Loan is in arrears by more than 30 days;

(i) the Borrower had made at least one interest payment under the Mortgage Loan;

(j) it was not a construction loan as at the Transfer Date; and

(k) the current principal balance does not exceed NZD2,500,000.

On each Transfer Date, the Representations and Warranties (described below in "*Representations and Warranties*") will be given by the Seller in respect of the Mortgage Loans and the Related Security sold by the Seller to the Covered Bond Guarantor on that Transfer Date.

Transfer of Title to the Mortgage Loans to the Covered Bond Guarantor

Mortgage Loans 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.

The completion and delivery of transfers of Mortgages to the Covered Bond Guarantor and the notifications to the relevant Borrowers notifying such Borrowers of the sale of Mortgage Loans in the Mortgage Loan Portfolio and the Related Security to the Covered Bond Guarantor and the transfer of custody of the Loan Files to the Covered Bond Guarantor may be completed by the Covered Bond Guarantor, or the Trust Manager on its behalf, after the earliest to occur of the following events (each, a **Perfection of Title Event**):

(a) the occurrence of an Issuer Event of Default and the service on the Issuer of an Issuer Acceleration Notice and the service on the Covered Bond Guarantor of a Notice to Pay unless the Seller has notified the Covered Bond Guarantor that it will accept the offer set out in a Selected Mortgage Loan Offer Notice within the prescribed time in relation to the Mortgage Loans and the Related Security specified in the Selected Mortgage Loan Offer Notice, in which case, the completion and delivery of transfers to the Covered Bond Guarantor and the notifications to the relevant Borrowers and the transfer of custody shall not occur in relation to the Mortgage Loans and the Related Security as specified; or

(b) in respect of Selected Mortgage Loans only, at the request of the Covered Bond Guarantor, or the Trust Manager on its behalf, following the acceptance of an offer to sell the Selected Mortgage Loans (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 Loans and/or the Related Security 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 reasonably) in jeopardy and the Security Trustee determining or being directed by the Bond Trustee (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 ASB's role as Servicer under the Servicing Agreement unless (i) at the relevant date of termination any Substitute Servicer is a member of the CBA Group, or (ii) the Security Trustee otherwise consents (such consent to be given if a Rating Affirmation Notice has been delivered by the Trust Manager to the Covered Bond Guarantor and the Security Trustee in respect of the termination of ASB's role as Servicer); or

(f) the Seller requesting the perfection of a sale of Mortgage Loans and the Related Security and transfer of custody of the Loan Files 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 unsecured, unsubordinated, long-term senior debt obligations have been downgraded below Baa3 by Moody's, or BBB- by Fitch.

The Seller undertakes (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 (A) the Mortgage Loans in the Mortgage Loan Portfolio and the Related Security, following the acquisition of such Mortgage Loans and the Related Security by the Covered Bond

Guarantor, and (B) 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 which have been repurchased by the Seller).

On the Programme Date, the Seller delivered a registrable power of attorney appointing the Covered Bond Guarantor as its attorney to: (I) sign, execute, deliver and submit by way of e-dealing any client authority and instruction form for an e-dealing that conforms with the Land Transfer Act 1952 (now the Land Transfer Act 2017) and is approved by the New Zealand Law Society and the Registrar General of Land (an **A&I Form**) relating to any Mortgage Loans and the Related Security in accordance with the Mortgage Sale Agreement; and (II) sign and/or perform all other instruments, assurances, acts, matters and things which in the opinion of ASB, the Covered Bond Guarantor or any person who replaces the Covered Bond Guarantor as trustee of the Trust (as conclusively evidenced by the execution or performance by the Covered Bond Guarantor or that person of any instrument, assurance, act, matter or thing) are or may be necessary, incidental or desirable in relation to the execution, sealing, delivery or submission of an A&I Form or any other step necessary to perfect the Covered Bond Guarantor's legal title to the Mortgage Loans and the Related Security. The power of attorney will not be exercisable by the Covered Bond Guarantor until the occurrence of a Perfection of Title Event. Upon the occurrence of a Perfection of Title Event, the Servicer must deliver to, or at the written direction of, the Covered Bond Guarantor all Loan Files, and the Covered Bond Guarantor must as soon as practicable take all necessary steps to protect the Covered Bond Guarantor's interest in, and title to, the Mortgage Loans and the Related Security, including: (1) signing, in accordance with the New Zealand Law Society guidelines, the necessary A&I Forms (where necessary under the Seller's Power of Attorney) and submitting by way of e-dealing any transfer or caveat with LINZ; (2) initiating legal proceedings to take possession of the Loan Files that have not been delivered by the Servicer; and (3) the giving of notice of the transfers to the relevant Borrowers, insurers and other interested persons.

The Seller shall indemnify each of the Covered Bond Guarantor and the Security Trustee from and against any and all costs, fees and expenses (including, without limitation, legal fees and expenses and any applicable GST thereon) which may be properly incurred by the Covered Bond Guarantor and/or the Security Trustee by reason of doing any act, matter or thing in order to perfect legal title to the Mortgage Loans and the Related Security (where entitled to do so as provided above).

Representations and Warranties

Neither the Covered Bond Guarantor nor the Security Trustee has made or has caused to be made on its behalf any enquiries, searches or investigations in respect of the Mortgage Loans and the Related Security 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. The Seller makes the following Representations and Warranties in relation to a Mortgage Loan sold or to be sold to the Covered Bond Guarantor:

(a) At the time the Seller entered into the Mortgage Loan, the Mortgage Loan and each Related Security complied with all applicable laws.

(b) The Mortgage Loan was originated by the Seller in accordance with, in all material respects, its Servicing Guidelines in force at the time of the origination of the Mortgage Loan and the exercise of any discretion by the Seller in making the Mortgage Loan was consistent with the practice of a Prudent Mortgage Lender.

(c) Immediately prior to making the Mortgage Loan, the nature and amount of the Mortgage Loan and the Related Security and the circumstances of the relevant Borrower and the relevant Property satisfied the Servicing Guidelines in all material respects.

(d) The Servicing Guidelines of the Seller are consistent with those of a Prudent Mortgage Lender.

(e) The terms of the Mortgage Loan and any Related Security have not been impaired, waived, altered or modified in any respect, except changes to the terms of the Mortgage Loan to which a Prudent Mortgage Lender would have agreed, recorded in a written instrument forming part of the mortgage documentation applicable to the Mortgage Loan.

(f) The Mortgage Loan and its Related Security have been made on the terms of, or on terms not materially different from, documents forming part of the standard mortgage documentation of the Seller.

(g) The Mortgage Loan, the related Mortgage and any Related Security are enforceable in accordance with their terms against the relevant Borrower or security provider (as the case may be) (subject to laws relating to insolvency and creditors' rights generally).

(h) The Mortgage Loan is a Qualifying Mortgage Loan, satisfying the requirements set out in the Mortgage Sale Agreement, except that the Seller makes no representation as to the sanity of any Borrower.

(i) The Mortgage Loan was originated in the ordinary course of the residential secured lending activities of the Seller.

(j) At the time the Seller entered into the Mortgage Loan, it had not received any notice of the insolvency or bankruptcy of the Borrower or that the Borrower did not have the legal capacity to enter into the Mortgage Loan.

(k) The Seller is the sole legal and beneficial owner of the Mortgage Loan, the related Mortgage and any other Related Security, and no Security Interest exists in relation to its right, title and interests in the Mortgage Loan, the related Mortgage and any other Related Security, and the Seller has not received notice from any person that claims to have a Security Interest ranking in priority to or equal with the related Mortgage or Related Security (other than Security Interests arising by operation of law).

(l) To the best of the Seller's knowledge and belief it holds, or it is able to obtain, all documents (whether in paper or electronic form) necessary to enforce the provisions of, and the security created by, the related Mortgage and each Related Security.

(m) The Seller has complied with its material obligations under the Mortgage Loan.

(n) The Mortgage Loan is (or is a combination of) a fixed interest rate Mortgage Loan or a variable interest rate Mortgage Loan. If it is a variable interest rate Mortgage Loan, the terms of the Mortgage Loan allow the Seller to change the applicable variable interest rate in accordance with the applicable Mortgage Documents.

(o) Except if the Mortgage Loan is subject to a fixed rate of interest at any time and except as may be provided by applicable laws or any binding code or arrangement applicable to banks or other lenders in the business of making retail home loans, the interest payable on the Mortgage Loan is not subject to any limitation and no consent, additional memoranda or other writing is required from the Borrower to give effect to a change in the interest rate payable on the relevant Mortgage Loan and any change will be effective on notice being given to the Borrower in accordance with the Mortgage Documents.

(p) Prior to making the Mortgage Loan, the Seller instructed, or required to be instructed on its behalf, solicitors or conveyancing practitioners to carry out, in relation to the relevant Property, all investigations, searches and other actions and enquiries which a Prudent Mortgage Lender or its solicitors or conveyancing practitioners normally would have made when lending to an individual an amount equal to the amount advanced on the security of residential property in New Zealand, and received a solicitor's certificate which, either initially or after further investigation, revealed no material matter which would have caused a Prudent Mortgage Lender to decline the Mortgage Loan, having regard to the Servicing Guidelines.

(q) In relation to a Mortgage Loan prior to making the Mortgage Loan, and where required under the Servicing Guidelines, the relevant Property was valued in accordance with the Servicing Guidelines and, where the Servicing Guidelines required a full registered valuation, by an independent registered valuer appointed by the Seller or as otherwise permitted under the Servicing Guidelines, and the results of each such valuation would be acceptable to a Prudent Mortgage Lender.

(r) The Seller has not agreed to waive any of its rights against any valuer, solicitor, conveyancing practitioner or other professional who has provided information, carried out work or given advice in connection with the Mortgage Loan or its Related Security.

(s) There is no obligation on the Seller under the Mortgage Loan to make any further financial accommodation available to the relevant Borrower.

(t) Each Mortgage Loan and its Related Security complies with the relevant requirements for credit contracts and consumer credit contracts in the CCA and CCCFA (to the extent those statutes are applicable to the Mortgage Loan and its Related Security) (or to the extent that it does not, the non-compliance will not affect the enforceability of the terms of the Mortgage Loan or the Related Security).

(u) The Seller has not been notified of any application to a court in respect of any Mortgage Document or other document included in the Loan Files by the Commerce Commission or any Borrower or guarantor under the CCCFA to reopen a credit contract in accordance with section 125 of the CCCFA.

(v) So far as the Seller is aware, the relevant Borrower is not in material breach of the terms of the Mortgage Loan.

(w) The Seller has taken such steps as a Prudent Mortgage Lender would take to ensure that, as at the date of completion of the Mortgage Loan, the relevant Property was insured under a policy with an insurance company against fire and other commercial risks usually covered by a Prudent Mortgage Lender for an amount not less than the full reinstatement value of the Property at or around the time that the Mortgage Loan was made.

(x) The relevant Property subject to a Mortgage is a residential property situated in New Zealand.

(y) In respect of each Property subject to a Mortgage, the Seller has received a solicitor's certificate stating that all reasonable steps will be taken to register the Mortgage and provide a valid and enforceable security as required by the Seller in its instructions to the solicitor, or has otherwise received evidence that the Mortgage has been registered in relation to that Property.

(z) Since the origination of the Mortgage Loan, full and proper accounts, books and records have been kept showing clearly all material transactions, payments, receipts, notices and proceedings relating to the Mortgage Loan and its Related Security and all such accounts, books and records are up to date, accurate in all material respects and have been kept to standards acceptable to a Prudent Mortgage Lender and are in the possession of the Seller.

(aa) So far as the Seller is aware, no fraud has been perpetrated by the relevant Borrower or other person (whether or not an agent or staff member of the Seller, or otherwise) in or in relation to or in connection with the origination or completion of the Mortgage Loan or its Related Security and none of the documents, reports, applications, forms and deeds given, made, drawn up or executed in relation to such origination or completion has been given, made, drawn up or executed in a fraudulent manner.

(bb) The Seller has not received written notice of any litigation or claim calling into question in any material way the title of the Seller to the Mortgage Loan and/or the Related Security.

(cc) The Seller is lawfully entitled to assign the Mortgage Loan, the related Mortgage and any other Related Security upon the terms and conditions of the Mortgage Sale Agreement and no consent to the sale and assignment of the Mortgage Loan, the related Mortgage and any other Related Security, or notice of that sale and assignment, is required to be given by or to any person, including, without limitation, any Borrower, and such sale and assignment of the Mortgage Loan, the related Mortgage and any other Related Security is permitted under the Mortgage Documents and the terms of the related Mortgage and any other Related Security.

(dd) Upon the acceptance of the offer contained in a New Mortgage Loan Portfolio Notice, beneficial ownership of the Mortgage Loan, the related Mortgage and any other Related Security will vest in the Covered Bond Guarantor free and clear of all Security Interests (other than Security Interests arising by operation of law).

(ee) Neither the entry by the Seller into the Mortgage Sale Agreement nor the sale of the rights, title, interests and benefits in the Mortgage Loans and the Related Security contemplated by the Mortgage Sale Agreement will have a material adverse effect on any Mortgage Loan or its Related Security.

(ff) All formal approvals, consents and other steps necessary to permit the sale of the Mortgage Loan and the Related Security under the Mortgage Sale Agreement have been obtained or taken.

(gg) The Mortgage Documents preserve the Seller's ability to appropriate moneys paid into an account by a Borrower in such way as the Seller determines.

All Moneys Mortgage Trust

The Mortgage in respect of a Mortgage Loan in the Mortgage Loan Portfolio may constitute an "all money 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) (**Associated Debt**) as well as securing the repayment of the Mortgage Loan (each, an **All Moneys Mortgage**). Pursuant to a trust to be established on the date that an All Moneys Mortgage is sold by the Seller to the Covered Bond Guarantor (each such trust, an **All Moneys Mortgage Trust**), the Covered Bond Guarantor will hold the beneficial interest in such All Moneys Mortgage and other Related Security and the proceeds of enforcement of such All Moneys Mortgage and other Related Security on trust for the benefit of itself and the Seller, as applicable (such property being the **All Moneys Mortgage Trust Property**). Each of the Covered Bond Guarantor and the Seller, as applicable, will have an interest in the trust property, but in the event that enforcement proceedings are instituted against a Borrower under the terms of the All Moneys Mortgage, any proceeds which are available to be distributed will be distributed under the terms of the All Moneys Mortgage Trust: first, to meet all costs, charges and expenses of the All Moneys Mortgage Trustee (being the Covered Bond Guarantor), the Trust Manager or the relevant mortgagee or any receiver, receiver and manager or attorney incurred in the enforcement of the Mortgage Loan and the Related Security; second, to the Covered Bond Guarantor, the amount required to pay, in full, the Current Principal Balance of each related Mortgage Loan in the Mortgage Loan Portfolio together with accrued interest and arrears of interest and expenses payable, the payment of which is secured by the All Moneys Mortgage; third, following the repayment in full of the amounts referred to above, to the Seller the amount required to pay, in full, all amounts due and payable under the related Associated Debt (including accrued interest and any other amounts due in respect thereof), the payment of which is secured by the All Moneys Mortgage; and fourth, as to any excess, to the Borrower in respect of the relevant All Moneys Mortgage. An All Moneys Mortgage may be enforceable on the occurrence of a default by the relevant Borrower under the terms of the Mortgage Loan or under the terms of the Associated Debt.

If the Covered Bond Guarantor or, following the service of a Covered Bond Guarantee Acceleration Notice, the Security Trustee receives notice from the Seller that a Mortgage in the Mortgage Loan Portfolio is an All Moneys Mortgage that secures indebtedness of a Borrower that is owing to the Seller, the Covered Bond Guarantor or the Security Trustee (as the case may be) will not dispose of, or create an interest in, the Mortgage or the Mortgage Loan secured by the Mortgage, unless the Covered Bond Guarantor (or the Trust Manager on its behalf) or the Security Trustee (as the case may be) notifies the relevant third party receiving that interest in the Mortgage, or the Mortgage Loan secured by the Mortgage, of the All Moneys Mortgage Trust and the terms of any agreement with respect to the disposal of, or the creation of the interest in, the Mortgage or the Mortgage Loan (except where the agreement is with the Seller) includes a requirement on the relevant acquirer to hold the Mortgage upon trust for itself and the Seller (and any subsequent purchaser of the Associated Debt) on the same terms as the All Moneys Mortgage Trust and to provide undertakings in favour of, and enforceable by, the Seller and any third party purchaser of any Associated Debt unless expressly agreed otherwise by the Seller.

Repurchase by the Seller following breach of Representations and Warranties

If the Seller receives a Mortgage Loan Repurchase Notice from the Covered Bond Guarantor identifying a Mortgage Loan in the Mortgage Loan Portfolio which did not, as at the date on which the relevant Representation and Warranty was given, materially comply with the Representations and Warranties set out in the Mortgage Sale Agreement, then the Covered Bond Guarantor will be required to sell and the Seller will be required to repurchase any such Mortgage Loan and the Related Security, unless the Related Security also secures another Mortgage Loan in the Mortgage Loan Portfolio that is not also subject to repurchase, for the Repurchase Price.

Product Switches, Further Advances, Cash Redraws and Payment Holidays

A Mortgage Loan in the Mortgage Loan Portfolio will be subject to a Product Switch when the Seller agrees to a variation in the Mortgage Documents applicable to a Borrower's Mortgage Loan which results in the Mortgage Loan changing to a new type of mortgage loan originated or acquired by the Seller, the terms and conditions of which are materially different (in the opinion of the Seller, acting reasonably) from the Mortgage Loans in the Mortgage Loan Portfolio at that time.

If the Seller agrees to make a Product Switch in relation to a Mortgage Loan in the Mortgage Loan Portfolio, the Covered Bond Guarantor shall be required to sell and the Seller shall be required to repurchase that Mortgage Loan and (if applicable) the Related Security on the Repurchase Date, being the date agreed by the Seller and the Covered Bond Guarantor, or the Trust Manager on its behalf unless:

(a) the Product Switch is a change to a New Product Type which at that time has been approved for acceptance by the Covered Bond Guarantor, or the Trust Manager on its behalf; or

(b) the Seller has obtained the written agreement of the Covered Bond Guarantor, or the Trust Manager on its behalf, that the Mortgage Loan may remain in the Mortgage Loan Portfolio.

The Covered Bond Guarantor is under no obligation whatsoever to agree that a Mortgage Loan to which an application for or an offer of a Product Switch relates may remain in the Mortgage Loan Portfolio, and any such decision shall be made at the Covered Bond Guarantor's absolute discretion, provided that in no circumstances shall the Covered Bond Guarantor agree that a Mortgage Loan to which an application for or an offer of a Product Switch relates may remain in the Mortgage Loan Portfolio if the Mortgage Loan would not be a Qualifying Mortgage Loan immediately after the Product Switch occurs. Any Mortgage Loan subject to a Product Switch repurchased by the Seller shall be repurchased at the Repurchase Price (provided that, if as a result of the Product Switch the Borrower is entitled to offset mortgage payments against other amounts on deposit with the Seller, the Repurchase Price for the Mortgage Loan shall be calculated on the basis that no offset occurred for so long as the Mortgage Loan was held by the Covered Bond Guarantor).

A Mortgage Loan in the Mortgage Loan Portfolio 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 but does not include any Cash Redraw. A Mortgage Loan in the Mortgage Loan Portfolio will be subject to a Cash Redraw when the Seller agrees to a re-advance by the Seller of some or all of the Overpayments that the Borrower has made under the Mortgage Loan. A Mortgage Loan in the Mortgage Loan Portfolio will be subject to a Payment Holiday when the Seller agrees to a period of one or more scheduled payment dates under the Mortgage Loan when the relevant Borrower is permitted by the Seller not to make the payments due on such scheduled payment dates and the deferred payments are capitalised to the principal amount of the Mortgage Loan.

The Seller has an absolute right to agree to or refuse to grant a Further Advance, a Cash Redraw and/or a Payment Holiday and the Seller will be solely responsible for funding any such Further Advance and/or a Cash Redraw to a Borrower.

If the Seller agrees to grant a Borrower a Further Advance, a Cash Redraw and/or a Payment Holiday in relation to a Mortgage Loan in the Mortgage Loan Portfolio, the Covered Bond Guarantor shall be required to sell and the Seller shall be required to repurchase that Mortgage Loan and (if applicable) the Related Security on the Repurchase Date.

Any Mortgage Loan subject to a Further Advance, a Cash Redraw and/or a Payment Holiday repurchased by the Seller shall be repurchased at the Repurchase Price of the Mortgage Loan. In the case of a repurchase of a Mortgage Loan in connection with a Further Advance or a Cash Redraw, the Repurchase Price payable by the Seller shall be less the Further Advance or Cash Redraw (as the case may be).

In the case of a repurchase of a Mortgage Loan in connection with a Payment Holiday, the Repurchase Price payable by the Seller shall include an amount equal to the deferred payment that has been capitalised in accordance with the terms of the Payment Holiday prior to the relevant Repurchase Date.

Mortgage Loans subject to Defaults

If a Mortgage Loan becomes subject to a Default, then that Mortgage Loan will be attributed a zero value in the calculation of the Asset Coverage Test and the Amortisation Test on the relevant Determination Date.

General ability 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), offer to repurchase a Mortgage Loan and its Related Security (unless the Related Security also secures another Mortgage Loan in the Mortgage Loan Portfolio that is not also subject to the offer contained in the Seller Mortgage Loan Repurchase Notice) from the Covered Bond Guarantor for the Repurchase Price of the Mortgage Loan payable as at the Repurchase Date. The Covered Bond Guarantor shall be under no obligation whatsoever to accept such an offer. In no circumstances shall the Covered Bond Guarantor (or the Trust Manager on its behalf) accept any such offer unless the Calculation Manager has first confirmed that, after giving effect to the sale of the Mortgage Loan and Related Security, the Asset Coverage Test will be met.

Timing of repurchase and payment of Repurchase Price and interest on Repurchase Price

A repurchase of the right, title and interest in a Mortgage Loan and Related Security in the circumstances described under "*Repurchase by the Seller following breach of Representations and Warranties*", "*General ability to repurchase*" and in relation to Product Switches will take place on a date agreed by the Seller and the Covered Bond Guarantor, or the Trust Manager on its behalf. Except to the extent that the Seller and the Covered Bond Guarantor (or the Trust Manager on its behalf) agree otherwise, the repurchase of the right, title and interest in a Mortgage Loan and (if applicable) Related Security if that Mortgage Loan and (if applicable) Related Security is subject to a Further Advance or Cash Redraw will take place on the next Local Business Day following the date on which the relevant Further Advance or Cash Redraw (as applicable) is made. Where the Mortgage Loan is subject to a Payment Holiday, except to the extent that the Seller and the Covered Bond Guarantor (or the Trust Manager on its behalf) agree otherwise, the repurchase will take place on the next Local Business Day following the first day on which the deferred payment capitalises in accordance with the terms of the Payment Holiday.

The Seller shall be required to pay the Repurchase Price of the Mortgage Loan and Related Security (if applicable) and the interest (if any) payable in respect of the Repurchase Price (as described below): (a) for so long as ASB has short term credit ratings of no lower than P-1 from Moody's and F1 from Fitch and a long term credit rating of no lower than A from Fitch, on the Trust Payment Date immediately succeeding the last day of the Collection Period during which the Repurchase Date falls; or (b) in any other case, on the Repurchase Date.

Except where the Seller is required to pay the Repurchase Price of a Mortgage Loan and Related Security (if applicable) on the relevant Repurchase Date, interest on the Repurchase Price will accrue at the interest rate determined in accordance with the Mortgage Sale Agreement from (and including) the Repurchase Date to (but excluding) the date on which the Repurchase Price is paid to the Covered Bond Guarantor.

Right of pre-emption

Under the terms of the Mortgage Sale Agreement, the Seller will have a right of pre-emption in respect of any sale, in whole or in part, of Selected Mortgage Loans. The Covered Bond Guarantor may be required to sell selected Mortgage Loans in the circumstances described in "*Establishment Deed – Sale of Selected Mortgage Loans if the Pre-Maturity Test is breached*", "*Establishment Deed – Sale of Selected Mortgage Loans following the Demand Loan Provider making demand that the Demand Loan be repaid*", "*Establishment Deed – Sale of Selected Mortgage Loans following service of an Asset Coverage Test Breach Notice*" and "*Establishment Deed – Sale of Selected Mortgage Loans following service of a Notice to Pay*" below.

In connection with the sale of Mortgage Loans and Related Security, the Covered Bond Guarantor will serve on the Seller a Selected Mortgage Loan Offer Notice offering to sell those Selected Mortgage Loans for the best price reasonably available, but in any event: (x) 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 Selected Mortgage Loans plus the arrears of interest and accrued interest thereon; and (y) following a breach of the Pre-Maturity Test or service of a Notice to Pay on the Covered Bond Guarantor, for an amount not less than the Adjusted Required Redemption Amount for the relevant Series of Covered Bonds. If the Seller accepts the Covered Bond Guarantor's offer to sell the relevant Selected Mortgage Loans in accordance with the foregoing, the Seller shall, within ten Local Business Days of service of the Selected Mortgage Loan Offer Notice on the Seller, countersign and return to the Covered Bond Guarantor the relevant Selected Mortgage Loan Offer Notice, provided that if an Issuer Event of Default has occurred but no liquidator, statutory manager, receiver, receiver and manager or administrator has been appointed to the Seller, the Seller's right to accept the offer (and therefore

exercise its right of pre-emption) will be conditional upon the delivery within such ten Local Business Day period of a solvency certificate in a form acceptable to the Covered Bond Guarantor (or the Trust Manager on its behalf) and the Security Trustee (each acting reasonably). Upon receipt by the Covered Bond Guarantor (or the Trust Manager on its behalf) of a countersigned Selected Mortgage Loan Offer Notice, the Seller (or another purchaser nominated by the Seller) will repurchase from the Covered Bond Guarantor and the Covered Bond Guarantor shall transfer to the Seller (or such other purchaser) free from the Security created by the Security Deed: (a) the relevant Selected Mortgage Loans referred to in the relevant Selected Mortgage Loan Offer Notice; and (b) unless the Related Security also secures another Mortgage Loan in the Mortgage Loan Portfolio that is not also subject to the offer contained in the Selected Mortgage Loan Offer Notice, the Related Security. Completion of such repurchase shall take place on such date as the Covered Bond Guarantor (or the Trust Manager on its behalf) and the Seller may agree (provided that such date shall not be later than the earlier to occur of the date which is (i) ten Local Business Days after receipt by the Covered Bond Guarantor (or the Trust Manager on its behalf) of the Selected Mortgage Loan Offer Notice countersigned by the Seller, or (ii) the Final Maturity Date of the Earliest Maturing Covered Bonds), when the Seller (or such other purchaser) shall pay to the GIC Account (or as the Covered Bond Guarantor (or the Trust Manager on its behalf) shall direct) an amount in cash equal to the repurchase price specified in the relevant Selected Mortgage Loan Offer Notice.

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 Loans to other Purchasers (as described under "*Establishment Deed – Method of Sale of Selected Mortgage Loans*", below).

For the purposes hereof:

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

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

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

(c) the NZ Dollar Equivalent of any swap termination amounts payable to or by the Covered Bond Guarantor under the Total Return Swap.

Further drawings under the Mortgage Loans

The Seller will be solely responsible for funding all further drawings, if any, in respect of Mortgage Loans in the Mortgage Loan Portfolio (including, but not limited to, Further Advances and Cash Redraws).

The Mortgage Sale Agreement is governed by New Zealand law.

Servicing Agreement

Pursuant to the terms of the Servicing Agreement entered into on the Programme Date between the Covered Bond Guarantor, ASB (in its separate capacities as Servicer and as 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 Loans and the Related Security sold by the Seller to the Covered Bond Guarantor.

The Servicer is required to service the Mortgage Loans and the Related Security in the Mortgage Portfolio (and to exercise its powers under the Servicing Agreement):

(a) in compliance with the express limitations of the Servicing Agreement (unless the prior written consent of the Trust Manager and the Covered Bond Guarantor is obtained); and

(b) to the extent the Servicing Agreement does not provide otherwise, in accordance with the Servicing Standards.

The function of servicing the Mortgage Loans and Related Security forming part of the Mortgage Loan Portfolio is vested in the Servicer and the Servicer is entitled to undertake the servicing of those Mortgage Loans and Related Security to, unless a Servicer Default has occurred, the exclusion of the Covered Bond Guarantor and the Trust Manager.

The Servicer's actions in servicing the Mortgage Loans and Related Securities are binding on the Covered Bond Guarantor, whether or not such actions are in compliance with the Servicing Agreement. The Servicer may appoint an agent or delegate for the purposes of performing its duties and obligations under the Servicing Agreement, provided that it meets the conditions as set out in the Servicing Agreement in relation thereto (including that it must not delegate a material part of its powers, duties and obligations as Servicer). The Servicer at all times remains liable for its agents and delegates insofar as the act or omissions of any such person would be deemed to constitute or would cause a breach by the Servicer of its obligations under the Servicing Agreement and in respect of payment of fees to any such person.

Undertakings of the Servicer

Pursuant to the terms of the Servicing Agreement, the Servicer covenants with and undertakes to the Covered Bond Guarantor (for itself and as All Moneys Mortgage Trustee), the Trust Manager and the Security Trustee that, without prejudice to any of its specific obligations under the Servicing Agreement, it will:

(a) service the Mortgage Loans and the Related Security in the Mortgage Loan Portfolio and exercise its powers and discretions under the Servicing Agreement, the Servicing Guidelines and the relevant Mortgage Documents in accordance with the standards and practices of a Prudent Mortgage Lender;

(b) promptly notify the Covered Bond Guarantor and the Trust Manager of any material breach of the Servicing Guidelines by the Servicer in relation to the servicing of the Mortgage Loans and the Related Security then forming part of the Mortgage Loan Portfolio;

(c) 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 Related Security (other than one that also secures another Mortgage Loan in the Mortgage Loan Portfolio) upon receiving notice from the relevant Borrower that the Borrower desires to repay a Mortgage Loan in full;

(d) if a Perfection of Title Event occurs, promptly deliver or procure delivery to the Covered Bond Guarantor of all Loan Files not otherwise provided to the Covered Bond Guarantor in accordance with the Mortgage Sale Agreement;

(e) duly and punctually perform its material obligations under the Servicing Agreement and each of the Mortgage Documents and Programme Documents to which it is a party;

(f) 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 or Related Security in the Mortgage Loan Portfolio following a Perfection of Title Event;

(g) where any material amount of a Mortgage Loan has been written off as uncollectible in accordance with the Servicing Guidelines and the Servicing Agreement, 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 date on which they were given and notify the Covered Bond Guarantor if they were incorrect;

(h) keep proper and adequate books of account (which may be kept electronically) for the Mortgage Loans and Related Security;

(i) not knowingly take action, or knowingly fail to take action, if that action or failure to take action will interfere with the enforcement by the Servicer or the Covered Bond Guarantor of any Mortgage Loan or

Related Security then forming part of the Mortgage Loan Portfolio (unless such action or failure is in accordance with the Servicing Standards);

(j) not grant any extension of time to maturity of a Mortgage Loan beyond 30 years from the Transfer Date of the Mortgage Loan or allow any reduced periodic payment that would result in such an extension other than when it does so pursuant to a Binding Provision or an order, decision, finding or judgment or determination of a Competent Authority or, in the Servicer's opinion, such action would be taken or required by a Competent Authority;

(k) obtain and maintain all authorisations, filings and registrations necessary to properly service the Mortgage Loans;

(l) comply in all material respects with the requirements of any relevant laws in carrying out its obligations under the Programme Documents, including consumer credit legislation;

(m) comply with the CCCFA as if the Servicer were a creditor under the Mortgage Loans and Related Security in the Mortgage Loan Portfolio;

(n) prepare and transmit to the Trust Manager, within five Local Business Days of each Determination Date, the Reporting Statement and pool performance data in relation to the Mortgage Loan Portfolio in respect of the Collection Period just ended (provided that the Servicer will not be in breach of this obligation if it fails to provide such pool performance data provided that it has used reasonable endeavours to produce the data for that Collection Period but has been unable to do so with sufficient accuracy (as determined by the Servicer and taking into account the likely distribution of the data and the uses to be made of the data));

(o) not amend the Servicing Guidelines in a manner inconsistent with the practices of a Prudent Mortgage Lender; and

(p) set the Mortgage Loan Rate and the periodic instalment to be paid by the Borrower on each Mortgage Loan in the Mortgage Loan Portfolio. The Servicer must ensure that each periodic instalment in relation to a Mortgage Loan is not less than the interest payable on the Mortgage Loan in relation to the same period (without limiting a Borrower's right to pay less or not to make a payment where the amounts outstanding under the Mortgage Loan is less than the Scheduled Balance). Prior to a Perfection of Title Event for the relevant Mortgage Loan, the Mortgage Loan Rate in respect of that Mortgage Loan must be the interest rate which it charges on the same type of mortgage loan which has not been assigned by it to the Covered Bond Guarantor (unless otherwise required by the Servicing Agreement).

Powers of the Servicer

The Servicer has a number of express powers, which include the power:

(a) to release a Borrower from any amount owing under a Mortgage Loan where the Servicer has written off or determined to write-off that amount in accordance with the Servicing Standards or where it is required to do so by a Binding Provision or by a Competent Authority or, in the Servicer's opinion, such action would be taken or required by a Competent Authority;

(b) subject to the preceding paragraph, 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 Security;

(c) to release or substitute any Related Security, provided that this is in accordance with the Servicing Standards;

(d) to consent to subsequent securities over a Property then forming part of the Mortgage Loan Portfolio, provided that the Mortgage forming part of the Mortgage Loan Portfolio retains priority over any subsequent security for not less than the Current Principal Balance plus accrued but unpaid interest on the Mortgage Loan plus any extra amount determined in accordance with the Servicing Guidelines;

(e) to institute litigation to recover amounts owing under a Mortgage Loan; and

(f) to take other enforcement action in relation to a Mortgage Loan as it determines should be taken.

The Servicing Agreement provides that if the Servicer (i) releases a Mortgage or Related Security then forming part of the Mortgage Loan Portfolio, (ii) reduces the amount outstanding under, or varies the terms (including, without limitation, in relation to repayment) of, any Mortgage Loan or Related Security then forming part of the Mortgage Loan Portfolio, or (iii) grants other relief to a Borrower or the provider of a Related Security then forming part of the Mortgage Loan Portfolio, after having formed the opinion that such action would be taken or required by a Competent Authority, or pursuant to an order, finding, determination or judgment of a Competent 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 regulations, statute or official directive at the time the Mortgage, the Related Security or the Mortgage Loan was granted or a Product Switch 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 Mortgage Lender); or

(b) not acting in accordance with the standards and practices suitable for a Prudent Mortgage Lender,

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 10:00 a.m. on the Trust Payment 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.

The amount of any damages cannot exceed the Current Principal Balance plus accrued but unpaid interest on the Mortgage Loan (as recorded on the Mortgage Loan System) (calculated 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) a breach of trust, wilful default, fraud or gross negligence of the Covered Bond Guarantor (except where the Covered Bond Guarantor is acting as the Servicer);

(b) the failure by the Servicer to check any 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 indemnify the Covered Bond Guarantor in respect of all costs, damages, losses and expenses incurred by the Covered Bond Guarantor (subject to as described below) as a result of any breach by the Servicer of any term of the Servicing Agreement or any other Programme Document to which it is a party, and

any fraud, negligence or wilful default by the Servicer (including, without limitation, legal costs charged at the usual commercial rates of the relevant legal services provider and the costs of any appointment of a Substitute Servicer). The maximum amount which the Servicer will be liable to pay in respect of such breach, any fraud, negligence or wilful default by the Servicer in relation to any Mortgage Loan in the Mortgage Loan Portfolio is the Current Principal Balance of the Mortgage Loan in respect of which such event occurred. The Servicer's indemnity does not include any damages in respect of consequential loss. The Covered Bond Guarantor may only claim in accordance with the foregoing by written notice setting out the grounds for the claim together with details of the calculation of the cost, damage, loss and/or expense incurred by the Covered Bond Guarantor as a result thereof. The Servicer must pay any amounts due to the Covered Bond Guarantor under the indemnity within seven Local Business Days of receipt by it of such written notice (which shall represent prima facie evidence of such amounts).

Interest Rate Shortfall Test

The Servicer shall, if the Total Return 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 in the Mortgage Loan Portfolio which the Servicer proposes to set under the Servicing Agreement 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 Covered Bond Guarantor, or the Trust Manager on its behalf),

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 Trust Payment Date immediately following the Collection Period that commences on the Determination Date, is less than the amount which is the aggregate of: (i) the amount of interest which would be payable (or provisioned to be paid) by or on behalf of the Covered Bond Guarantor under the Intercompany Loan Agreement (or, if a Notice to Pay has been served on the Covered Bond Guarantor, the Covered Bond Guarantee), and the Demand Loan Agreement on the Trust Payment Date immediately following the Collection Period that commences on the Determination Date, and the relevant amounts payable (or provisioned to be paid) to the Covered Bond Swap Providers under the Covered Bond Swap Agreements in respect of all Covered Bonds on the Trust Payment 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 Trust Payment Date immediately following the Collection Period that commences on the Determination Date ranking in priority thereto in accordance with the relevant Priority of Payments applicable prior to a Covered Bond Guarantor Event of Default (the **Interest Rate Shortfall Test**). Any interest rate shortfall shall be referred to as the **Interest Rate Shortfall**.

If the Servicer determines that the Interest Rate Shortfall Test will not be met, it will give written notice to the Covered Bond Guarantor and the Seller (copied to the Trust Manager and the Security Trustee), within five Local 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 shortfall to arise, and the Interest Rate Shortfall Test to be met 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: (A) (subject to the Servicing Agreement and the Mortgage Sale Agreement) the Servicer shall 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 in the Mortgage Loan Portfolio at such levels; and/or (B) the Covered Bond Guarantor or the Security Trustee 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 Loans and the Related Security should be sold by the Seller to the Covered Bond Guarantor pursuant to the Mortgage Sale Agreement to rectify the Interest Rate Shortfall, in which case, the Seller will use all reasonable efforts to offer to sell in accordance with the Mortgage Sale Agreement sufficient New Mortgage Loans and the Related Security to the Covered Bond Guarantor on or before the next succeeding Determination Date to rectify the Interest Rate Shortfall on that Determination Date.

Yield Shortfall Test

The Servicer shall, 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 revoked, the Total Return 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 in the Mortgage Loan Portfolio which the Servicer proposes to set under the Servicing Agreement for the Collection Period commencing on the Determination Date; 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 in the Mortgage Loan Portfolio and the amounts under the Swap Agreements during the Collection Period commencing on the Determination Date which would give an annual yield that is sufficient to enable the Covered Bond Guarantor to make the payments and provisions in items (a)-(e) (inclusive) of the Guarantee Priority of Payments in full on the next 12 Trust Payment Dates to occur following the end of the Collection Period commencing on the Determination Date (the **Yield Shortfall Test**). Any yield shortfall shall be referred to as the **Yield Shortfall**.

If the Servicer determines that the Yield Shortfall Test will not be met, it will give written notice to the Covered Bond Guarantor and the Security Trustee, within five Local 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 shortfall to arise, and the Yield Shortfall Test to be met, 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 Mortgage Lender. 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 will take all steps which are necessary and are in accordance with the standards and practices of a Prudent Mortgage Lender 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 Servicer is entitled to an administration fee for the provision of the Services, which shall be agreed in writing between the Covered Bond Guarantor (or the Trust Manager on its behalf), the Security Trustee and the Servicer. The Covered Bond Guarantor (acting on the directions of the Trust Manager) will on each Trust Payment Date, subject to the applicable Priority of Payments as further consideration for the Services supplied to it by the Servicer under the Servicing Agreement, 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 Trust Payment Date.

Collections

The Servicer acts as collecting agent for the Covered Bond Guarantor in respect of all payments in respect of the Mortgage Loans in the Mortgage Loan Portfolio (including, without limitation, a Mortgage Loan Scheduled Payment). If the Servicer receives, during a Collection Period, any money whatsoever arising from the Mortgage Loans in the Mortgage Loan Portfolio and the Related Security which money belongs to the Covered Bond Guarantor and such money is to be paid to the GIC Account pursuant to the Servicing Agreement, the Servicer shall hold such money on trust for the Covered Bond Guarantor and shall 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 shall be credited to the GIC Account either on the Trust Payment Date immediately following the end of that Collection Period (for so long as ASB has (x) prior to the Roll-off Date, short-term credit ratings no lower than P-1 from Moody's and F1 from Fitch and a long-term credit rating no lower than A from Fitch or (y) on and from the Roll-off Date, (i) a short term credit rating of no lower than P-1 from Moody's and (ii) at least

one of (A) a short term credit rating of no lower than F1 from Fitch or (B) a long term credit rating of no lower than A- from Fitch, or such other rating as is acceptable to Moody's and/or Fitch in order to maintain the then current ratings of the Covered Bonds) or, in any other case, within two Local Business Days of receipt.

ASB shall, if it credits money received during a Collection Period to the GIC Account in accordance with the Servicing Agreement, on the Trust Payment 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 ASB. Any such interest is to be calculated on the Determination Date immediately following the end of the Collection Period by ASB 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 ASB 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 Local Business Day, on the immediately preceding Local Business Day.

Removal or resignation of the Servicer

A servicer default (**Servicer Default**) occurs if:

(a) the Servicer fails to remit or pay any amounts due or any other amounts received in respect of the Mortgage Loans then forming part of the assets of the Trust to the Covered Bond Guarantor within the time periods specified in the Servicing Agreement or the other Programme Documents and such failure is not remedied within 5 Local Business Days 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 the Reporting Statement by its due date and such failure is not remedied within 20 Local Business Days (or such longer period as the Covered Bond Guarantor may agree to after consulting with the Trust Manager) of notice being given to the Servicer by 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 Local Business Days after receipt by the Servicer of a notice in writing from the Security Trustee requiring it to do so; and

    (ii) the Servicer has not paid compensation to the Covered Bond Guarantor for its loss from such breach in an amount satisfactory to the Covered Bond Guarantor (acting reasonably); or

(e) the Servicer's unsecured, unsubordinated, long-term senior debt obligations have been downgraded below Baa3 by Moody's or BBB- by Fitch.

If the Covered Bond Guarantor (acting upon the advice of the Trust Manager) has determined that:

(a) the performance by the Servicer of its duties under the Servicing Agreement is no longer permissible under any applicable law and the Covered Bond Guarantor is satisfied that there is no reasonable action which the Servicer could take to make the performance of its duties under the Servicing Agreement permissible under that applicable law; or

(b) a Servicer Default has occurred and is continuing,

then the Covered Bond Guarantor, or the Trust Manager on its behalf, (with the consent of the Security Trustee (acting on the directions of (if there are Covered Bonds outstanding) the Bond Trustee (subject to the provisions of the Bond Trust Deed) or (if there are no Covered Bonds outstanding) the Majority Secured Creditors)) may, at once or at any time thereafter while such event continues 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 Local 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 Agreement by three months' notice in writing to the Covered Bond Guarantor and the Trust Manager (or such lesser time as the Servicer and the Covered Bond Guarantor (or the Trust Manager on its behalf) 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 (acting on the advice of the Trust Manager) is entitled to appoint a Substitute Servicer as of the date of the proposed retirement.

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 a deed under which it covenants to act as Servicer in accordance with the Servicing Agreement and all other Programme Documents to which the Servicer is a party. Until the appointment of the Substitute Servicer is complete, the Covered Bond Guarantor must act as Servicer (and is entitled to receive the fee payable to the Servicer in accordance with the Servicing Agreement for the period during which the Covered Bond Guarantor so acts). The Covered Bond Guarantor (or the Trust Manager on its behalf) shall promptly notify the Rating Agencies of the appointment of the Substitute Servicer.

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. 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 2020 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 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 Agreement.

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

The Servicing Agreement is governed by New Zealand law.

Asset Monitor Agreement

Under the terms of the Asset Monitor Agreement entered into on the Programme Date between the Asset Monitor, the Covered Bond Guarantor, the Trust Manager, ASB (in its capacities as Issuer, Seller and Calculation Manager), the Bond Trustee and the Security Trustee, the Asset Monitor has agreed, subject to due receipt of the information to be provided by the Calculation Manager or the Trust Manager (as applicable) to the Asset Monitor, to report on the arithmetic accuracy of the calculations performed by the Calculation Manager and the compliance of the Trust Manager with its obligations in relation to the Asset Register on the Determination Date immediately prior to each anniversary of the Programme Date, for the purposes of determining compliance or non-compliance by:

(a) the Covered Bond Guarantor with the Asset Coverage Test or the Amortisation Test, as applicable, on that Determination Date, the relevant test being conducted depending on whether the Determination Date falls prior to or after a Notice to Pay is served on the Covered Bond Guarantor; and

(b) the Trust Manager with its obligations in relation to the Asset Register on that Determination Date.

If the long-term, unsecured, unguaranteed and unsubordinated debt obligation credit ratings of the Calculation Manager (or if the Calculation Manager is not so rated, if the long-term unsecured, unguaranteed and unsubordinated debt obligation credit ratings of the Calculation Manager's ultimate holding company) fall below Baa3 by Moody's or BBB- by Fitch (and for as long as they remain below such credit ratings), the Asset Monitor will, subject to receipt of the relevant information from the Calculation Manager, be required to report on the arithmetic accuracy of the relevant test following every Determination Date.

If any test conducted by the Asset Monitor reveals arithmetic errors in the relevant calculations performed by the Calculation Manager such that the Asset Coverage Test or the Amortisation Test has been failed on the applicable Determination Date (where the Calculation Manager had recorded it as being satisfied) or the reported Adjusted Aggregate Mortgage Loan Amount or the reported Amortisation Test Aggregate Mortgage Loan Amount is mis-stated by the Calculation 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 Asset Monitor will be required to conduct such tests following every Determination Date for a period of six months thereafter.

If any assessment of the Trust Manager's compliance with its obligations in respect of the Asset Register reveals that the Trust Manager is not in compliance with these obligations, the Asset Monitor will conduct the assessment in respect of the second Determination Date following the date of the assessment that revealed the non-compliance until the Asset Monitor is satisfied the Trust Manager is in compliance.

The Asset Monitor will be entitled, in the absence of manifest error, to assume that all information provided to it by the Calculation Manager for the purpose of reporting on the arithmetic accuracy of the relevant test or by the Trust Manager for the purpose of assessing the Trust Manager's compliance with its obligations in relation to the Asset Register is true and correct and complete and not misleading and, other than in relation to the testing by the Asset Monitor of the arithmetic accuracy of the calculations performed by the Calculation Manager and the assessment by the Asset Monitor of the Trust Manager's compliance with its obligations relating to the Asset Register, the Asset Monitor is not required to conduct an audit or other similar examination in respect of, or otherwise take steps to verify the accuracy or completeness of, such information. The Asset Monitor Report and Asset Register Report will be delivered to the Calculation Manager, the Trust Manager, the Covered Bond Guarantor, ASB, the Bond Trustee and the Security Trustee.

The Covered Bond Guarantor will pay to the Asset Monitor a fee of NZ$3,000 per Asset Monitor Report (plus GST, if any) and NZ$8,000 per Asset Register Report (plus GST and disbursements (capped at $240 per report), if any).

The Covered Bond Guarantor, or the Trust Manager on its behalf, may terminate the appointment of the Asset Monitor:

(a) if the Asset Monitor ceases to be a Qualifying Asset Monitor, without notice; or

(b) at any time, but only with the prior written consent of the Security Trustee, acting on the instructions of the Bond Trustee (subject to the provisions of the Bond Trust Deed) (if there are Covered Bonds outstanding) or (if there are no Covered Bonds outstanding) the Majority Secured Creditors by giving 40 Local Business Days' prior written notice to the Asset Monitor,

provided that such termination may not be effected unless and until a replacement asset monitor that is a Qualifying Asset Monitor has been found by the Covered Bond Guarantor, or the Trust Manager on its behalf, which agrees to perform the duties (or substantially similar duties) of the Asset Monitor.

The Asset Monitor may, at any time, resign by giving 40 Local Business Days' prior written notice to the Issuer, the Covered Bond Guarantor, the Trust Manager and the Security Trustee (copied to the Rating Agencies), save that such 40 Local Business Days' notice period shall not be required if (i) the Covered Bondholders agree to the resignation of the Asset Monitor by Extraordinary Resolution, or (ii) the Asset Monitor is required to resign pursuant to the applicable professional standards to which it is subject at the time of such resignation.

Upon giving notice of termination or receiving notice of resignation, the Covered Bond Guarantor, or the Trust Manager on its behalf, shall use its best endeavours to promptly appoint a substitute asset monitor that is a Qualifying Asset Monitor, pursuant to an agreement on substantially the same terms as the terms of the Asset

Monitor Agreement, to provide the services set out in the Asset Monitor Agreement. If a substitute asset monitor is not appointed by the date which is 20 Local Business Days prior to a Determination Date in respect of which a test or assessment is required to be conducted by the Asset Monitor in accordance with the Asset Monitor Agreement, then the Covered Bond Guarantor, or the Trust Manager on its behalf, shall use all reasonable endeavours to appoint a substitute asset monitor that is a Qualifying Asset Monitor to carry out the relevant tests and assessments on a one-off basis. The Covered Bond Guarantor, or the Trust Manager on its behalf, shall promptly notify the Rating Agencies of the appointment of any substitute asset monitor to carry out the relevant tests and assessments.

Neither the Bond Trustee nor the Security Trustee will be obliged to act as Asset Monitor or to monitor or supervise the performance by the Asset Monitor in any circumstances.

The Asset Monitor Agreement is governed by New Zealand law.

Establishment Deed

The Establishment Deed, made between, *inter alios*, the Covered Bond Guarantor, the Trust Manager, the Issuer, Seller, Servicer and Calculation Manager, the Bond Trustee and the Security Trustee, establishes the Trust and provides that the Covered Bond Guarantor will be the trustee of the Trust. Pursuant to the Establishment Deed, the purpose of the Trust is the acquisition, management and sale of, among other things, Mortgage Loans and the Related Security, the borrowing of moneys to fund the acquisition of such assets, the hedging of risks associated with such assets and such funding, the acquisition, management and sale of Substitution Assets and Authorised Investments, the giving of guarantees, the granting of security and any other business as the Trust Manager shall direct (with the prior written consent of the Security Trustee, prior to the release of the Security constituted by the Security Deed for as long as the Covered Bonds are outstanding).

Beneficiary

The Beneficiary of the Trust is Public Trust (a statutory corporation established pursuant to the Public Trust Act 2001 (New Zealand)) as trustee of the ASB Securitisation Charitable Trust. Pursuant to the Establishment Deed, the residual beneficial interest to which the Beneficiary is entitled is:

(a) the Trust and each asset of the Trust;

(b) an annual distribution equal to the net income, if any, of the Trust for each financial year; and

(c) the right to receive the Settlement Amount on the Vesting Date.

Asset Register

Under the terms of the Establishment Deed, the Covered Bond Guarantor shall maintain, or ensure there is maintained, in accordance with the Asset Register Procedures, a full and complete asset register that contains an up-to-date and accurate record of the assets of the Trust.

Asset Coverage Test

Under the terms of the Establishment Deed, the Covered Bond Guarantor 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, the Adjusted Aggregate Mortgage Loan Amount is in an amount at least equal to the NZ Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Determination Date (the **Asset Coverage Test**).

If on any Determination Date prior to the service of a Notice to Pay on the Covered Bond Guarantor the Adjusted Aggregate Mortgage Loan Amount is less than the NZ Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on such date, then the Covered Bond Guarantor (or the Trust Manager on its behalf) shall immediately notify the Bond Trustee and the Security Trustee in writing thereof and the Covered Bond Guarantor will use all reasonable endeavours to: (i) acquire sufficient further Mortgage Loans and Related Security from the Seller in accordance with the Mortgage Sale Agreement (see "*Summary of the Principal Documents – Mortgage Sale Agreement – Sale by the Seller of Mortgage Loans and Related Security*");

and/or (ii) purchase Substitution Assets; and/or (iii) make drawings under the Demand Loan Agreement, in each case, in order to ensure that the Asset Coverage Test is met on the immediately succeeding Determination Date (by reference to the Adjusted Aggregate Mortgage Loan Amount and the NZ Dollar Equivalent of the aggregate Principal Amount Outstanding of all Covered Bonds, in each case, as calculated on such date).

If the Adjusted Aggregate Mortgage Loan Amount is less than the NZ Dollar Equivalent of the aggregate Principal Amount Outstanding of all Covered Bonds on the immediately succeeding Determination Date referred to above, the Asset Coverage Test will be breached and the Bond Trustee will 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 breach). The Bond Trustee shall be deemed to revoke an Asset Coverage Test Breach Notice if, on the next Determination Date to occur following the service of an Asset Coverage Test Breach Notice, 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 Covered Bond Guarantor (or the Trust Manager on its behalf) shall immediately notify in writing the Bond Trustee thereof.

Following service of an Asset Coverage Test Breach Notice (which has not been revoked):

(a) the Covered Bond Guarantor may be required to sell Selected Mortgage Loans (as further described under "*Sale of Selected Mortgage Loans following service of an Asset Coverage Test Breach Notice*");

(b) prior to the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice or, if earlier, the occurrence of a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice, the Pre-Acceleration Priority of Payments will be modified as more particularly described in "*Cashflows – Allocation and distribution of Available Revenue Receipts following service of an Asset Coverage Test Breach Notice*" and "*Cashflows – Allocation and distribution of Available Principal Receipts following service of an Asset Coverage Test Breach Notice*" below; and

(c) the Issuer will not be permitted to issue any further Covered Bonds.

If an Asset Coverage Test Breach Notice has been served and not been revoked on or before the next Determination Date to occur following the service of the Asset Coverage Test Breach Notice, then an Issuer Event of Default shall occur and the Bond Trustee shall be entitled and in certain circumstances required to serve an Issuer Acceleration Notice. Following service of an Issuer Acceleration Notice, the Bond Trustee will be required to serve a Notice to Pay on the Covered Bond Guarantor.

For the purposes hereof:

Adjusted Aggregate Mortgage Loan Amount means the amount calculated on each Determination Date as follows:

$$(A + B + C + D + E) - Z$$

where:

A = the lower of: (i) the sum of the LVR Adjusted Mortgage Loan Balance Amount of each Mortgage Loan in the Mortgage Loan Portfolio; and (ii) the sum of the Asset Percentage Adjusted Mortgage Loan Balance Amount of each Mortgage Loan in the Mortgage Loan Portfolio; as at the Determination Date.

The **LVR Adjusted Mortgage Loan Balance Amount** shall be calculated for a Mortgage Loan, on the relevant Determination Date, as:

(a) for each Mortgage Loan in the Mortgage Loan Portfolio that is not then a Mortgage Loan subject to a Default, the lesser of:

(i) the outstanding Current Principal Balance of the Mortgage Loan as at the last day of the immediately preceding Collection Period; and

(ii) 75 per cent. of the Indexed Valuation for the 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) for each Mortgage Loan in the Mortgage Loan Portfolio that is then a Mortgage Loan subject to a Default, zero,

less, except where paragraph (b) above applies:

(A) where a Mortgage Loan in the Mortgage Loan Portfolio or the Related Security 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 as at the date of its sale to the Covered Bond Guarantor, and the Seller has not repurchased the Mortgage Loan and the Related Security to the extent required by the terms of the Mortgage Sale Agreement: an amount equal to the LVR Adjusted Mortgage Loan Balance Amount (calculated as at the last day of the immediately preceding Collection Period) for each Mortgage Loan to which this paragraph (A) applies; and

(B) 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 Agreement: 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** shall be calculated for a Mortgage Loan, on the relevant Determination Date, as the Asset Percentage multiplied by:

(a) for each Mortgage Loan in the Mortgage Loan Portfolio that is not then a Mortgage Loan subject to a Default, the lower of:

(i) the outstanding Current Principal Balance of the Mortgage Loan as at the last day of the immediately preceding Collection Period; and

(ii) 100 per cent. of the Latest Valuation for the 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) for each Mortgage Loan in the Mortgage Loan Portfolio that is then a Mortgage Loan subject to a Default, zero,

less, except where paragraph (b) above applies:

(i) where a Mortgage Loan in the Mortgage Loan Portfolio or the Related Security 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 as at the date of its sale to the Covered Bond Guarantor, and the Seller has not repurchased the Mortgage Loan and the Related Security to the extent required by the terms of the Mortgage Sale Agreement: an amount equal to the Asset Percentage Adjusted Mortgage Loan Balance Amount (calculated as at the last day of the immediately preceding Collection Period) for each Mortgage Loan to which this paragraph (i) applies; and

(ii) 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 Agreement: 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 any Term Advances and/or any Demand Loan Advances which have not been applied as at the Determination Date;

C = the aggregate principal balance of any Substitution Assets and Authorised Investments as at the relevant Determination Date;

D = the aggregate amount of Mortgage Loan Principal Receipts collected by the Servicer during the immediately preceding Collection Period and credited, or to be credited on the immediately succeeding Trust Payment Date, to the GIC Account but excluding any amounts due to be applied on or before the immediately succeeding Trust Payment Date in accordance with the applicable Priority of Payments;

E = the aggregate amount as at the Determination Date of (i) Sale Proceeds credited to the GIC Account (including, without limitation, the amount of any Sale Proceeds standing to the credit of the Pre-Maturity Ledger) and (ii) remaining Available Principal Receipts credited to the GIC Account in accordance with paragraph (c) and/or (h) of the Pre-Acceleration Principal Priority of Payments (in each case without double counting any amounts already covered in D above); and

Z = the product of:

(a) the weighted average remaining maturity of all Covered Bonds (expressed in years) then outstanding calculated by the Calculation Manager as at the Determination Date (provided that if the weighted average remaining maturity of all Covered Bonds (expressed in years) then outstanding is less than one, such weighted average remaining maturity shall be deemed for the purposes of this calculation, to be one);

(b) the NZ Dollar Equivalent of the then aggregate Principal Amount Outstanding of the Covered Bonds;

(c)

(i) for so long as the Total Return Swap is in effect in accordance with the terms hereof, zero; or

(ii) otherwise, one; and

(d) the then Negative Carry Factor, where the **Negative Carry Factor** is the percentage rate per annum equal to the sum of: (i) 0.50 per cent.; and (ii) the weighted average of the Relevant Spread of each Series of Covered Bonds then outstanding determined by reference to the NZ Dollar Equivalent of the aggregate Principal Amount Outstanding of the applicable Series of Covered Bonds, where the **Relevant Spread** is: (A) in the case of a Series of floating rate Covered Bonds the Specified Currency of which is NZ Dollars, the Margin for the Series specified in the applicable Final Terms; and (B) in any other case, the Floating Rate Payer Spread in the applicable Covered Bond Swap.

Asset Percentage means, on any Determination Date, save where otherwise agreed with the Rating Agencies, the lowest of:

(i) 90 per cent.;

(ii) such percentage figure determined on the Determination Date falling in March, June, September and December of each year (and on such other dates as may be agreed, from time to time, with Fitch) in

accordance with the terms of the Establishment Deed, being the percentage figure that is necessary to ensure that the Covered Bonds maintain the then current ratings assigned to them by Fitch; and

(iii) such percentage figure as may be selected by the Covered Bond Guarantor, or the Calculation Manager acting on its behalf, from time to time, in accordance with the terms of the Establishment 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. 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).

There is no obligation on the Covered Bond Guarantor to ensure that an AAA rating is maintained by Fitch or an Aaa rating is maintained by Moody's and the Covered Bond Guarantor is under no obligation to change the percentage figure selected by it (or the Calculation Manager on its behalf) and notified to Moody's and the Security Trustee in line with the level of credit enhancement required to ensure an AAA rating is maintained by Fitch or an Aaa rating by Moody's using Moody's expected loss methodology.

Amortisation Test

The Covered Bond Guarantor 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 (and until the Security is enforced in accordance with the Security Deed), the Amortisation Test Aggregate Mortgage Loan Amount will be in an amount at least equal to the NZ Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Determination Date (the **Amortisation Test**).

If, on any Determination Date following service of a Notice to Pay on the Covered Bond Guarantor (and until the Security is enforced in accordance with the Security Deed), the Amortisation Test Aggregate Mortgage Loan Amount is less than the NZ Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Determination Date, then the Amortisation Test will be breached and a Covered Bond Guarantor Event of Default will occur. The Covered Bond Guarantor, or the Trust Manager on its behalf, shall immediately notify the Security Trustee and (for so long as Covered Bonds are outstanding) the Bond Trustee of any breach of the Amortisation Test.

The **Amortisation Test Aggregate Mortgage Loan Amount** will be calculated on each Determination Date following the service of a Notice to Pay on the Covered Bond Guarantor as follows:

$$A + B + C - Z$$

where:

A = the aggregate of the **Amortisation Test Current Principal Balance** of each Mortgage Loan, which shall be the product of:

(a) 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) 75 per cent. of the Indexed Valuation for the 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, where:

(i) for each Mortgage Loan that is not then a Mortgage Loan subject to a Default, M = 1.0; or

(ii) for each Mortgage Loan that is then a Mortgage Loan subject to a Default, M = zero;

B = the sum of the amount of any cash standing to the credit of the GIC Account and the principal amount of any Authorised Investments (excluding any Mortgage Loan Revenue Receipts received in the immediately preceding Collection Period and any principal amounts due to be applied on or before the next Trust Payment Date in accordance with the applicable Priority of Payments);

C = the aggregate principal balance of any Substitution Assets not taken into account elsewhere in this calculation; and

Z = the product of:

(a) the weighted average remaining maturity of all Covered Bonds (expressed in years) then outstanding;

(b) the NZ Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds;

(c)

(i) for so long as the Total Return Swap is in effect in accordance with the terms thereof, zero; or

(ii) otherwise, one; and

(d) the Negative Carry Factor.

Sale of Selected Mortgage Loans if the Pre-Maturity Test is breached

The Establishment Deed provides for the sale of Selected Mortgage Loans in circumstances where the Pre-Maturity Test has been breached in relation to a Series of Hard Bullet Covered Bonds. The Pre-Maturity Test will be breached in relation to a Series of Hard Bullet Covered Bonds if ASB's short-term credit rating from Moody's falls to P-2 (or lower) or from Fitch falls to F1 (or lower) and the Final Maturity Date of the Series of Hard Bullet Covered Bonds falls within 12 months from the relevant Pre-Maturity Test Date. The Covered Bond Guarantor will be obliged to commence an offer process to sell Selected Mortgage Loans, subject to the rights of pre-emption of the Seller to buy the Selected Mortgage Loans pursuant to the terms of the Mortgage Sale Agreement and subject to any Pre-Maturity Demand Loan Advance having been made by the Demand Loan Provider from time to time. The proceeds from any such sale will be credited to the Pre-Maturity Ledger and deposited into the GIC Account. If the Issuer fully repays a Series of Hard Bullet Covered Bonds on their Final Maturity Date, any amount standing to the credit of the Pre-Maturity Ledger on the GIC Account in respect of the Series of Hard Bullet Covered Bonds following such repayment in full shall be applied by the Covered Bond Guarantor, acting on the directions of the Trust Manager in accordance with the applicable Priority of Payments, unless the Issuer is in breach of the Pre-Maturity Test in respect of any other Series of Hard Bullet Covered Bonds, in which case sufficient cash shall be retained on the Pre-Maturity Ledger in order to provide liquidity for that other Series of Hard Bullet Covered Bonds. Otherwise, the proceeds will be applied in accordance with the applicable Priority of Payments.

For a description of the Pre-Maturity Test, see "*Credit Structure – Pre-Maturity Test*" below.

Sale of Selected Mortgage Loans following the Demand Loan Provider making demand that the Demand Loan be repaid

If, prior to the service of an Asset Coverage Test Breach Notice or a Notice to Pay, the Demand Loan Provider has demanded that all or part of the Demand Loan be repaid, the Covered Bond Guarantor will, subject to first utilising any Available Principal Receipts that are available for that purpose in accordance with the applicable Priority of Payments, be obliged to sell Selected Mortgage Loans in the Mortgage Loan Portfolio in accordance with the Establishment Deed (as described below), subject to the rights of pre-emption enjoyed by the Seller to buy the Selected Mortgage Loans pursuant to the Mortgage Sale Agreement. The proceeds from any such sale will be deposited into the GIC Account and applied in accordance with the applicable Priority of Payments. Any such sale will be subject to the condition that the Asset Coverage Test is satisfied after receipt of the proceeds of

such sale and repayment of the amount of the Demand Loan that the Demand Loan Provider has requested repayment of, after giving effect to such repayment.

Sale of Selected Mortgage Loans following service of an Asset Coverage Test Breach Notice

After service of an Asset Coverage Test Breach Notice (which has not been revoked) but prior to the service of a Notice to Pay, the Covered Bond Guarantor will, subject to first utilising the proceeds of any advance made by the Demand Loan Provider under the Demand Loan Agreement, be obliged to sell Selected Mortgage Loans in the Mortgage Loan Portfolio in accordance with the Establishment Deed (as described below), subject to the rights of pre-emption enjoyed by the Seller to buy the Selected Mortgage Loans pursuant to the Mortgage Sale Agreement. The proceeds from any such sale will be deposited into the GIC Account and applied as set out in "*Cashflows – Allocation and distribution of Available Revenue Receipts following service of an Asset Coverage Test Breach Notice*" and "*Cashflows – Allocation and distribution of Available Principal Receipts following service of an Asset Coverage Test Breach Notice*".

Sale of Selected Mortgage Loans following service of a Notice to Pay

After a Notice to Pay has been served on the Covered Bond Guarantor following the occurrence of an Issuer Event of Default (but prior to the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor, the Issuer and/or the Security otherwise becoming enforceable), the Covered Bond Guarantor will be obliged to sell Selected Mortgage Loans in the Mortgage Loan Portfolio in accordance with the Establishment Deed (as described below), subject to the rights of pre-emption of the Seller to buy the Selected Mortgage Loans pursuant to the Mortgage Sale Agreement. The proceeds from any such sale will be deposited into the GIC Account and applied in accordance with the Guarantee Priority of Payments.

Method of Sale of Selected Mortgage Loans

If the Covered Bond Guarantor is required to sell Selected Mortgage Loans to Purchasers following the repayment of the Demand Loan being demanded by the Demand Loan Provider, service of an Asset Coverage Test Breach Notice, a breach of the Pre-Maturity Test or the service of a Notice to Pay on the Covered Bond Guarantor (but prior to the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor, the Issuer and/or the Security otherwise becoming enforceable), the Covered Bond Guarantor, or the Trust Manager on its behalf, will be required to ensure that, before offering Selected Mortgage Loans for sale:

(a) the Selected Mortgage Loans are selected on a basis that is representative of the Mortgage Loans in the Mortgage Loan Portfolio as a whole and that, if a Mortgage Loan is selected, its Related Security is also selected unless the Related Security also secures a Mortgage Loan in the Mortgage Loan Portfolio that has not been selected for sale; and

(b) the Selected Mortgage Loans have an aggregate Current Principal Balance in an amount (the **Required Current Principal Balance Amount**) which is as close as possible to the amount calculated as follows:

  (i) following the Demand Loan Provider requesting repayment of the Demand Loan (or a part of it), such amount that would ensure that, if the Selected Mortgage Loans were sold at their Current Principal Balance plus the arrears of interest and accrued interest thereon, the amount of the Demand Loan that the Demand Loan Provider has requested repayment of as calculated on the date of the request could be repaid, subject to satisfaction of the Asset Coverage Test following such repayment; or

  (ii) following the service of an Asset Coverage Test Breach Notice (but prior to the service of a Notice to Pay), such amount that would ensure that, if the Selected Mortgage Loans were sold at their Current Principal Balance plus the arrears of interest and accrued interest thereon, the Asset Coverage Test would be satisfied on the next Determination Date taking into account the payment obligations of the Covered Bond Guarantor on the Trust Payment Date following that Determination Date; or

  (iii) following a breach of the Pre-Maturity Test or service of a Notice to Pay:

$$\mathbf{N} \times \frac{\text{Aggregate Current Principal Balance for all Mortgage Loans in the Mortgage Loan Portfolio}}{\text{Aggregate NZ Dollar Equivalent of the Required Redemption Amount in respect of each Series of Covered Bonds then outstanding}}$$

where **N** is an amount equal to the NZ Dollar Equivalent of:

(x) in respect of Selected Mortgage Loans being sold following a breach of the Pre-Maturity Test in respect of a Series of Hard Bullet Covered Bonds, the Required Redemption Amount of each Series of Hard Bullet Covered Bonds in respect of which the Pre-Maturity Test has been breached less amounts standing to the credit of the Pre-Maturity Ledger; or

(y) in respect of Selected Mortgage Loans being sold following the service of a Notice to Pay on the Covered Bond Guarantor, the Required Redemption Amount of the Earliest Maturing Covered Bonds less amounts standing to the credit of the GIC Account and the principal amount of any Authorised Investments and Substitution Assets that have not been sold in accordance with the Establishment Deed (excluding all amounts to be applied on the next following Trust Payment Date to repay higher ranking amounts in the Guarantee Priority of Payments and those amounts that are required to repay any Series of Covered Bonds which mature prior to or on the same date as the relevant Series of Covered Bonds) (see "*Limit on Investing in Substitution Assets and Authorised Investments*" below).

The Covered Bond Guarantor, or the Trust Manager on its behalf, will offer the Selected Mortgage Loans for sale to Purchasers for the best price reasonably available but in any event:

(a) following the service of an Asset Coverage Test Breach Notice (but prior to the service of a Notice to Pay), for an amount not less than the Current Principal Balance of the Selected Mortgage Loans plus the arrears of interest and accrued interest thereon; and

(b) following a breach of the Pre-Maturity Test or service of a Notice to Pay on the Covered Bond Guarantor, for an amount not less than the Adjusted Required Redemption Amount for the relevant Series of Covered Bonds.

Following a breach of the Pre-Maturity Test or service of a Notice to Pay on the Covered Bond Guarantor if the Selected Mortgage Loans have not been sold (in whole or in part) in an amount equal to the Adjusted Required Redemption Amount by the date which is six months prior to, either:

(a) the Final Maturity Date in respect of the Earliest Maturing Covered Bonds (after taking into account all payments, provisions and credits to be made in priority thereto) (where the Covered Bonds are not subject to an Extended Due for Payment Date in respect of the Covered Bond Guarantee);

(b) the Extended Due for Payment Date in respect of the Earliest Maturing Covered Bonds (after taking into account all payments, provisions and credits to be made in priority thereto) (where the Covered Bonds are subject to an Extended Due for Payment Date in respect of the Covered Bond Guarantee); or

(c) in respect of a sale in connection with a breach of the Pre-Maturity Test, the Final Maturity Date of the relevant Series of Hard Bullet Covered Bonds,

then the Covered Bond Guarantor, or the Trust Manager on its behalf, will offer the Selected Mortgage Loans for sale for the best price reasonably available, notwithstanding that such amount may be less than the Adjusted Required Redemption Amount.

Following the service of a Notice to Pay on the Covered Bond Guarantor but prior to the occurrence of a Covered Bond Guarantor Event of Default, in addition to offering Selected Mortgage Loans for sale to Purchasers in respect

of the Earliest Maturing Covered Bonds, the Covered Bond Guarantor, or the Trust Manager on its behalf (subject to the right of pre-emption in favour of the Seller in the Mortgage Sale Agreement), is permitted to offer for sale a portfolio of Selected Mortgage Loans, in accordance with the provisions summarised above and below, in respect of other Series of Covered Bonds.

The Covered Bond Guarantor, or the Trust Manager on its behalf, will also be permitted to offer for sale to Purchasers part of any portfolio of Selected Mortgage Loans (a **Partial Portfolio**). Except in circumstances where the portfolio of Selected Mortgage Loans is being sold within six months of, as applicable, the Final Maturity Date or, if the Covered Bonds are subject to an Extended Due for Payment Date in respect of the Covered Bond Guarantee, the Extended Due for Payment Date in respect of the Series of Covered Bonds to be repaid from such proceeds, the sale price of the Partial Portfolio shall (as a proportion of the Adjusted Required Redemption Amount) be at least equal to the proportion that the aggregate Current Principal Balance of the Mortgage Loans in the Partial Portfolio bears to the aggregate Current Principal Balance of the Mortgage Loans in the relevant portfolio of Selected Mortgage Loans.

The Covered Bond Guarantor, or the Trust Manager on its behalf, 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 Loans (if such terms are commercially available in the market) to advise it in relation to the sale of the Selected Mortgage Loans to Purchasers (except where the Seller is buying the Selected Mortgage Loans in accordance with its right of pre-emption in the Mortgage Sale Agreement). The terms of the agreement giving effect to the appointment in accordance with such tender shall be approved by the Security Trustee. The Security Trustee shall approve the appointment of the portfolio manager if: (i) the portfolio manager is an investment bank or accountant of recognised standing; and (ii) two Authorised Signatories of the Covered Bond Guarantor have certified to the Security Trustee that such appointment is on a basis intended to incentivise the portfolio manager to achieve the best price for the sale of the Selected Mortgage Loans (on terms which are commercially available in the market), which certificate shall be conclusive and binding on all parties.

In respect of any sale of Selected Mortgage Loans following service on the Covered Bond Guarantor of an Asset Coverage Test Breach Notice (if not revoked) or a Notice to Pay, the Covered Bond Guarantor, or the Trust Manager on its behalf, will instruct the portfolio manager to use all reasonable endeavours to procure that Selected Mortgage Loans are sold as quickly as reasonably practicable (in accordance with the recommendations of the portfolio manager), taking into account the market conditions at that time and the scheduled repayment dates of the Covered Bonds and the terms of the Establishment Deed.

The terms of any sale and purchase agreement with respect to the sale of Selected Mortgage Loans (which shall give effect to the recommendations of the portfolio manager) will be subject to the prior written approval of the Security Trustee (unless the Selected Mortgage Loans are being sold to the Seller following the exercise of its rights of pre-emption). The Security Trustee will only be required to release the Selected Mortgage Loans from the Security in accordance with the conditions relating to the release of the Security (as described under "*Security Deed – Release of Security*" below).

Following the service of a Notice to Pay on the Covered Bond Guarantor, if Purchasers accept the offer or offers from the Covered Bond Guarantor so that some or all of the Selected Mortgage Loans shall be sold prior to the next following Final Maturity Date or, if the Covered Bonds are subject to an Extended Due for Payment Date in respect of the Covered Bond Guarantee, the next following Extended Due for Payment Date in respect of the Earliest Maturing Covered Bonds, then the Covered Bond Guarantor, or the Trust Manager on its behalf, will, subject to the prior written approval of the Security Trustee, enter into a sale and purchase agreement with the relevant 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 Loans unless expressly agreed by the Security Trustee or otherwise agreed with the Seller.

Limit on Investing in Substitution Assets and Authorised Investments

Provided no Asset Coverage Test Breach Notice is outstanding, there has been no breach of the Pre-Maturity Test and prior to the service of a Notice to Pay on the Covered Bond Guarantor, the Covered Bond Guarantor, acting on the directions of the Trust Manager, will be permitted to invest Available Revenue Receipts, Available Principal Receipts and the proceeds of Term Advances and Demand Loan Advances standing to the credit of the GIC Account in Substitution Assets, provided that the aggregate amount so invested in Substitution Assets does

not exceed 10 per cent. of the total assets of the Trust at any one time and provided that such investments are made in accordance with the terms of the Management Agreement and the Establishment Deed. Depositing any amounts in any Trust Account will not constitute an investment in Substitution Assets for these purposes.

Following the service of a Notice to Pay on the Covered Bond Guarantor or a breach of the Pre-Maturity Test, all Substitution Assets (other than Substitution Assets that are also Authorised Investments) shall be sold by the Covered Bond Guarantor, acting on the directions of the Trust Manager, as quickly as reasonably practicable, and the proceeds credited to the GIC Account after which the Covered Bond Guarantor shall 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.

Covenants of the Covered Bond Guarantor

The Covered Bond Guarantor covenants with the Trust Manager with the intent that the benefit of these covenants extends not only to the Trust Manager, but also to the Beneficiary and the Secured Creditors jointly and each of them severally, that it will in respect of the Trust:

(a) act continuously as trustee until the Trust is terminated in accordance with the Establishment Deed or until it has retired or been removed in accordance with the Establishment Deed;

(b) exercise all due diligence, prudence and vigilance in carrying out its functions and duties, in exercising its discretions, and in protecting the rights and interests of the Beneficiary and the Secured Creditors in relation to the Trust;

(c) do everything and take all such actions which are necessary (including, without limitation, obtaining all such authorisations and approvals as are appropriate) to ensure that it is able to maintain its status as trustee of the Trust;

(d) subject to the Establishment Deed and the other Programme Documents, retain the assets of the Trust in safe custody and hold the assets of the Trust on trust for the Beneficiary upon the terms of the Establishment Deed and the other Programme Documents;

(e) not sell, grant a Security Interest over or part with the possession of any of the assets of the Trust (or permit any of its officers to do so) except as permitted by the Establishment Deed, the Security Deed and the other Programme Documents;

(f) forward promptly to the Trust Manager all notices, reports, circulars and other documents received by it as holder of the assets of the Trust;

(g) act honestly and in good faith in the performance of its duties and in the exercise of its discretions under the Establishment Deed and the other Programme Documents;

(h) use its best endeavours to carry on and conduct its business in so far as it relates to the Establishment Deed and the Trust in a proper and efficient manner;

(i) remain Tax Resident in New Zealand while acting in its capacity as Covered Bond Guarantor; and

(j) except to the extent it is required to do so, not perform any of its duties or exercise any rights in relation to the Trust, or otherwise manage the Trust, outside New Zealand.

Indemnification of Covered Bond Guarantor

Subject to the applicable Priority of Payments, the Covered Bond Guarantor will be indemnified out of the assets of the Trust against any liability properly incurred by the Covered Bond Guarantor in performing or exercising any of its powers or duties in relation to the Trust, except to the extent that any such liability is caused by the Covered Bond Guarantor's breach of trust, fraud, gross negligence or wilful default.

Subject to the applicable Priority of Payments, the Covered Bond Guarantor will be indemnified and is entitled to be reimbursed out of the assets of the Trust in respect of all costs, charges and expenses which it may incur in

respect of and can attribute to the Trust in accordance with the Establishment Deed and the other Programme Agreements.

Other Provisions

The allocation and distribution of Available Revenue Receipts, Available Principal Receipts and all other amounts received by the Covered Bond Guarantor is described under "*Cashflows*" below.

The Establishment Deed is governed by New Zealand law.

Management Agreement

The Trust Manager will provide certain Cash Management Services and Asset Registry Services and the Calculation Manager will provide certain Calculation Management Services to the Covered Bond Guarantor and the Security Trustee pursuant to the terms of the Management Agreement entered into on the Programme Date between the Covered Bond Guarantor, the Trust Manager, ASB as Seller, Servicer, Account Bank and Calculation Manager, and the Security Trustee.

The Cash Management Services will include but will not be limited to:

(a) maintaining the Ledgers on behalf of the Covered Bond Guarantor;

(b) determining the amount of Mortgage Loan Revenue Receipts and the Mortgage Loan Principal Receipts received during each Collection Period and the amount of Available Revenue Receipts and Available Principal Receipts to be distributed on each Trust Payment Date in accordance with the Priorities of Payments described under "*Cashflows*" below;

(c) determining the amounts payable by the Covered Bond Guarantor on each Trust Payment Date under the applicable Priority of Payments described under "*Cashflows*" below;

(d) directing the Covered Bond Guarantor in relation to the application of Available Revenue Receipts and the Available Principal Receipts in accordance with the Priorities of Payment described under "*Cashflows*" below; and

(e) maintaining records of all Authorised Investments and Substitution Assets, as applicable.

The Asset Registry Services will include but will not be limited to:

(a) establishing and maintaining the Asset Register so that it is an up-to-date and accurate record of the assets of the Trust;

(b) updating the Asset Register, within five Local Business Days of the occurrence of the relevant transaction (as defined below), to record the following:

(i) the acquisition of a New Mortgage Loan Portfolio;

(ii) the sale of a Mortgage Loan in the Mortgage Loan Portfolio and (if applicable) the Related Security;

(iii) the repayment in full of the Current Principal Balance of a Mortgage Loan in the Mortgage Loan Portfolio;

(iv) the acquisition of an Authorised Investment or a Substitution Asset;

(v) the redemption or sale of an Authorised Investment or a Substitution Asset; and

(vi) the opening or closing of a Trust Account,

(each of (i) to (vi) above, a **relevant transaction**); and

(c) assessing whether the Asset Pool remains consistent with any Asset Class Designation.

The Trust Manager will be required to provide the Asset Registry Services in accordance with:

(a) the Asset Register Procedures; and

(b) the terms and provisions of the Management Agreement.

The Calculation Management Services will include but will not be limited to:

(a) determining whether the Mortgage Loan Portfolio is in compliance with the Asset Coverage Test on each Determination Date prior to an Issuer Event of Default and service of a Notice to Pay on the Covered Bond Guarantor in accordance with the Establishment Deed, as more fully described under "*Credit Structure – Asset Coverage Test*" below;

(b) determining whether the Mortgage Loan Portfolio is in compliance with the Amortisation Test on each Determination Date following an Issuer Event of Default and service of a Notice to Pay on the Covered Bond Guarantor and until the Security is enforced in accordance with the Security Deed in accordance with the Establishment Deed, as more fully described under "*Credit Structure – Amortisation Test*", below; and

(c) on each Local Business Day during the Pre-Maturity Test Period, determining whether the Pre-Maturity Test for each Series of Hard Bullet Covered Bonds is satisfied, as more fully described under "*Credit Structure – Pre-Maturity Test*" below.

The Covered Bond Guarantor and the Security Trustee will be indemnified by the Calculation Manager on an after-Tax basis for any loss, cost, expense or liability suffered or incurred by the Covered Bond Guarantor or the Security Trustee in respect of the fraud, negligence, wilful default or material breach of duty of the Calculation Manager.

In accordance with the provisions of the Establishment Deed, the Trust Manager is not personally liable to indemnify the Covered Bond Guarantor or to make any other payments to any other person in relation to the Trust, except in relation to any fraud, negligence, wilful default or breach of duty by it in its capacity as trust manager of the Trust.

In certain circumstances the Covered Bond Guarantor, or the Trust Manager on its behalf, may terminate the appointment of the Calculation Manager, in which event the Covered Bond Guarantor has agreed to use its reasonable endeavours to appoint a Substitute Calculation Manager (subject to the Security Trustee's prior written approval and delivery by the Trust Manager to the Covered Bond Guarantor and the Security Trustee of a Rating Affirmation Notice). Any Substitute Calculation Manager will have substantially the same rights and obligations as the Calculation Manager (although the fee payable to the Substitute Calculation Manager may be higher).

In certain circumstances the Covered Bond Guarantor may immediately terminate the appointment of the Trust Manager to perform the Cash Management Services or Asset Registry Services and appoint a Substitute Trust Manager whose appointment will not take effect until such Substitute Trust Manager enters into a deed under which it assumes the obligations of the Trust Manager (although the fee payable to the Substitute Trust Manager may be higher). Until the appointment of the Substitute Trust Manager takes effect, the Covered Bond Guarantor must act as trust manager (and is entitled to the relevant fees for the period it so acts).

Each of the Trust Manager and the Calculation Manager is entitled to fees for the performance of its services under the Management Agreement, which shall be agreed in writing between the Trust Manager or the Calculation Manager, as the case may be, and each of the Covered Bond Guarantor and the Security Trustee. The Covered Bond Guarantor will on each Trust Payment Date, subject to the applicable Priority of Payments as further consideration for the Cash Management Services or Asset Registry Services supplied to it by the Trust Manager and the Calculation Management Services supplied to it by the Calculation Manager, reimburse the Trust Manager or the Calculation Manager (as applicable) for all out-of-pocket costs, expenses and charges properly incurred by each of them in the performance of the Cash Management Services, Asset Registry Services or the Calculation Management Services, as the case may be, including any such costs, expenses or charges not reimbursed to the Trust Manager or the Calculation Manager, as the case may be, on any previous Trust Payment Date.

Neither the Security Trustee nor the Bond Trustee will be obliged to act as Calculation Manager or to monitor or supervise the performance of the Calculation Manager in any circumstances.

The Management Agreement is governed by New Zealand law.

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, Substitution Assets, Authorised Investments or certain other amounts deposited into the GIC Account and amounts payable by the Covered Bond Guarantor under the Intercompany Loan Agreement to the Intercompany Loan Provider 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 Total Return Swap and each Covered Bond Swap) (the **Swaps**) will be between a swap provider (the **Swap Provider**) and the Covered Bond Guarantor (and the Trust Manager and the Security Trustee) and will be governed by, and subject to, an agreement in the form of the Master Agreement as published by the International Swaps & Derivatives Association, Inc. (**ISDA**), together with its Schedule and Credit Support Annex (to be in the form of the 1995 Credit Support Annex (Transfer – English Law) published by ISDA) and the Confirmation evidencing the relevant swap transaction (together, the **Swap Agreement**).

Total Return Swap Agreement

Some of the Mortgage Loans in the Mortgage Loan Portfolio from time to time pay a variable amount of interest. Other Mortgage Loans pay a fixed rate of interest for a period of time. 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 NZ Dollar payments to be made by the Covered Bond Guarantor under the Covered Bond Swaps, the Intercompany Loan and the Demand Loan will be based on the Bank Bill Rate for varying periods. To provide a hedge against the variance between:

(a) the rates of interest payable on the Mortgage Loans in the Mortgage Loan Portfolio and the Substitution Assets or Authorised Investments and the amounts deposited into the GIC Account; and

(b) the Bank Bill Rate for the applicable interest or calculation period,

the Covered Bond Guarantor, the Trust Manager, the Security Trustee and the Total Return Swap Provider have entered into a Total Return Swap under the Total Return Swap Agreement.

The Total Return Swap Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

Covered Bond Swap Agreements

Where Covered Bonds are issued in a currency and/or on an interest rate basis different to the Total Return Swap, the Covered Bond Guarantor will enter into one or more Covered Bond Swaps with one or more Covered Bond Swap Providers. Each Covered Bond Swap may be either a **Forward Starting Covered Bond Swap** or a **Non-Forward Starting Covered Bond Swap** under a Covered Bond Swap Agreement (such Covered Bond Swap Agreements, together, the **Covered Bond Swap Agreements**). Where the Covered Bond Guarantor enters into a Forward Starting Covered Bond Swap, the related Term Advance made under the Intercompany Loan Agreement will be made in NZ Dollars, regardless of the currency of the relevant Series or Tranche, as applicable, of Covered Bonds.

Each Forward Starting Covered Bond Swap will provide a hedge (after service of a Notice to Pay on the Covered Bond Guarantor) against certain interest rate, currency and/or other risks in respect of amounts received by the Covered Bond Guarantor under the Mortgage Loans, Substitution Assets, Authorised Investments or certain other amounts deposited into the GIC Account and the Total Return Swap and amounts payable by the Covered Bond Guarantor under the Covered Bond Guarantee in respect of the Covered Bonds (after service of a Notice to Pay).

Each Non-Forward Starting Covered Bond Swap will provide a hedge against certain interest rate, currency and/or other risks in respect of amounts received by the Covered Bond Guarantor under the Mortgage Loans, Substitution Assets, Authorised Investments or certain other amounts deposited into the GIC Account and the Total Return Swap and amounts payable by the Covered Bond Guarantor under the Intercompany Loan 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 the 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 on the second Business Day following service of a Notice to Pay in the case of the first such Interest Payment Date), after service of a Notice to Pay on the Covered Bond Guarantor, an amount equal to the 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 Trust Payment Date after service of a Notice to Pay on the Covered Bond Guarantor, an amount in NZ Dollars calculated by reference to the 30 day Bank Bill Rate (or the rate for such other period as may be specified in the relevant Confirmation) plus a spread. Unless the Covered Bond Swap terminates earlier, on the first to occur of: (i) the date on which the Early Redemption Amount is payable; and (ii) the Final Maturity Date, in each case, in relation to the relevant Series or Tranche of Covered Bonds, the Covered Bond Swap Provider will pay to the Covered Bond Guarantor an amount equal to the Early Redemption Amount or the Final Redemption Amount (as the case may be) of the relevant Series or Tranche of Covered Bonds in exchange for payment by the Covered Bond Guarantor of the NZ Dollar Equivalent of that amount. Where a Notice to Pay is served on the Covered Bond Guarantor in relation to the relevant Series of Covered Bonds after the dates referred to in (i) and (ii) but before the termination date of the Covered Bond Swap, payment will be made (to the extent of funds available to make such payment) two business days after service of a Notice to Pay.

Under the Non-Forward Starting Covered Bond Swaps:

(a) if the related Term Advance is made in NZ Dollars, the Covered Bond Guarantor will pay to the Covered Bond Swap Provider on each Trust Payment Date an amount in NZ Dollars calculated by reference to the Bank Bill Rate for the applicable period plus a spread. In return the Covered Bond Swap Provider will pay to the Covered Bond Guarantor on each Interest Payment Date either an amount in NZ Dollars equal to the relevant amount of interest then payable under the related Term Advance in accordance with the Intercompany Loan Agreement, or (after service of a Notice to Pay on the Covered Bond Guarantor) an amount equal to the amounts that are 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; and

(b) if the related Term Advance is made in a currency other than NZ 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 Term Advance (being the aggregate nominal amount of such Series or Tranche, as applicable, of Covered Bonds) and in return the Covered Bond Swap Provider will pay to the Covered Bond Guarantor the NZ Dollar Equivalent of the first mentioned amount. Thereafter, the Covered Bond Guarantor will pay to the Covered Bond Swap Provider on each Trust Payment Date an amount in NZ Dollars calculated by reference to the Bank Bill Rate for the applicable period plus a spread. In return, the Covered Bond Swap Provider will pay to the Covered Bond Guarantor on each Interest Payment Date either an amount in the relevant currency equal to the relevant amount of interest then payable under the related Term Advance in accordance with the Intercompany Loan Agreement, or (after service of a Notice to Pay on the Covered Bond Guarantor) an amount equal to the amounts that are 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. Unless the Covered Bond Swap terminates earlier, on the first to occur of: (i) the date on which the Early Redemption Amount is payable; and (ii) the Final Maturity Date, in each case, in relation to the relevant Series or Tranche of Covered Bonds, the Covered Bond Swap Provider will pay to the Covered Bond Guarantor an amount in the relevant currency equal to the principal then outstanding on the related Term Advance in exchange for payment by the Covered Bond Guarantor of the NZ Dollar Equivalent of that amount.

Each Covered Bond Swap will terminate on the date on which all of the relevant Series or Tranches of Covered Bonds have been repaid or redeemed in full.

Rating Downgrade Event

Under the terms of each Swap Agreement, in the event that the rating(s) of the Swap Provider is downgraded by a Rating Agency below the credit rating(s) specified in the relevant Swap Agreement (in accordance with the Rating Agencies' criteria) for that Swap Provider, that Swap Provider agrees, in accordance with the relevant Swap Agreement, to take certain remedial measures which may include:

(a) providing collateral for its obligations under the Swap Agreement;

(b) arranging for its obligations under the relevant Swap Agreement to be transferred to a replacement entity, provided that either (i) such entity is an entity with the credit ratings specified by the relevant Rating Agency, or (ii) the relevant Rating Agency has confirmed that such transfer will not adversely affect the credit ratings of the then outstanding Covered Bonds;

(c) procuring another entity to become co-obligor or guarantor in respect of its obligations under the Swap Agreement, provided that either (i) such entity is an entity with the credit ratings specified by the relevant Rating Agency, or (ii) the relevant Rating Agency has confirmed that such co-obligor or guarantor will not adversely affect the ratings of the then outstanding Covered Bonds; or

(d) taking such other action or putting in place such alternative hedging as it may be confirmed by the relevant Rating Agency.

A failure to take such steps within the time periods specified in the Swap Agreement will allow the Covered Bond Guarantor to terminate the Swap Agreement.

Other Termination Events

A Swap Agreement may also be terminated early in certain other circumstances, including:

(a) at the option of any party to the Swap Agreement, 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 insolvency event in relation to the Swap Provider or the merger of one of the parties to such Swap Agreement without an assumption of the obligations under such Swap Agreement;

(c) there is a change of law, a change in application of the relevant law or consolidation, amalgamation, merger, transfer of assets, reorganisation, reincorporation or reconstitution of or by a party which results in the Covered Bond Guarantor or the 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 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 Swap Provider);

(d) there is a change in law which results in the illegality of the obligations to be performed by either party under the 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) the making of an amendment (without the consent of the Swap Provider) to the Priorities of Payments which has a material adverse effect on the amounts paid to the Swap Provider under the Priorities of Payments; and

(g) the making of an amendment (without the consent of the Swap Provider), such that the Swap Provider would, immediately after such amendment, be required to pay more or receive less under the Swap Agreement than would otherwise have been the case immediately prior to such amendment or such that the Swap Provider would suffer an adverse consequence as a result of such amendment.

Upon the termination of a Swap Agreement, the Covered Bond Guarantor or the Swap Provider may be liable to make a termination payment to the other party in accordance with the provisions of the relevant Swap Agreement.

Swap Agreement Credit Support Document

The Covered Bond Guarantor and each Swap Provider will also enter into a credit support document in the form of the ISDA 1995 Credit Support Annex (Transfer – English Law) to the ISDA Master Agreement (the **Swap Agreement Credit Support Document**) in respect of each Swap Agreement. The Swap Agreement Credit Support Document will provide that, from time to time, if required to do so following its downgrade (or, as may be provided in the relevant Swap Agreement, in the case of Fitch, following its being placed on "Rating Watch Negative") and subject to the conditions specified in the 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 Swap Agreement and the Covered Bond Guarantor will be obliged to return equivalent collateral in accordance with the terms of the Swap Agreement Credit Support Document. The Swap Agreement Credit Support Document will form a part of the relevant Swap Agreement which (along with any non-contractual obligation arising out of or in connection with the relevant Swap Agreement) will be governed by English Law.

Swap Collateral required to be posted 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 specified in the relevant Swap Agreement Credit Support Document. Cash amounts will be paid into an account designated as a **Swap Collateral Cash Account** opened and held with the Account Bank. References to the Swap Collateral Cash Account and to payments from such account are deemed to be a reference to payments from such account as and when opened by the Covered Bond Guarantor.

If the Swap Collateral Cash Account is opened, cash (and all income in respect thereof) transferred as collateral will only be available to be applied in returning collateral (and income thereon) or in satisfaction of amounts owing by the Swap Provider in accordance with the terms of the 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 to the Charged Property.

Governing Law

The Swap Agreements and any non-contractual obligations arising out of or in connection with it will be governed by English Law.

Account Bank Agreement

Pursuant to the terms of the Account Bank Agreement entered into on the Programme Date between the Covered Bond Guarantor, ASB as Account Bank, Calculation Manager and All Moneys Mortgage Beneficiary, the Trust Manager and the Security Trustee, the Covered Bond Guarantor will maintain with the Account Bank, the GIC Account, the All Moneys Mortgage Trust Account described below, the NZ Dollar Transaction Account, the Swap Collateral Cash Account, any other Transaction Account or any other applicable currency transaction account which will be operated in accordance with the Management Agreement, the Establishment Deed, the Security Deed and the relevant Swap Agreements.

Pursuant to the terms of the Account Bank Agreement, the Covered Bond Guarantor will maintain in its name, but in its capacity as All Moneys Mortgages Trustee, with the Account Bank, a further bank account (the **All Moneys Mortgage Trust Account**). The All Moneys Mortgage Trustee (or the Trust Manager on its behalf) will

deposit, on its receipt, the proceeds of enforcement of any All Moneys Mortgage which constitutes All Moneys Mortgage Trust Property in the All Moneys Mortgage Trust Account in accordance with the Mortgage Sale Agreement.

The Covered Bond Guarantor or the Security Trustee may, upon written notice to the Account Bank, terminate the appointment of the Account Bank if the following matters occur:

(a) if a deduction or withholding for or on account of any Tax is imposed, or it appears likely that such a deduction or withholding will be imposed, in respect of the interest payable on any Trust Account, as applicable; or

(b) if the Account Bank fails to make payment on the due date of any payment due and payable by it under the Account Bank Agreement and such default is not waived by the Covered Bond Guarantor (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 Local Business Days; or

(c) if the Account Bank fails to perform any of its other material obligations under the Account Bank Agreement, the Security Deed or any other Programme Document to which it is a party which the Security Trustee determines, acting on the directions of the Bond Trustee 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 such failure remains unremedied for a period of ten Local Business Days after the Trust Manager or the Security Trustee has given notice of such failure to the Account Bank.

The Covered Bond Guarantor or the Security Trustee shall, upon written notice to the Account Bank, terminate the appointment of the Account Bank if the following matters occur:

(a) if the Account Bank ceases to be a Qualified Institution and the Account Bank does not, within 30 Local Business Days of the occurrence of such event, obtain a guarantee of its obligations under the Account Bank Agreement from a Qualified Institution; or

(b) if an Insolvency Event occurs in respect of the Account Bank.

The Account Bank Agreement is governed by New Zealand law.

Security Deed

Pursuant to the terms of the Security Deed entered into on the Programme Date by the Covered Bond Guarantor, the Trust Manager, the Bond Trustee, the Security Trustee and the other Secured Creditors, as security for payment of the Secured Obligations, the Covered Bond Guarantor:

(a) grants a security interest in all of its present and after-acquired right, title and interest in the assets of the Trust which comprise present and after-acquired personal property to which the PPSA applies (**Charged Personal Property**) in favour of the Security Trustee; and

(b) charges all of its present and future right, title and interest in, and all of its present and future rights in relation to, any assets of the Trust which are land and any other property other than any Charged Personal Property (**Charged Other Property**) in favour of the Security Trustee.

The Security is a fixed charge in respect of all Charged Other Property except where, but only to the extent that, the Security is not legally and fully effective as a fixed charge, in which event the Security shall be a floating charge. Any floating charge shall become a fixed charge automatically and immediately in respect of all Charged Other 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

(b) in respect of any such Charged Other 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 Other 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 of Mortgage Loans (including Selected Mortgage Loans) and the Related Security by or on behalf of the Covered Bond Guarantor, pursuant to and in accordance with the Programme Documents, the Security Trustee will, on the date of such sale (subject to the written request of the Covered Bond Guarantor or the Trust Manager on its behalf), take all reasonable steps necessary to release those Mortgage Loans and the Related Security from the Security created by and pursuant to the Security Deed, only if:

(a) the Trust Manager has provided to the Security Trustee written confirmation that the sale of the Mortgage Loans and Related Security has been made in accordance with the terms of the Programme Documents; and

(b) in the case of the sale of Selected Mortgage Loans, the Trust Manager provides to the Security Trustee a certificate confirming that the Selected Mortgage Loans being sold have been selected on a basis that is representative of the Mortgage Loans in the Mortgage Loan Portfolio as a whole.

In the event of the repurchase of a Mortgage Loan and its Related Security by the Seller pursuant to and in accordance with the Programme Documents, the Security Trustee will, on the date of the repurchase, release that Mortgage Loan and the Related Security from the Security created by and pursuant to the Security Deed.

Enforcement

If a Covered Bond Guarantee Acceleration Notice is served on the Covered Bond Guarantor, the Security Trustee shall be entitled to appoint a Receiver, and/or enforce the Security constituted by the Security Deed (including selling the Mortgage Loan Portfolio), and/or take such steps as it shall 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.

The Security Deed is governed by New Zealand law.

CREDIT STRUCTURE

The Covered Bonds will be direct, unsecured 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 (i) an Issuer Event of Default and service by the Bond Trustee on the Issuer of an Issuer Acceleration Notice and the service on the Covered Bond Guarantor of a Notice to Pay, or (ii) if earlier, following the occurrence of a Covered Bond Guarantor Event of Default, and the service by the Bond Trustee on the Covered Bond Guarantor, the Issuer of a Covered Bond Guarantee Acceleration Notice. The Issuer will not be relying on any payments by the Covered Bond Guarantor in order to pay interest or repay principal under the Covered Bonds.

There are a number of features of the Programme which enhance the likelihood of timely and, as applicable, ultimate payments to Covered Bondholders, as follows:

(a) the Covered Bond Guarantee provides credit support to the Issuer;

(b) the Pre-Maturity Test is intended to provide liquidity to the Covered Bond Guarantor in relation to amounts of principal due on the Final Maturity Date of the Hard Bullet Covered Bonds;

(c) the Asset Coverage Test is intended to test the asset coverage of the Covered Bond Guarantor's assets in respect of the Covered Bonds on a monthly basis;

(d) the Amortisation Test is intended to test the asset coverage of the Covered Bond Guarantor's assets in respect of the Covered Bonds following the occurrence of an Issuer Event of Default, service on the Issuer of an Issuer Acceleration Notice and service of a Notice to Pay on the Covered Bond Guarantor;

(e) a Reserve Fund will be established in the GIC Account to trap Available Revenue Receipts or to credit the remaining proceeds of a Term Advance if ASB's short term credit rating from Fitch and Moody's falls below:

    (a) prior to the Roll-off Date, F1+ (Fitch) or P-1 (Moody's); or

    (b) on and from the Roll-off Date, F1 (Fitch) or P-1 (Moody's) or such other rating as is acceptable to Moody's and/or Fitch in order to maintain the then current ratings of the Covered Bonds; and

(f) under the terms of the Account Bank Agreement, the Account Bank has agreed to pay a rate of interest per annum equal to the 30 day Bank Bill Rate (which shall be the rate determined by the Account Bank on the first day of each Collection Period or, in the case of the first Collection Period, the first Transfer Date) 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 shall become 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 (following service of a Notice to Pay or a Covered Bond Guarantee Acceleration Notice) direct, unconditional and unsubordinated obligations of the Covered Bond Guarantor, secured against the assets from time to time of the Covered Bond Guarantor as provided in the Security Deed, and recourse against the Covered Bond Guarantor is limited to such assets. Following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice upon 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), the Bond Trustee will be required to serve a Notice to Pay on 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. All moneys received or recovered by the Security Trustee or any Receiver after the service of a Covered Bond Guarantee Acceleration Notice and/or the Security otherwise becoming enforceable shall be held by it in the Trust Accounts on trust to be applied in accordance with the Post-Enforcement Priority of Payments, as applicable.

See further "*Summary of the Principal Documents – Bond Trust Deed*" as regards the terms of the Covered Bond Guarantee.

See further "*Cashflows – Guarantee Priority of Payments*" as regards the payment of amounts payable by the Covered Bond Guarantor to Covered Bondholders and other Secured Creditors following service of a Notice to Pay.

Pre-Maturity Test

Each Series of Hard Bullet Covered Bonds is subject to a Pre-Maturity Test on each Local Business Day during the Pre-Maturity Test Period prior to the occurrence of an Issuer Event of Default and/or a Covered Bond Guarantor Event of Default. The Pre-Maturity Test will be breached in relation to a Series of Hard Bullet Covered Bonds if ASB's short-term credit rating from Moody's falls to P-2 (or lower) or from Fitch falls to F1 (or lower) and the Final Maturity Date of the Series of Hard Bullet Covered Bonds falls within 12 months from the relevant Pre-Maturity Test Date. If the Pre-Maturity Test is breached within such specified period and certain actions are not taken, an Issuer Event of Default will occur.

Asset Coverage Test

The Asset Coverage Test is intended to test the asset coverage of the Covered Bond Guarantor's assets in respect of the Covered Bonds on a monthly basis. This is to ensure that the assets of the Covered Bond Guarantor do not fall below a certain threshold and are sufficient for the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee and senior expenses which rank in priority or *pari passu* 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, the assets of the Covered Bond Guarantor are subject to the Asset Coverage Test. Accordingly, for so long as Covered Bonds remain outstanding, the Covered Bond Guarantor must ensure that, on each Determination Date prior to the service of a Notice to Pay on the Covered Bond Guarantor, the Adjusted Aggregate Mortgage Loan Amount is in an amount at least equal to the NZ Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds. The Asset Coverage Test will be tested by the Calculation Manager on each Determination Date.

Pursuant to the terms of the Mortgage Sale Agreement, the Seller has agreed to use all reasonable endeavours to offer to sell Mortgage Loans and the Related Security to the Covered Bond Guarantor in order to ensure that the Mortgage Loan Portfolio is in compliance with the Asset Coverage Test (provided that the Seller shall not be obliged to sell to the Covered Bond Guarantor New Mortgage Loans and the Related Security if, in the reasonable opinion of the Seller, the sale of such New Mortgage Loans and the Related Security would materially adversely affect the business or financial condition of the Seller). The consideration payable to the Seller for the sale of such Mortgage Loans and Related Security to the Covered Bond Guarantor may be funded by: (i) cash available to the Covered Bond Guarantor to pay for such Mortgage Loans and Related Security in accordance with the Pre-Acceleration Principal Priority of Payments; and/or (ii) a drawing under the Demand Loan Agreement.

Alternatively, the Covered Bond Guarantor may purchase Substitution Assets or request drawings under the Demand Loan Agreement (as directed by the Trust Manager) in order to ensure that the Covered Bond Guarantor is in compliance with the Asset Coverage Test.

If the Adjusted Aggregate Mortgage Loan Amount is less than the NZ Dollar Equivalent of the aggregate Principal Amount Outstanding of all Covered Bonds on a Determination Date and also on the next following Determination Date, the Asset Coverage Test will be breached and the Bond Trustee will serve an Asset Coverage Test Breach Notice on the Covered Bond Guarantor (subject to the Bond Trustee having actual knowledge or express notice of the breach). The Bond Trustee shall be deemed to revoke an Asset Coverage Test Breach Notice if, on the next Determination Date to occur following the service of an Asset Coverage Test Breach Notice, 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 on or before the next Determination Date after service of such Asset Coverage Test Breach Notice, an Issuer Event of Default will occur.

See further "*Summary 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, the assets of the Covered Bond Guarantor do not fall below a certain threshold to ensure that the assets of the Covered Bond Guarantor are sufficient to meet its obligations under the Covered Bond Guarantee and senior expenses which rank in priority to or *pari passu* with amounts due on the Covered Bonds.

Pursuant to the Establishment Deed, the Covered Bond Guarantor must ensure that, on each Determination Date following service of a Notice to Pay on the Covered Bond Guarantor and until the Security is enforced in accordance with the Security Deed, the Amortisation Test Aggregate Mortgage Loan Amount is in an amount at least equal to the NZ Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds on such Determination Date.

See further "*Summary of the Principal Documents – Establishment Deed – Amortisation Test*", above.

Reserve Fund

The Covered Bond Guarantor is required to establish a reserve fund within the GIC Account which will be credited with the proceeds of Available Revenue Receipts or the relevant proceeds of a Term Advance or a Demand Loan Advance up to an amount equal to the Reserve Fund Required Amount in accordance with the applicable Priority of Payments.

If ASB's short term credit rating is not rated at least:

(a) prior to the Roll-off Date, P-1 by Moody's and F1+ by Fitch; or

(b) on and from the Roll-off Date, P-1 by Moody's and F1 by Fitch or such other rating as is acceptable to Moody's and/or Fitch in order to maintain the then current ratings of the Covered Bonds,

the Covered Bond Guarantor is required to credit, on the next Trust Payment Date, to the Reserve Fund within the GIC Account the proceeds of Available Revenue Receipts or the relevant proceeds of a Term Advance or a Demand Loan Advance up to an amount equal to the sum of (x) the higher of the NZ Dollar Equivalent of the interest that will accrue on each Series of Covered Bonds within the next three months (from the Determination Date immediately preceding the relevant Trust Payment Date) and the NZ Dollar Equivalent of the interest due for payment on each Series of Covered Bonds within the next three months (from the Determination Date immediately preceding the relevant Trust Payment Date), and (y) an amount equal to one quarter of the anticipated aggregate annual amount payable in respect of the items specified in paragraphs (a) and (b) of the Pre-Acceleration Revenue Priority of Payments (see "*Cashflows – Pre-Acceleration Revenue Priority of Payments*" below).

As at the date of this Prospectus, ASB's short term credit rating is P-1 (Moody's) and F1 (Fitch). Accordingly, the Reserve Fund has been established by the Covered Bond Guarantor.

CASHFLOWS

As described above under Credit Structure, until a Notice to Pay or Covered Bond Guarantee Acceleration Notice is served on the Covered Bond Guarantor, the Covered Bonds will be obligations of the Issuer only. The Issuer are liable to make payments when due on the Covered Bonds, whether or not ASB 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 GIC Account or the Transaction Accounts (if applicable) and their order of priority:

(a) prior to the service of a Notice to Pay or a Covered Bond Guarantee Acceleration Notice and/or the Security otherwise becoming enforceable;

(b) following service of a Notice to Pay (but prior to the service of a Covered Bond Guarantee Acceleration Notice and/or the Security otherwise becoming enforceable); and

(c) following the service of a Covered Bond Guarantee Acceleration Notice and/or the Security otherwise becoming enforceable,

all in accordance with the Establishment Deed and Security Deed, as applicable.

Allocation and distribution of Available Revenue Receipts prior to the service of a Notice to Pay or a Covered Bond Guarantee Acceleration Notice and/or the Security otherwise becoming enforceable

Prior to the service of a Notice to Pay or a Covered Bond Guarantee Acceleration Notice and/or the Security otherwise becoming enforceable, Available Revenue Receipts shall be allocated and distributed as described below.

On the Determination Date immediately preceding each Trust Payment Date, the Covered Bond Guarantor, or the Trust Manager on its behalf, shall calculate:

(a) the amount of Available Revenue Receipts available for distribution on the following Trust Payment Date;

(b) the Reserve Fund Required Amount if applicable; and

(c) if the Pre-Maturity Test has been breached in respect of a Series of Hard Bullet Covered Bonds, on each Determination Date falling within the Pre-Maturity Test Period and ending on the Final Maturity Date of the relevant Series of Hard Bullet Covered Bonds, whether or not the amount standing to the credit of the Pre-Maturity Ledger at such date is less than the NZ Dollar Equivalent of the Required Redemption Amount for each Series of Hard Bullet Covered Bonds in respect of which the Pre-Maturity Test has been breached at such date.

If the Covered Bond Guarantor has been so directed by the Trust Manager on each Trust Payment Date the Covered Bond Guarantor shall transfer funds from the GIC Account to the Transaction Accounts in an amount equal to the lower of (a) the amount required to make the payments or credits described below, and (b) the amount of Available Revenue Receipts standing to the credit of the GIC Account.

Pre-Acceleration Revenue Priority of Payments

On each Trust Payment Date (except for amounts due to third parties by the Covered Bond Guarantor described below under paragraph (a) below, which in each case shall be paid when due and except for Swap Collateral Excluded Amounts due to the Swap Provider by the Covered Bond Guarantor under the relevant Swap Agreement, which shall be paid directly to the relevant Swap Provider), the Covered Bond Guarantor, acting on the direction of the Trust Manager, will apply Available Revenue Receipts from the Transaction Accounts or, if the Trust Manager has not directed the Covered Bond Guarantor to transfer funds to the Transaction Accounts in accordance with the Establishment Deed, from the GIC Account to make the following payments and provisions in the

following order of priority (**Pre-Acceleration Revenue Priority of Payments**) (in each case, only if and to the extent that payments or provisions of a higher priority have been made in full):

(a) *first*, in or towards satisfaction of any amounts due and payable by the Covered Bond Guarantor to itself as trustee of the Trust, the Bond Trustee and the Security Trustee, any remuneration due and payable to each Agent under the provisions of the Principal Agency Agreement and 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 Priority of Payments) and to provide for any such amounts expected to become due and payable by the Covered Bond Guarantor in the Trust Payment Period in which such Trust Payment Date occurs and to discharge any liability of the Covered Bond Guarantor for Taxes;

(b) *second*, in or towards satisfaction, *pro rata* and *pari passu* according to the respective amounts thereof, of:

(i) any remuneration then due and payable to the Servicer and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicer under the provisions of the Servicing Agreement in the Trust Payment Period in which such Trust Payment Date occurs, together with applicable GST (or other similar Taxes) thereon;

(ii) any remuneration then due and payable to the Calculation Manager and any costs, charges, liabilities and expenses then due or to become due and payable to the Calculation Manager under the provisions of the Management Agreement in the Trust Payment Period in which such Trust Payment Date occurs, together with applicable GST (or other similar Taxes) thereon;

(iii) amounts (if any) due and payable to the Account Bank (including costs) pursuant to the terms of the Account Bank Agreement, together with any applicable GST (or other similar Taxes) thereon;

(iv) amounts due and payable to the Asset Monitor pursuant to the terms of the Asset Monitor Agreement (other than the amounts referred to in paragraph (i) below), together with any applicable GST (or other similar Taxes) thereon; and

(v) any remuneration then due and payable to the Trust Manager and any costs, charges, liabilities and expenses then due or to become due and payable to the Trust Manager pursuant to the Establishment Deed and the Management Agreement in the Trust Payment Period in which such Trust Payment Date occurs, together with any applicable GST (or other similar Taxes) thereon;

(c) *third*, in or towards payment on the Trust Payment Date or to provide for payment on such date in the future of such proportion of the relevant payment falling due in the future as the Trust Manager may reasonably determine, of any amount due or to become due and payable to the Total Return Swap Provider in respect of the Total Return Swap (including any termination payment due and payable by the Covered Bond Guarantor under the Total Return Swap but excluding any Excluded Swap Termination Amount) (except to the extent that such amounts have been paid out of any premium received from any replacement Total Return Swap Provider) pursuant to the terms of the Total Return Swap Agreement;

(d) *fourth*, in or towards payment on the Trust Payment Date or to provide for payment on such date in the future of such proportion of the relevant payments falling due in the future as the Trust Manager may reasonably determine, *pro rata* and *pari passu* according to the respective amounts thereof, of:

(i) any amounts due or to become due and payable to the Covered Bond Swap Provider (other than in respect of principal) *pro rata* and *pari passu* in respect of each relevant Covered Bond Swap (including any termination payment due and payable by the Covered Bond Guarantor under the relevant Covered Bond Swap Agreement, but excluding any Excluded Swap Termination Amount) (except to the extent that such amounts have been paid out of any premiums received from any relevant replacement Covered Bond Swap Provider) in accordance with the terms of the relevant Covered Bond Swap Agreement; and

(ii) any amounts due or to become due and payable (excluding principal amounts) to the Intercompany Loan Provider *pro rata* and *pari passu* in respect of each Term Advance pursuant to the terms of the Intercompany Loan Agreement, but in the case of any such payment, after taking into account any amounts (other than principal) receivable from the Covered Bond Swap Provider under the relevant Covered Bond Swap Agreement on the Trust Payment Date or such date in the future as the Trust Manager may reasonably determine,

but, in the case of any such payment or provision, after taking into account if applicable, any amounts (other than principal) receivable from the Covered Bond Swap Provider under the relevant Covered Bond Swap Agreement on the Trust Payment Date or such date in the future as the Trust Manager may reasonably determine;

(e) *fifth*, if the Covered Bond Guarantor (or the Trust Manager on its behalf) is required to credit the Pre-Maturity Ledger following a breach of the Pre-Maturity Test on the Trust Payment Date, in or towards a credit to the Pre-Maturity Ledger and deposit into the GIC Account by the Covered Bond Guarantor (acting on the directions of the Trust Manager) of an amount equal to (i) the NZ Dollar Equivalent of the Required Redemption Amount for each Series of Hard Bullet Covered Bonds in respect of which the Pre-Maturity Test has been breached calculated as at the immediately preceding Determination Date, less (ii) the sum of any amounts standing to the credit of the Pre-Maturity Ledger as at the immediately preceding Determination Date and the amount applied, or to be applied, on the Trust Payment Date in accordance with paragraph (a) under the Pre-Acceleration Principal Priority of Payments;

(f) *sixth*, as a deposit into the GIC Account (with a corresponding credit to the Reserve Ledger) of an amount up to but not exceeding the amount by which the Reserve Fund Required Amount exceeds the existing balance on the Reserve Ledger as calculated on the immediately preceding Determination Date;

(g) *seventh*, if a Servicer Default has occurred and is continuing, all remaining Available Revenue Receipts to be deposited into the GIC Account (with a corresponding credit to the Revenue 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 Portfolio (or the relevant part thereof);

(h) *eighth*, in or towards payment, *pro rata* and *pari passu* in accordance with the respective amounts thereof of any Excluded Swap Termination Amounts due and payable by the Covered Bond Guarantor under the Swap Agreements, except to the extent such amounts have been paid out of any premiums received from any relevant replacement Swap Provider;

(i) *ninth*, in or towards payment of any indemnity amount due to the Asset Monitor pursuant to the Asset Monitor Agreement;

(j) *tenth*, any interest amount due, or to become due and payable in respect of the Demand Loan, to the Demand Loan Provider pursuant to the terms of the Demand Loan Agreement;

(k) *eleventh*, in or towards payment of the Deferred Consideration then due and payable to the Seller for the transfer of the Mortgage Loans and the Related Security to the Covered Bond Guarantor; and

(l) *twelfth*, the remainder:

(i) subject to sub-paragraph (ii) below:

(A) except for the Trust Payment Date that occurs on or immediately after the day on which the Net Annual Income of the Trust for a Financial Year has vested absolutely in the Beneficiary in accordance with the Establishment Deed, to be deposited into the GIC Account (with a corresponding credit to the Residual Income Beneficiary Ledger); and

(B) on the Trust Payment Date that occurs on or immediately after the day on which the Net Annual Income of the Trust for a Financial Year has vested absolutely in the

Beneficiary in accordance with the Establishment Deed, to the Beneficiary by way of distribution of the Net Annual Income of the Trust which has vested absolutely in the Beneficiary (with a corresponding debit to the Residual Income Beneficiary Ledger); and

(ii) to the extent the Covered Bond Guarantor, or the Trust Manager on its behalf, is not satisfied that the Beneficiary has paid or made provision for payment of income tax (if any) in respect of the income of the Trust and distributions made or to be made under this paragraph (l), to be deposited into the GIC Account (with a corresponding credit to the Residual Income Beneficiary Ledger) and either:

(A) paid to the Commissioner of Inland Revenue to meet any unpaid income tax liability in respect of the income of the Trust and distribution of income of the Trust; or

(B) upon being satisfied that the Beneficiary has paid or made provision for payment of income tax (if any) in respect of the income of the Trust and distributions made or to be made under this paragraph (l), paid to the Beneficiary by way of distribution of the income of the Trust (with a corresponding debit to the Residual Income Beneficiary Ledger).

Allocation and distribution of Available Revenue Receipts 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 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 and/or the Security otherwise becoming enforceable, all Available Revenue Receipts will continue to be applied in accordance with the Pre-Acceleration Revenue Priority of Payments, save that, whilst any Covered Bonds remain outstanding, no moneys will be applied under paragraph (d)(ii), (j), (k) or (l) of the Pre-Acceleration Revenue Priority of Payments, and the remainder (if any) will be deposited into the GIC Account (with a corresponding credit to the Revenue Ledger) and applied as Available Revenue Receipts on the next succeeding Trust Payment Date.

Allocation and Distribution of Available Principal Receipts prior to the service of a Notice to Pay, or a Covered Bond Guarantee Acceleration Notice and/or the Security otherwise becoming enforceable

Prior to the service of a Notice to Pay or a Covered Bond Guarantee Acceleration Notice and/or the Security otherwise becoming enforceable, Available Principal Receipts standing to the credit of the GIC Account or the Transaction Accounts (if applicable) shall be allocated and distributed as described below.

On each Determination Date, the Covered Bond Guarantor, or the Trust Manager on its behalf, shall calculate the amount of Available Principal Receipts available for distribution on the immediately following Trust Payment Date.

If the Covered Bond Guarantor has been so directed by the Trust Manager, on each Trust Payment Date, the Covered Bond Guarantor will transfer funds from the GIC Account to the Transaction Accounts in an amount equal to the lower of (a) the amount required to make the payments or credits described below, and (b) the amount of all Available Principal Receipts standing to the credit of the GIC Account.

Pre-Acceleration Principal Priority of Payments

On each Trust Payment Date, the Covered Bond Guarantor, acting on the directions of the Trust Manager, will apply Available Principal Receipts from the Transaction Accounts or, if the Trust Manager has not directed the Covered Bond Guarantor to transfer funds to the Transaction Accounts in accordance with the Establishment Deed, the GIC Account (other than Swap Collateral Excluded Amounts due to the Swap Provider by the Covered Bond Guarantor under the relevant Swap Agreement which shall be paid directly to the relevant Swap Provider in accordance with the terms of the relevant Swap Agreement) in making the following payments or provisions or credits in the following order of priority (**Pre-Acceleration Principal Priority of Payments**) (in each case,

only if and to the extent that payments or provisions of a higher priority have been paid in full to the extent the same are payable on the relevant Trust Payment Date):

(a) *first*, if the Covered Bond Guarantor (or the Trust Manager on its behalf) is required to credit the Pre-Maturity Ledger on the Trust Payment Date, in or towards a credit to the Pre-Maturity Ledger by the Covered Bond Guarantor (or the Trust Manager on its behalf), and deposit into the GIC Account by the Covered Bond Guarantor (acting on the directions of the Trust Manager) of an amount equal to (A) the NZ Dollar Equivalent of the Required Redemption Amount for each Series of Hard Bullet Covered Bonds, in respect of which the Pre-Maturity Test has been breached, calculated as at the immediately preceding Determination Date, less (B) any amounts standing to the credit of the Pre-Maturity Ledger as at the immediately preceding Determination Date;

(b) *second*, to acquire New Mortgage Loans and the Related Security offered to the Covered Bond Guarantor by the Seller in accordance with the terms of the Mortgage Sale Agreement and/or to acquire Substitution Assets up to a prescribed limit in an amount sufficient to ensure that, taking into account the other resources available to the Covered Bond Guarantor, the Covered Bond Guarantor is in compliance with the Asset Coverage Test;

(c) *third*, to deposit the remaining Available Principal Receipts into the GIC Account (with a corresponding credit to the Principal Ledger) in an amount sufficient to ensure that taking into account the other resources available to the Covered Bond Guarantor, the Covered Bond Guarantor is in compliance with the Asset Coverage Test;

(d) *fourth*, in or towards repayment on the Trust Payment Date (or to provide for repayment on such date in the future of such proportion of the relevant payment falling due in the future as the Trust Manager may reasonably determine) of each relevant Term Advance by making the following payments:

(i) the amounts (in respect of principal) due or to become due and payable to the Covered Bond Swap Provider *pro rata* and *pari passu* in respect of each relevant Covered Bond Swap (including any termination payment due and payable by the Covered Bond Guarantor under the Covered Bond Swap Agreement to the extent not paid out of the Pre-Acceleration Revenue Priority of Payments, but excluding any Excluded Swap Termination Amount) in accordance with the terms of the Covered Bond Swap Agreement; and

(ii) where appropriate, after taking into account any amounts in respect of principal receivable from a Covered Bond Swap Provider on the Trust Payment Date or such date in the future as the Trust Manager may reasonably determine, the amounts (in respect of principal) due and payable or to become due and payable to the Intercompany Loan Provider *pro rata* and *pari passu* in respect of each relevant Term Advance;

(e) *fifth*, to pay the Purchase Price for New Mortgage Loans and the Related Security sold to the Covered Bond Guarantor in accordance with the Mortgage Sale Agreement following receipt by the Seller of a notice from the Covered Bond Guarantor;

(f) *sixth*, to repay such amount of the principal outstanding on the Demand Loan that is due and payable to the Demand Loan Provider pursuant to the terms of the Demand Loan Agreement, to the extent that such payment would not cause the Asset Coverage Test to be breached;

(g) *seventh*, if the principal balance of the Demand Loan is zero, in or towards payment of the Deferred Consideration then due to the Seller for the transfer of the Mortgage Loans and the Related Security to the Covered Bond Guarantor; and

(h) *eighth*, to deposit the remaining Available Principal Receipts into the GlC Account (with a corresponding credit to the Principal Ledger).

Allocation and distribution of Available Principal Receipts following service of an Asset Coverage Test Breach Notice

At any time after the service on the Covered Bond Guarantor of an Asset Coverage Test Breach Notice (which has not been revoked), but prior to the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice or, if earlier, the occurrence of a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice and/or the Security otherwise becoming enforceable, all Available Principal Receipts will continue to be applied in accordance with the Pre-Acceleration Principal Priority of Payments, save that, whilst any Covered Bonds remain outstanding, no moneys will be applied under paragraph (b) of the Pre-Acceleration Principal Priority of Payments, and the remainder (if any) will be deposited into the GIC Account (with a corresponding credit to the Principal Ledger) and applied as Available Principal Receipts on the next succeeding Trust Payment Date.

Allocation and distribution of Available Revenue Receipts and Available Principal Receipts following service of a Notice to Pay

At any time after the service of a Notice to Pay on the Covered Bond Guarantor, but prior to the service of a Covered Bond Guarantee Acceleration Notice and/or the Security otherwise becoming enforceable, all Available Revenue Receipts and Available Principal Receipts will be applied as described below.

If the Covered Bond Guarantor has been so directed by the Trust Manager, on each Trust Payment Date, the Covered Bond Guarantor will transfer funds from the GIC Account to the Transaction Accounts, in an amount equal to the lower of (a) the amount required to make the payments set out in the Guarantee Priority of Payments, as described below, and (b) the amount of all Available Revenue Receipts and Available Principal Receipts standing to the credit of the GIC Account.

The Covered Bond Guarantor, or the Trust Manager on its behalf, will create and maintain ledgers for each Series of Hard Bullet Covered Bonds and record amounts allocated to such Series of Hard Bullet Covered Bonds, and such amounts, once allocated, will only be available to pay amounts due under the Covered Bond Guarantee and amounts due under the relevant Covered Bond Swap in respect of the relevant Series of Hard Bullet Covered Bonds on the scheduled repayment dates thereof.

If a Notice to Pay has been served on the Covered Bond Guarantor, on the Final Maturity Date of a Series of Hard Bullet Covered Bonds, the Covered Bond Guarantor, acting on the direction of the Trust Manager, shall apply all moneys (if any) standing to the credit of the Pre-Maturity Ledger to repay the relevant Series (after having been exchanged into the applicable currency if required under the related Covered Bond Swap).

Guarantee Priority of Payments

On each Trust Payment Date (except for amounts due to third parties described below under (b)(ii) which, in each case, shall be paid when due, and except for Swap Collateral Excluded Amounts due to the Swap Provider by the Covered Bond Guarantor under the relevant Swap Agreement which shall be paid directly to the relevant Swap Provider), the Covered Bond Guarantor, acting on the direction of the Trust Manager, will apply Available Revenue Receipts and Available Principal Receipts 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*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) all amounts due and payable or to become due and payable to the Bond Trustee (excluding all amounts otherwise payable to the Covered Bondholders and Couponholders under the Guarantee Priority of Payments) in the Trust Payment Period in which such Trust Payment Date occurs under the provisions of the Bond Trust Deed together with interest and any applicable GST (or other similar Taxes) thereon;

(ii) all amounts due and payable or to become due and payable to the Security Trustee (excluding all amounts otherwise payable to the Covered Bondholders and Couponholders under the Guarantee Priority of Payments) in the Trust Payment Period in which such Trust Payment Date

occurs under the provisions of the Security Deed together with interest and any applicable GST (or other similar Taxes) thereon; and

(iii) all amounts due and payable or to become due and payable to itself as trustee of the Trust in the Trust Payment Period in which such Trust Payment Date occurs under the Establishment Deed together with interest and any applicable GST (or other similar Taxes) thereon;

(b) *second*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) any remuneration then due and payable to the Agents under the provisions of the Principal Agency Agreement together with applicable GST (or other similar Taxes) thereon; and

(ii) any amounts then due and payable by the Covered Bond Guarantor to third parties and incurred without breach by the Covered Bond Guarantor of the Programme Documents to which it is a party (and for which payment has not been provided for elsewhere in this Guarantee Priority of Payments) and to provide for any such amounts expected to become due and payable by the Covered Bond Guarantor in the Trust Payment Period in which such Trust Payment Date occurs and to pay or discharge any liability of the Covered Bond Guarantor for Taxes;

(c) *third*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) any remuneration then due and payable to the Servicer and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicer in the Trust Payment Period in which such Trust Payment Date occurs under the provisions of the Servicing Agreement together with any applicable GST (or other similar Taxes) thereon;

(ii) any remuneration then due and payable to the Calculation Manager and any costs, charges, liabilities and expenses then due or to become due and payable to the Calculation Manager in the Trust Payment Period in which such Trust Payment Date occurs under the provisions of the Management Agreement, together with any applicable GST (or other similar Taxes) thereon;

(iii) amounts (if any) due and payable to the Account Bank (including costs) pursuant to the terms of the Account Bank Agreement, together with any applicable GST (or other similar Taxes) thereon;

(iv) amounts due and payable to the Trust Manager under the Establishment Deed and the Management Agreement, together with any applicable GST (or other similar Taxes) thereon; and

(v) amounts due and payable to the Asset Monitor (other than the amounts referred to in paragraph (k) below) pursuant to the terms of the Asset Monitor Agreement, together with any applicable GST (or other similar Taxes) thereon;

(d) *fourth*, in or towards payment on the Trust Payment Date, or to provide for payment on such date in the future of such proportion of the relevant payment falling due in the future as the Trust Manager may reasonably determine, of any amount due or to become due and payable to the Total Return Swap Provider in respect of the Total Return Swap (including any termination payment due and payable by the Covered Bond Guarantor under the Total Return Swap but excluding any Excluded Swap Termination Amount) (except to the extent that such amounts have been paid out of any premiums received from any replacement Total Return Swap Provider) in accordance with the terms of the Total Return Swap Agreement;

(e) *fifth*, in or towards payment on the Trust Payment Date or to provide for payment on such date in the future of such proportion of the relevant payments falling due in the future as the Trust Manager may reasonably determine, *pro rata* and *pari passu* according to the respective amounts thereof, of:

(i) any amounts due or to become due and payable to the Covered Bond Swap Provider (other than in respect of principal) *pro rata* and *pari passu* in respect of each relevant Covered Bond Swap

(including any termination payment due and payable by the Covered Bond Guarantor under the relevant Covered Bond Swap Agreement, but excluding any Excluded Swap Termination Amount) (except to the extent that such amounts have been paid out of any premiums received from any relevant replacement Covered Bond Swap Provider) in accordance with the terms of the Covered Bond Swap Agreement; and

(ii) Scheduled Interest that is Due for Payment (or that will become Due for Payment in the Trust Payment Period in which such Trust Payment Date occurs) under the Covered Bond Guarantee in respect of each Series of Covered Bonds to the Bond Trustee or (if so directed by the Bond Trustee) the Principal Paying Agent on behalf of the Covered Bondholders and Couponholders *pro rata* and *pari passu* in respect of each Series of Covered Bonds,

but, in the case of any such payment or provision, after taking into account, if applicable, any amounts (other than principal) receivable from the Covered Bond Swap Provider under the relevant Covered Bond Swap Agreement on the Trust Payment Date or such date in the future as the Trust Manager may reasonably determine, provided that if the amount available for distribution under this paragraph (e) (excluding any amounts received or to be received from the Covered Bond Swap Provider) would be insufficient to pay the NZ Dollar Equivalent of the Scheduled Interest that is or will be Due for Payment in respect of each Series of Covered Bonds under sub-paragraph (ii) above, the shortfall will be divided amongst all such Series of Covered Bonds on a *pro rata* and *pari passu* basis and the amount payable by the Covered Bond Guarantor to the Covered Bond Swap Provider under the relevant Covered Bond Swap Agreement in respect of each relevant Series of Covered Bonds or provision to be made in respect thereof under sub-paragraph (i) above will be correspondingly reduced to take into account the shortfall applicable to the Covered Bonds in respect of which such payment is to be made;

(f) *sixth*, in or towards payment on the Trust Payment Date or to provide for payment in the immediately succeeding Trust Payment Period, *pro rata* and *pari passu* according to the respective amounts thereof, of:

(i) any amounts (in respect of principal) due or to become due and payable to any Covered Bond Swap Provider *pro rata* and *pari passu* in respect of each relevant Covered Bond Swap in accordance with the terms of the Covered Bond Swap Agreement; and

(ii) (where appropriate, after taking into account any amounts in respect of principal receivable from the 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 Principal Paying Agent on behalf of the Covered Bondholders *pro rata* and *pari passu* in respect of each Series of Covered Bonds,

provided that if the amount available for distribution under this paragraph (f) (excluding any amounts received or to be received from the Covered Bond Swap Provider) would be insufficient to pay the NZ Dollar Equivalent of the Scheduled Principal that is or will be Due for Payment in respect of each Series of Covered Bonds under sub-paragraph (ii) above, the shortfall will be divided amongst all such Series of Covered Bonds on a *pro rata* and *pari passu* basis and the amount payable by the Covered Bond Guarantor to the Covered Bond Swap Provider under the relevant Covered Bond Swap Agreement, in respect of each relevant Series of Covered Bonds or provision to be made in respect thereof under sub-paragraph (i) above will be correspondingly reduced to take into account the shortfall applicable to the Covered Bonds in respect of which such payment is to be made;

(g) *seventh*, in or towards payment on the Trust Payment Date (if such date is an Interest Payment Date) or to provide for payment on any Interest Payment Date prior to the immediately succeeding Trust Payment Date of the Final Redemption Amount (or portion thereof remaining unpaid) of any Series of Covered Bonds to which an Extended Due for Payment Date applies and whose Final Redemption Amount was not paid in full by the Extension Determination Date, by making the following payments, *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) any amounts due or to become due and payable to the Covered Bond Swap Provider (whether or not in respect of principal) *pro rata* and *pari passu* in respect of each relevant Covered Bond Swap in accordance with the terms of the relevant Covered Bond Swap Agreement; and

(ii) such Final Redemption Amount *pro rata* and *pari passu* under the Covered Bond Guarantee in respect of each relevant Series of Covered Bonds to the Bond Trustee or (if so directed by the Bond Trustee) the Principal Paying Agent on behalf of the Covered Bondholders,

but, in the case of any such payment or provision, after taking into account, if applicable, any amounts (whether or not in respect of principal) receivable from the Covered Bond Swap Provider under the relevant Covered Bond Swap Agreement, provided that if the amount available for distribution under this paragraph (g) (excluding any amounts received or to be received from the Covered Bond Swap Provider) would be insufficient to pay the NZ Dollar Equivalent of such Final Redemption Amount in respect of the relevant Series of Covered Bonds under sub-paragraph (ii) above, the shortfall will be divided amongst all such Series of Covered Bonds on a *pro rata* and *pari passu* basis and any amount payable by the Covered Bond Guarantor to the Covered Bond Swap Provider under the relevant Covered Bond Swap Agreement, in respect of each Series of Covered Bonds under sub-paragraph (i) above will be correspondingly reduced to take into account the shortfall applicable to the Covered Bonds in respect of which such payment is to be made;

(h) *eighth*, to deposit the remaining moneys in the GIC Account for application on the immediately succeeding Trust Payment Date in accordance with the priority of payments described in paragraphs (a)-(g) (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);

(i) *ninth*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof 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 been paid out of any premiums received from any relevant replacement Swap Provider;

(j) *tenth*, in and towards payment of all amounts due and payable (whether in respect of principal or interest) under the Intercompany Loan Agreement;

(k) *eleventh*, in or towards payment of certain costs, expenses and indemnity amounts due by the Covered Bond Guarantor to the Asset Monitor pursuant to the Asset Monitor Agreement;

(l) *twelfth*, in and towards payment of all amounts due and payable in respect of the Demand Loan pursuant to the terms of the Demand Loan Agreement;

(m) *thirteenth*, in or towards payment of the Deferred Consideration then due and payable to the Seller for the transfer of the Mortgage Loans and the Related Security to the Covered Bond Guarantor; and

(n) *fourteenth*, the remainder:

(i) subject to sub-paragraph (ii) below:

(A) except for the Trust Payment Date that occurs on or immediately after the day on which the Net Annual Income of the Trust for a Financial Year has vested absolutely in the Beneficiary in accordance with the Establishment Deed, to be deposited into the GIC Account (with a corresponding credit to the Residual Income Beneficiary Ledger); and

(B) on the Trust Payment Date that occurs on or immediately after the day on which the Net Annual Income of the Trust for a Financial Year has vested absolutely in the Beneficiary in accordance with the Establishment Deed, to the Beneficiary by way of distribution of the Net Annual Income of the Trust which has vested absolutely in the Beneficiary (with a corresponding debit to the Residual Income Beneficiary Ledger); and

(ii) to the extent the Covered Bond Guarantor, or the Trust Manager on its behalf, is not satisfied that the Beneficiary has paid or made provision for payment of income tax (if any) in respect of the income of the Trust and distributions made or to be made under this paragraph (n) to be deposited into the GIC Account (with a corresponding credit to the Residual Income Beneficiary Ledger) and either:

(A) paid to the Commissioner of Inland Revenue to meet any unpaid income tax liability in respect of the income of the Trust and distribution of income of the Trust; or

(B) upon being satisfied that the Beneficiary has paid or made provision for payment of income tax (if any) in respect of the income of the Trust and distributions made or to be made under this paragraph (n) paid to the Beneficiary by way of distribution of the income of the Trust (with a corresponding debit to the Residual Income Beneficiary Ledger).

Termination payments in respect of Swaps, premiums received in respect of replacement Swaps

If the Covered Bond Guarantor receives any termination payment from a Swap Provider in respect of a Swap, such termination payment will first be used (prior to the occurrence of a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice and/or the Security otherwise becoming enforceable) to pay a replacement Swap Provider to enter into a replacement Swap with the Covered Bond Guarantor (and, for the avoidance of doubt, the amount of such termination payment received from the Swap Provider shall not form part of the Available Revenue Receipts or Available Principal Receipts), unless a replacement Swap has already been entered into on behalf of the Covered Bond Guarantor or if no replacement Swap is entered into, in which case, the termination payment shall 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, such premium will first be used 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 such premium used to pay the applicable termination payment shall not form part of the Available Revenue Receipts or Available Principal Receipts), unless such termination payment has already been made by or on behalf of the Covered Bond Guarantor, in which case the premium shall be applied in accordance with the applicable Priorities of Payments.

Application of moneys received by the Security Trustee following the service of a Covered Bond Guarantee Acceleration Notice and/or the Security otherwise becoming enforceable

From and including the time when the Bond Trustee serves a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor or the Security otherwise becomes enforceable, no amount may be withdrawn from the Trust Accounts without the prior written consent of the Security Trustee.

Post-Enforcement Priority of Payments

All monies 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 Swap Collateral Excluded Amounts due to the Swap Providers by the Covered Bond Guarantor, under the relevant Swap Agreement which shall be paid directly to the relevant Swap Provider), after the Security becomes enforceable, for the benefit of the Secured Creditors in respect of the Secured Obligations, shall be held by it in the Trust Accounts on trust to be applied (save to the extent required otherwise by law), 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 *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) all amounts due and payable or to become due and payable to the Bond Trustee under the provisions of the Bond Trust Deed (but not including amounts otherwise payable to Covered Bondholders under this Post-Enforcement Priority of Payments) together with interest and any applicable GST (or similar Taxes) thereon;

(ii) all amounts due and payable or to become due and payable to the Security Trustee and any Receiver (but not including amounts otherwise payable to Covered Bondholders under this Post-Enforcement Priority of Payments) together with interest and any applicable GST (or similar Taxes) thereon; and

(iii) all amounts due and payable or to become due and payable to the Covered Bond Guarantor under the provisions of the Establishment Deed together with interest and any applicable GST (or similar Taxes) thereon;

(b) *second*, in or towards satisfaction of any remuneration then due and payable to the Agents under or pursuant to the Principal Agency Agreement together with any applicable GST (or similar Taxes) thereon as provided therein;

(c) *third*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof:

(i) any remuneration then due and payable to the Servicer and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicer under the provisions of the Servicing Agreement, together with any applicable GST (or other similar Taxes) thereon;

(ii) any remuneration then due and payable to the Calculation Manager and any costs, charges, liabilities and expenses then due or to become due and payable to the Calculation Manager under the provisions of the Management Agreement, together with any applicable GST (or other similar Taxes) thereon;

(iii) amounts due to the Account Bank (including any costs, charges, liabilities and expenses) pursuant to the terms of the Account Bank Agreement, together with any applicable GST (or other similar Taxes) thereon; and

(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 under the provisions of the Establishment Deed and the Management Agreement, together with any applicable GST (or other similar Taxes) thereon;

(d) *fourth*, in or towards satisfaction of any amounts due and payable to the Total Return Swap Provider (including any termination payment, but excluding any Excluded Swap Termination Amount) pursuant to the terms of the Total Return Swap Agreement;

(e) *fifth*, in or towards satisfaction of *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) any amounts due and payable to the Covered Bond Swap Provider *pro rata* and *pari passu* in respect of each relevant Covered Bond Swap (including any termination payment due and payable by the Covered Bond Guarantor under the relevant Covered Bond Swap Agreement, but excluding any Excluded Swap Termination Amount) in accordance with the terms of the relevant Covered Bond Swap Agreement; and

(ii) 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 *pro rata* and *pari passu* 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 (e) (excluding any amounts received from the Covered Bond Swap Provider) would be insufficient to pay the NZ Dollar Equivalent of the amounts due and payable under the Covered Bond Guarantee in respect of each Series of Covered Bonds under sub-paragraph (ii) above, the shortfall will be divided amongst all such Series of Covered Bonds on a *pro rata* and *pari passu* basis and any amount payable by the Covered Bond Guarantor to the Covered Bond Swap Provider under the relevant Covered Bond Swap in respect of each relevant Series of Covered Bonds or provision to be made in respect thereof under sub-paragraph (i) 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;

(f) *sixth*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof, of any Excluded Swap Termination Amounts due and payable by the Covered Bond Guarantor under the Swap Agreements;

(g) *seventh*, in or towards payment of all amounts outstanding under the Intercompany Loan Agreement;

(h) *eighth*, in or towards payment of any amounts outstanding under the Demand Loan Agreement;

(i) *ninth*, in or towards payment of the Deferred Consideration then due to the Seller for the transfer of the Mortgage Loans and the Related Security to the Covered Bond Guarantor; and

(j) *tenth*, the remainder as a distribution to the Beneficiary in accordance with the Establishment Deed.

THE MORTGAGE LOAN PORTFOLIO

Each New Mortgage Loan Portfolio acquired by the Covered Bond Guarantor consists of Mortgage Loans and the Related Security sold by the Seller to the Covered Bond Guarantor from time to time, in accordance with the terms of the Mortgage Sale Agreement, as more fully described under "*Summary of the Principal Documents – Mortgage Sale Agreement*".

For the purposes hereof:

New Mortgage Loan Portfolio means a portfolio of New Mortgage Loans and the Related Security (other than any New Mortgage Loans and the Related Security included in such portfolio which have been redeemed in full prior to the relevant Transfer Date in respect of such portfolio), particulars of which are set out in, or attached to, a New Mortgage Loan Portfolio Notice, and all right, title, interest and benefit of the Seller in and to the rights and assets set out in paragraphs (a) to (f) (inclusive) below:

(a) all sums of principal and interest (including, for the avoidance of doubt, all Arrears of Interest that are currently due and payable as at the Transfer Date and all interest and expenses that have been capitalised) and any other sum due or to become due under or in respect of such New Mortgage Loans and the Related Security after the Transfer Date (but excluding, for the avoidance of doubt, all Accrued Interest as at the Transfer Date) in respect of such New Mortgage Loans and including, without limitation, the right to demand, sue for, recover and give receipts for all such principal, interest or other amounts, and the right to sue on all covenants and undertakings made or expressed to be made in favour of the Seller under the applicable Mortgage Documents;

(b) the benefit of all other securities for such principal, interest and other sums payable (including, without limitation, any interest of the Seller in any life policy), any guarantee in respect of such New Mortgage Loans and any other collateral security for the repayment of the relevant Mortgage Loans secured by the Related Security;

(c) the right to exercise all the powers of the Seller in relation thereto subject to and in accordance with the relevant Mortgage Documents;

(d) all the estate, title and interest in the Properties in relation thereto vested in the Seller;

(e) to the extent they are assignable or capable of being put into trust, each certificate of title and Valuation Report and any right of action of the Seller against any solicitor, valuer or other person in connection with any report, valuation, opinion, certificate or other statement of fact or opinion given in connection with any such New Mortgage Loans and the Related Security, or any part thereof affecting the decision of the Seller to make or offer to make such Mortgage Loans or part thereof; and

(f) the benefit of certain Insurance Contracts, in each case so far as they relate to such New Mortgage Loans comprised in that portfolio of New Mortgage Loans and the Related Security, including the right to receive the proceeds of all claims made or to be made by or on behalf of the Seller or to which the Seller is or may become entitled.

Any schedule of New Mortgage Loans attached to any New Mortgage Loan Portfolio Notice may be provided in a document stored upon electronic media (including, but not limited to, electronic mail and CD-ROM).

See also the following risk factors under "*Risk Factors – Risk factors relating to the Covered Bond Guarantor, including the ability of the Covered Bond Guarantor to fulfil its obligations in relation to the Covered Bond Guarantee – Limited description of the Portfolio*".

Mortgage Loans regulated by the Credit Contracts Act 1981 and the Credit Contracts and Consumer Finance Act 2003

The CCA and CCCFA impose requirements on Mortgage Loans which are regulated credit contracts.

Each Mortgage Loan is a credit contract regulated by the CCCFA or the CCA. The CCCFA applies to all credit contracts entered into from 1 April 2005, and the CCA applies to all credit contracts entered into prior to 1 April

2005 unless an election has been made for the CCCFA to apply to the relevant credit contract. The CCCFA was substantially amended by the Credit Contracts and Consumer Finance Amendment Act 2014 (**2014 Amendments**), which came fully into force on 6 June 2015. The 2014 Amendments apply to all credit contracts entered into on or after 6 June 2015 (**New Contracts**). For credit contracts entered into between 1 April 2005 and 6 June 2015 (**Existing Contracts**), the CCCFA as in force immediately prior to 6 June 2015 continues to apply other than in relation to certain variation and disclosure obligations. In 2019, the CCCFA was further amended by the CCLAA. Further detail is set out under "*Risk Factors – Legal And Other Considerations – Mortgage Loans are subject to extensive consumer protection regulation*".

Both the CCA and the CCCFA set out specific requirements for certain credit contracts in relation to required initial and ongoing disclosure, fees and terms provided by the credit contracts, and the exercise of powers by the creditor under the credit contracts. Where a credit contract is entered into between a natural person and a creditor in the business of providing credit, and in the case of the CCCFA the contract is entered into wholly or predominantly for personal, domestic or household purposes, the contract is a "controlled credit contract" under the CCA or a "consumer credit contract" under the CCCFA.

Pursuant to the terms of the Mortgage Sale Agreement the Seller will represent and warrant that each Mortgage Loan and its Related Security complies with the relevant requirements for credit contracts and consumer credit contracts in the CCA and the CCCFA (to the extent that those statutes are applicable to the Mortgage Loan and the Related Security) (or to the extent of any non-compliance, such non-compliance would not affect the enforceability of the Mortgage Loan and the Related Security).

Reopening oppressive credit contracts

Part 1 of the CCA and part 5 of the CCCFA set out provisions for reopening oppressive credit contracts. The relevant provisions give a court power to reopen a credit contract where the court considers that the contract is oppressive, a party to the contract has exercised a power conferred by the contract in an oppressive manner or a party to the contract has induced the other party to enter into the credit contract by oppressive means. In this context, "oppressive" means harsh, unjustly burdensome, unconscionable or in contravention of reasonable standards of commercial practice. Where a court reopens a credit contract it has a wide discretion to make the orders it thinks necessary to remedy the matters that caused the contract to be reopened. Orders can include ordering a party to transfer property or pay a sum the court thinks fit to any other party, altering obligations under the contract, ordering compliance with or performance of obligations under the contract, setting aside the contract or terms of the contract, ordering a party to indemnify another party and ordering a party to refrain from doing any act or thing in relation to any other party.

Variations to agreements regulated by the CCA and the CCCFA

Variation of controlled credit contracts is regulated under the CCA and variation of consumer credit contracts is regulated under the CCCFA.

Under the CCA, an agreement for variation of a controlled credit contract must be disclosed to every debtor (and guarantor) under the controlled credit contract not later than 15 working days after the entering into of the contract for the variation. The provisions relating to disclosure of variations under the CCA do not apply where the creditor has exercised a power or made a determination under the credit contract, or released security, reduced amounts outstanding, altered the cost of credit, altered the period of the contract or altered the number, frequency or amounts of payments under the contract.

Under the CCCFA, the parties may enter into an agreement to change the consumer credit contract. In those circumstances disclosure of the variation must be made to the relevant debtor before the change takes effect. However, if the change reduces the debtor's obligations, extends the time for payment, releases any security or increases or decreases any credit limit under a consumer credit contract, disclosure may instead be made either within five working days of the day on which the change takes effect or, if the creditor is required to make continuing disclosure, at the same time as the creditor provides the debtor with the next continuing disclosure statement after the change takes effect. Where the creditor exercises a power under the contract to make changes in relation to the interest rates, payments (including amounts, time for payments, frequency or method of calculating payments), fees or charges under the contract, or the credit limit under the contract, disclosure to the debtor must be made within five working days of the change taking effect, unless the change reduces the

obligations of the debtor, or extends time for payment, in which case disclosure may be made within five working days of the change taking effect or, if applicable, in the next continuing disclosure statement.

Ability to charge and recover fees on the Mortgage Loans

The CCCFA prohibits consumer credit contracts from providing for credit fees or default fees which are unreasonable. A court has the power to reduce or annul fees under a consumer credit contract if it is satisfied that those fees are unreasonable. "Credit fees" means fees or charges payable by the debtor under the credit contract, or payable by the debtor to, or for the benefit of, the creditor in connection with the credit contract. It includes establishment fees, prepayment fees and insurance premiums payable for credit-related insurance in some cases. It does not include (among other things) interest charges, charges for optional services, default fees or default interest charges and government charges, duties, taxes or levies.

In determining whether an establishment fee is unreasonable, the court must have regard to whether the fee is equal to or less than the reasonable costs of the creditor in connection with the application for credit, processing and considering the application, documenting the contract and advancing the credit or whether those costs are equal to or less than the average costs for that category of credit contract.

Prepayment fees will only be unreasonable where they exceed a reasonable estimate of the creditor's loss from the part or full prepayment of the contract. A formula for calculating reasonable credit fees on full prepayment is prescribed by regulations. Creditors can use the prescribed formula or may use another appropriate formula set out in the relevant consumer credit contract. Where the creditor uses the prescribed formula to calculate the fee on full prepayment, the fee will be treated by a court as a reasonable estimate of the creditor's loss.

In determining whether other fees payable under Existing Contracts are unreasonable, the court must have regard to whether the fee reasonably compensates the creditor for costs and losses incurred by the creditor and to the reasonable standards of commercial practice.

For New Contracts, in determining whether other fees are unreasonable, the court must have regard to whether the fee reasonably compensates the creditor for costs (and, in the case of default fees only, losses) incurred by the creditor. In determining whether the fee reasonably compensates the creditor for costs (and, in the case of default fees only, losses), the court must have regard to reasonable standards of commercial practice.

Lender responsibility principles

In relation to New Contracts (and, in limited circumstances where there are variations or the customer is suffering unforeseen hardship, in relation to Existing Contracts), every lender must comply with the "lender responsibility principles". The lender responsibility principles set out lenders' responsibilities to borrowers and guarantors and generally require lenders to exercise the care, diligence and skill of a responsible lender when advertising, before agreeing to provide credit or taking guarantees, and in all subsequent dealings with borrowers and guarantors. The lender responsibility principles impose obligations on the lender to (among other things) make reasonable inquiries before entering into an agreement, assist borrowers to make informed decisions, treat borrowers and their property reasonably and in an ethical manner, comply with all of their other legal obligations to borrowers (including those relating to unfair contract terms under the FTA described in more detail in the section "*Risk Factors – Legal And Other Considerations – Mortgage Loans are subject to extensive consumer protection regulation*"), ensure that the relevant credit contract is not oppressive and ensure that they do not deal with borrowers and guarantors by oppressive means.

The Minister of Commerce and Consumer Affairs has issued a responsible lending code setting out guidance for lenders on compliance with the responsible lending principles in the CCCFA. Although the code is not binding on lenders, in any proceeding relating to the CCCFA, evidence of compliance with the responsible lending code will be treated as evidence of compliance with the binding responsible lending principles in the CCCFA.

Enforceability

A breach of the obligation to register as a financial service provider under the Financial Service Providers (Registration and Dispute Resolution) Act 2008 (New Zealand) or non-compliance with certain provisions of the CCCFA can affect the enforceability of credit contracts and, in some circumstances, the ability of the lender to recover interest and other fees in relation to the credit contracts.

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 and the Covered Bond Guarantor believe to be reliable, but none of the Issuer, the Covered Bond Guarantor, the Bond Trustee nor any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Covered Bond Guarantor, nor any other party to the Principal Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Covered Bonds held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Book-entry systems

DTC

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds and provides asset servicing for securities that its participants (**Direct Participants**) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerised book-entry transfers and pledges between Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (**DTCC**). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others, such as securities brokers and dealers, banks, trust companies and clearing corporations, that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (**Indirect Participants**). DTC has S&P's highest rating: AAA. The DTC Rules applicable to its Direct or Indirect Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

Purchases of DTC Covered Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Covered Bonds on DTC's records. The ownership interest of each actual purchaser of each DTC Covered Bond (**Beneficial Owner**) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Covered Bonds are to be accomplished by entries made on the books of Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Covered Bonds, except in the event that use of the book-entry system for the DTC Covered Bonds is discontinued.

To facilitate subsequent transfers, all DTC Covered Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorised representative of DTC. The deposit of DTC Covered Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Covered Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Covered Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

One fully-registered Security certificate will be issued for each issue of DTC Covered Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of

any issue exceeds U.S.$500 million, one certificate will be issued with respect to each U.S.$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the DTC Covered Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to DTC Covered Bonds unless authorised by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an omnibus proxy (**Omnibus Proxy**) to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Covered Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Covered Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Issuer or the Principal Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct or Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Direct or Indirect Participant and not of DTC or its nominee, the Principal Paying Agent or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorised representative of DTC) is the responsibility of the Issuer or the Principal Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Under certain circumstances, DTC will exchange the DTC Covered Bonds for Registered Definitive Covered Bonds, which it will distribute to its Direct Participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 144A Global Covered Bond, will be legended as set forth under "*Subscription and Sale and Selling Restrictions*".

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Beneficial Owner desiring to pledge DTC Covered Bonds to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Covered Bonds, will be required to withdraw its Registered Covered Bonds from DTC as described below.

DTC may discontinue providing its services as depository with respect to the DTC Covered Bonds at any time by giving reasonable notice to the Issuer or an Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services, including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Book-entry ownership of and payments in respect of DTC Covered Bonds

The Issuer may apply to DTC in order to have any Tranche of Covered Bonds represented by a Registered Global Covered Bond accepted in its book-entry settlement system. Upon the issue of any such Registered Global Covered Bond, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Covered Bond to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the Relevant Dealer. Ownership of beneficial interests in such a Registered Global Covered Bond will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Covered Bond, the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Registered Global Covered Bond accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

It should be noted that DTC will only process payments of principal and interest in U.S. dollars. Payments in U.S. dollars of principal and interest in respect of a Registered Global Covered Bond accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Covered Bond. In the case of any payment in a currency other than U.S. dollars in respect of a Registered Global Covered Bond accepted by DTC, payment will be made to the Exchange Agent and the Exchange Agent will (in accordance with express written instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Covered Bond in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Direct Participants' account.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Direct or Indirect Participants to beneficial owners of Covered Bonds will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Direct or Indirect Participant and not the responsibility of DTC, the Bond Trustee, the Security Trustee, the Agents or the Issuer. Payment of principal, premium, if any, and interest, if any, on Covered Bonds to DTC is the responsibility of the Issuer.

Transfers of Covered Bonds represented by Registered Global Covered Bonds

Transfers of any interests in Covered Bonds represented by a Registered Global Covered Bond within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States may require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Covered Bonds represented by a Registered Global Covered Bond to such persons may depend upon the ability to exchange such Covered Bonds for Covered Bonds in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Covered Bonds represented by a Registered Global Covered Bond accepted by DTC to pledge such Covered Bonds to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Covered Bonds may depend upon the ability to exchange such Covered Bonds for Covered Bonds in definitive form. The ability of any holder of Covered Bonds represented by a Registered Global Covered Bond accepted by DTC to resell, pledge or otherwise transfer such Covered Bonds may be impaired if the proposed transferee of such Covered Bonds is not eligible to hold such Covered Bonds through a Direct or Indirect Participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Covered Bonds described under "*Subscription and Sale and Selling Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly between accountholders in Euroclear and Clearstream, Luxembourg, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the

Principal Paying Agent and any custodian (**Custodian**) with whom the relevant Registered Global Covered Bonds have been deposited.

On or after the Issue Date for any Series, transfers of Covered Bonds of such Series between accountholders in Euroclear and Clearstream, Luxembourg and transfers of Covered Bonds of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Euroclear or Clearstream, Luxembourg and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear and Clearstream, Luxembourg, on the other, transfers of interests in the relevant Registered Global Covered Bonds will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Covered Bonds among participants and accountholders of DTC, Euroclear and Clearstream, Luxembourg. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Bond Trustee, the Security Trustee, the Issuer, the Covered Bond Guarantor, the Agents or any Dealer will be responsible for any performance by DTC, Euroclear or Clearstream, Luxembourg, 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

New Zealand Taxation

The following is a generalised summary of the New Zealand taxation implications of investing in the Covered Bonds and is based on the taxation laws in force as at the date of this Prospectus under the Tax Act. The comments relate only to Covered Bonds issued pursuant to a binding agreement entered into on or after the date of this Prospectus. It is important to note that the tax implications of the investment will depend on the circumstances of each taxpayer. Prospective Covered Bondholders should consult a tax adviser on the tax implications of investing in the Covered Bonds in relation to each prospective Covered Bondholder's specific circumstances.

Resident Withholding Tax

The Issuer or the Covered Bond Guarantor, as the case may be, will deduct New Zealand resident withholding tax at the rate required by law from the payment of interest (including amounts deemed to be interest under the Tax Act) to the Covered Bondholder or Couponholder if:

(a) the person deriving the interest:

(i) is Tax Resident in New Zealand;

(ii) is not Tax Resident in New Zealand but holds or beneficially owns the Covered Bonds or Coupon for the purpose of a business carried on in New Zealand through a fixed establishment (as that term is defined in the Tax Act) in New Zealand; or

(iii) is not Tax Resident in New Zealand but is a registered bank (as that term is defined in the Tax Act) in New Zealand engaged in business in New Zealand through a fixed establishment (as that term is defined in the Tax Act) in New Zealand and is not associated (as that term is defined in the Tax Act) with the Issuer,

(each a **New Zealand Covered Bondholder**); and

(b) at the time of such payment, the New Zealand Covered Bondholder has not provided evidence, or the Issuer or the Covered Bond Guarantor has not been able to determine once the New Zealand Covered Bondholder has provided its tax file number, that they have "RWT-exempt status" (as defined in the Tax Act) in respect of resident withholding tax.

If New Zealand resident withholding tax is required to be deducted from the payment of any interest by the Issuer or by the Covered Bond Guarantor under the Covered Bond Guarantee, neither of the Issuer nor the Covered Bond Guarantor (as the case may be) will be obliged to pay any additional amount.

Non-Resident Withholding Tax

In respect of any Covered Bond or Coupon not held or beneficially owned by a New Zealand Covered Bondholder (**Non-New Zealand Covered Bondholder**), New Zealand law requires a deduction on account of non-resident withholding tax to be made from the payment of interest (including amounts deemed to be interest under the Tax Act) with a New Zealand source in respect of such Covered Bond or Coupon.

Where non-resident withholding tax is required to be deducted from the payment of any interest by the Issuer, the Issuer intends (where it is lawfully able and for so long as the Issuer does not incur any increased cost or detriment from doing so) to reduce the applicable rate of non-resident withholding tax to zero per cent. as a result of receiving or having received approved issuer status, registering or having registered the Programme with the New Zealand Inland Revenue as a "registered security" (as defined in the Tax Act) and paying, on its own account, an approved issuer levy (currently equal to 2 per cent. of such payments of interest).

Where a Non-New Zealand Covered Bondholder holds or beneficially owns the Covered Bond or Coupon jointly with a person who is Tax Resident in New Zealand, non-resident withholding tax must be deducted from interest paid to the non-resident at the applicable rate of resident withholding tax. Payment of the approved issuer levy does not allow a zero per cent. rate of non-resident withholding tax in this case. Relief from New Zealand tax

under an applicable double taxation treaty may be available, but only on application to the New Zealand Inland Revenue for a refund of over-deducted tax. The Issuer will not pay an additional amount to the Non-New Zealand Covered Bondholder or Couponholder in respect of non-resident withholding tax deducted in that case.

If non-resident withholding tax is required to be deducted from the payment of any interest by the Covered Bond Guarantor under the Covered Bond Guarantee, the Covered Bond Guarantor will not be obliged to pay any additional amount as a consequence, or (for the avoidance of doubt) to pay any amount of approved issuer levy in respect of such payments (unless required by law).

If approved issuer levy is required by law to be paid in respect of the payment of any interest by the Covered Bond Guarantor under the Covered Bond Guarantee, the Covered Bond Guarantor may deduct from such payments an amount equal to the amount of approved issuer levy payable and will not be obliged to pay any additional amount as a consequence.

New Zealand Income Tax Implications

For a Covered Bondholder or Couponholder or beneficial owner of a Covered Bond or Coupon who is Tax Resident in New Zealand, or who is not Tax Resident in New Zealand but is party to, or is a beneficial owner of, a Covered Bond or Coupon for the purpose of a business carried on by that Covered Bondholder or Couponholder or beneficial owner of a Covered Bond or Coupon through a fixed establishment in New Zealand, the Covered Bonds or Coupons will be subject to the "financial arrangements rules" in the Tax Act. These rules bring to tax on an accrual basis interest and other amounts (such as gains on disposal) deemed by the rules to be equivalent to interest.

Foreign Account Tax Compliance Act Withholding

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), investment funds and other non-U.S. persons 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. ASB is classified as foreign financial institutions for these purposes. A number of jurisdictions (including the UK and New Zealand) 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, investment funds and other non-U.S. persons in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Covered Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Covered Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Covered Bonds, such withholding would not apply prior to the date that is two years after the date on which the final regulations defining passthru payments are published in the U.S. Federal Register. Covered Bonds that are treated as debt (or not otherwise treated as equity) for U.S. Federal income tax purposes and that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are published generally would be grandfathered for the purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Covered Bonds that are not distinguishable from previously issued Covered Bonds are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Covered Bonds, including the Covered Bonds offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Covered Bonds. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Covered Bonds, the Issuer will be required to pay additional amounts as a result of the withholding.

Common Reporting Standard

The Organisation for Economic Co-operation and Development's Common Reporting Standard for Automatic Exchange of Financial Account Information (the **CRS**) requires certain financial institutions to report information regarding certain accounts to their local tax authority and follow related due diligence procedures. Covered

Bondholders may be requested to provide certain information and certifications to ensure compliance with the CRS. A jurisdiction that has signed a competent authority agreement may provide this information to other jurisdictions that have signed a competent authority agreement.

Prospective investors should consult their tax advisers on how the CRS may apply to such investor.

SUBSCRIPTION AND SALE AND SELLING RESTRICTIONS

The Dealers have, pursuant to a programme agreement (as the same may be amended and/or supplemented and/or restated from time to time, the **Programme Agreement**) dated 1 September 2011, agreed with the Issuer and the Covered Bond Guarantor a basis upon which such Dealers or any of them may from time to time agree to purchase Covered Bonds. Any such agreement for any particular purchase by a Dealer will extend to those matters stated under Form of the Covered Bonds and Terms and Conditions of the Covered Bonds above. As at the date of this Prospectus, the sole Dealer is Barclays Bank PLC but the Issuer may appoint other dealers from time to time in accordance with the Programme Agreement, which appointment may be for a specific issue or on an ongoing basis.

The Issuer may pay the Dealers commissions from time to time in connection with the sale of any Covered Bonds. In the Programme Agreement, the Issuer has agreed to reimburse and indemnify the Dealers for certain of their expenses and liabilities in connection with the establishment and any future updates of the Programme and the issue of Covered Bonds under the Programme. The Dealers are entitled in certain circumstances to be released and discharged from their obligations under the Programme Agreement prior to the closing of the issue of the Covered Bonds, including in the event that certain conditions precedent are not delivered or met to their satisfaction on the Issue Date. In this situation, the issuance of the Covered Bonds may not be completed. Investors will have no rights against the Issuer or the Dealers in respect of any expense incurred or loss suffered in these circumstances.

In order to facilitate the offering of any Tranche of the Covered Bonds, certain persons participating in the offering of the Tranche may engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Covered Bonds during and after the offering of the Tranche. Specifically, such persons may over-allot or create a short position in the Covered Bonds for their own account by selling more Covered Bonds than have been sold to them by the Issuer. Such persons may also elect to cover any such short position by purchasing Covered Bonds in the open market. In addition, such persons may stabilise or maintain the price of the Covered Bonds by bidding for or purchasing Covered Bonds in the open market and may impose penalty bids, under which selling concessions allowed, to syndicate members or other broker dealers participating in the offering of the Covered Bonds are reclaimed if Covered Bonds previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Covered Bonds at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Covered Bonds to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilising or other transactions and stabilisation may not necessarily occur. Such transactions, if commenced, may cease at any time. Under UK laws and regulations stabilising activities may only be carried on by the stabilising manager and 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.

United States

Each Dealer appointed under the Programme Agreement will be required to acknowledge that the Covered Bonds and the Covered Bond Guarantee have not been, and will not be, registered under the Securities Act or the securities laws 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 except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

In addition, the Covered Bonds cannot be resold in the United States or to U.S. persons unless they are subsequently registered or an exemption from such registration requirement is available.

In connection with any Regulation S Covered Bonds, each Dealer appointed under the Programme will be required to agree that it has not offered, sold or delivered the Covered Bonds of any identifiable Series or Tranche, and shall not offer and sell the Covered Bonds of any identifiable Series or Tranche 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; and (b) during the Distribution Compliance Period, and except in either case in accordance with Regulation S under the Securities Act. Accordingly, each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Regulation S Covered Bonds, and it and they have complied and shall comply with the offering restrictions requirement of Regulation S under the Securities Act.

In addition, until the expiration of the Distribution Compliance Period, an offer or sale of the Regulation S Covered Bonds within the United States by any Dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in compliance with Rule 144A or pursuant to another exemption from the registration requirements under the Securities Act. Each Dealer agrees that, at or prior to confirmation of sale of Covered Bonds (other than a sale of Covered Bonds pursuant to Rule 144A), it will have sent to each distributor, dealer or person 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:

> "THIS SECURITY AND ANY GUARANTEE IN RESPECT THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE **SECURITIES ACT**), OR ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE PRINCIPAL AGENCY AGREEMENT IN RESPECT OF THIS SECURITY (THE **PRINCIPAL AGENCY AGREEMENT**) AND PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. UNTIL THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING AND THE ISSUE DATE, SALES MAY NOT BE MADE IN THE UNITED STATES OR TO U.S. PERSONS UNLESS MADE (I) PURSUANT TO RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT OR (II) TO "QUALIFIED INSTITUTIONAL BUYERS" AS DEFINED IN, AND IN TRANSACTIONS PURSUANT TO, RULE 144A UNDER THE SECURITIES ACT.
>
> EXCEPT AS OTHERWISE PROVIDED IN THE APPLICABLE FINAL TERMS, BY ITS PURCHASE AND HOLDING OF THIS COVERED BOND (OR ANY INTEREST HEREIN), EACH PURCHASER AND HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND AGREED, THAT EITHER (1) IT IS NOT AN "EMPLOYEE BENEFIT PLAN" AS DESCRIBED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (**ERISA**) AND SUBJECT TO TITLE I OF ERISA, OR A "PLAN" AS DESCRIBED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE **CODE**), OR AN ENTITY WHOSE UNDERLYING ASSETS ARE DEEMED FOR PURPOSES OF ERISA OR THE CODE TO INCLUDE THE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN, OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (**SIMILAR LAW**), OR (2) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS COVERED BOND (OR ANY INTEREST HEREIN) DOES NOT AND WILL NOT CONSTITUTE OR RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR IN THE CASE OF A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, ANY SUCH SUBSTANTIALLY SIMILAR LAW) FOR WHICH AN EXEMPTION IS NOT AVAILABLE."

Each Registered Covered Bond issued by the Issuer to be sold to QIBs in the United States in accordance with the resale provisions of Rule 144A shall contain a legend to the following effect:

> "THIS SECURITY AND ANY GUARANTEE IN RESPECT THEREOF HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE **SECURITIES ACT**), OR ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH BELOW. THIS SECURITY MAY BE TRANSFERRED ONLY IN INITIAL PRINCIPAL AMOUNTS OF U.S.$250,000 AND INTEGRAL MULTIPLES OF U.S.$1,000 IN EXCESS THEREOF (OR ITS EQUIVALENT IN ANY OTHER CURRENCY AS AT THE DATE OF ISSUE OF SUCH SECURITY). BY ITS ACQUISITION HEREOF, THE HOLDER: (A) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THIS SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS SECURITY

EXCEPT IN ACCORDANCE WITH THE PRINCIPAL AGENCY AGREEMENT IN RESPECT OF THIS SECURITY (THE **PRINCIPAL AGENCY AGREEMENT**) AND, PRIOR TO THE DATE WHICH IS ONE YEAR AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES OR TRANCHE AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITY OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING THE SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE, IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE PRINCIPAL AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDER OF SUCH SECURITY SENT TO ITS REGISTERED ADDRESS, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.

IF REQUESTED BY THE ISSUER OR BY A DEALER, THE PURCHASER AGREES TO PROVIDE THE INFORMATION NECESSARY TO DETERMINE WHETHER THE TRANSFER OF THIS COVERED BOND IS PERMISSIBLE UNDER THE SECURITIES ACT. THIS COVERED BOND AND RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS COVERED BOND TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO THE RESALE OR TRANSFERS OF RESTRICTED SECURITIES GENERALLY. BY THE ACCEPTANCE OF THIS COVERED BOND, THE HOLDER HEREOF SHALL BE DEEMED TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT.

EXCEPT AS OTHERWISE PROVIDED IN THE APPLICABLE FINAL TERMS, BY ITS PURCHASE AND HOLDING OF THIS COVERED BOND (OR ANY INTEREST HEREIN), EACH PURCHASER AND HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND AGREED, THAT EITHER (1) IT IS NOT AN "EMPLOYEE BENEFIT PLAN" AS DESCRIBED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (**ERISA**) AND SUBJECT TO TITLE I OF ERISA, OR A "PLAN" AS DESCRIBED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE **CODE**), OR AN ENTITY WHOSE UNDERLYING ASSETS ARE DEEMED FOR PURPOSES OF ERISA OR THE CODE TO INCLUDE THE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN, OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION

4975 OF THE CODE (**SIMILAR LAW**), OR (2) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS COVERED BOND OR ANY INTEREST HEREIN DOES NOT AND WILL NOT CONSTITUTE OR RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR IN THE CASE OF A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, ANY SUCH SUBSTANTIALLY SIMILAR LAW) FOR WHICH AN EXEMPTION IS NOT AVAILABLE."

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. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder.

In addition, unless the applicable Final Terms specify that the applicable TEFRA exemption is "not applicable", each such Dealer represents, warrants and agrees in relation to each Tranche of Bearer Covered Bonds that:

(a) except to the extent permitted under U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the **D Rules**),

  (i) it has not offered or sold, and during the restricted period shall 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

  (ii) it has not delivered and shall not deliver within the United States or its possessions Bearer Definitive Covered Bonds that are sold during the restricted period;

(b) it has and throughout the restricted period shall 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;

(c) if it is a United States person, it is acquiring the 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 shall only do so in accordance with the requirements of U.S. Treas. Reg. §1.163-5(c)(2)(i)(D)(6);

(d) with respect to each affiliate that acquires from it Bearer Covered Bonds for the purpose of offering or selling such Covered Bonds during the restricted period, it either (i) repeats and confirms the representations contained in paragraphs (a), (b) and (c) on behalf of such affiliate, or (ii) agrees that it shall obtain from such affiliate for the benefit of the Issuer the representations contained in paragraphs (a), (b) and (c); and

(e) 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 this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations thereunder, including the D Rules.

Notwithstanding anything above to the contrary, it is understood that Registered Covered Bonds may be offered and sold pursuant to a private placement in the United States, and in connection therewith each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree that:

(a) offers, sales, resales and other transfers of Covered Bonds made in the United States made or approved by a Dealer (including offers, resales or other transfers made or approved by a Dealer in connection with secondary trading) shall be made with respect to Registered Covered Bonds only and shall be effected pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;

(b) offers, sales, resales and other transfers of Covered Bonds made in the United States will be made only in private transactions to (1) so long as the Covered Bonds are eligible for resale pursuant to Rule 144A

under the Securities Act, institutional investors that are reasonably believed to qualify as qualified institutional buyers within the meaning of Rule 144A (each such institutional investor being hereinafter referred to as a QIB), (2) pursuant to an exemption from registration under the Securities Act provided by Rule 144A under the Securities Act (if available) and in each of such cases in accordance with any applicable securities laws of any State of the United States or other applicable jurisdiction, or (3) pursuant to another available exemption from registration under the Securities Act (if any). Each Dealer agrees to notify the related purchaser of Covered Bonds of the private offering nature of such purchase and, accordingly, that such Covered Bonds are subject to the resale and other transfer restrictions referred to above. Neither any Dealer nor the Issuer will be liable for any resales or other transfers made in violation of the foregoing conditions if such resale or transfer was not made by or through the party against whom such liability is sought to be imposed;

(c) the Covered Bonds will be offered in the United States only by approaching prospective purchasers on an individual basis. No general solicitation or general advertising within the meaning of Rule 502(c) under the Securities Act will be used in connection with the offering of the Covered Bonds in the United States. It has not made offers or sales of any security, nor has it solicited any offers to buy, or otherwise negotiated in respect of, any security under the circumstances that would require the registration of the Covered Bonds under the Securities Act;

(d) no sale of Covered Bonds in the United States to any one QIB will be for less than U.S.$250,000 (or the approximate equivalent in another Specified Currency) principal amount and no Covered Bonds will be issued in connection with such a sale in a smaller principal amount. If such purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.$250,000 (or the approximate equivalent in another Specified Currency) principal amount of the Covered Bonds. The U.S.$250,000 minimum purchase amounts (or the approximate equivalent in another Specified Currency) applies to Covered Bond of each maturity and interest rate (or method of calculating interest) and may not be spread among Covered Bonds of different maturities or interest rates (or methods of calculating interest);

(e) each Covered Bond sold as a part of a private placement in the United States and each Regulation S Global Covered Bond shall contain a legend in substantially the form set out on the face of such Covered Bond in the Bond Trust Deed; and

(f) each Dealer may offer and sell Covered Bonds in the United States or to U.S. persons (as defined in Regulation S under the Securities Act) only if such Dealer is a registered broker-dealer in the United States or through its selling agent which is a registered broker-dealer in the United States in compliance with the Exchange Act.

Prohibition of sales to EEA Retail Investors

Unless the Final Terms in respect of any Covered Bonds specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Covered Bonds which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to any retail investor in the EEA. 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 MiFID II; or

(ii) a customer within the meaning of Directive (EU) 2016/97, as amended, 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 EU Prospectus Regulation; and

(b) the expression **an offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds.

If the Final Terms in respect of any Covered Bonds specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the EEA, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Covered Bonds which are the subject of an offering contemplated by the Prospectus as completed by the Final Terms in relation thereto to the public in that Member State, except that it may make an offer of such Covered Bonds to the public in that Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the Relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Covered Bonds referred to in paragraphs (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression **offer of Covered Bonds to the public** in relation to any Covered Bonds in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds.

United Kingdom

Prohibition of sales to UK Retail Investors

Unless the Final Terms in respect of any Covered Bonds specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Covered Bonds which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to any retail investor in the UK. For the purposes of this provision:

(a) the expression **retail investor** means a person who is one (or more) of the following:

(i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law in the UK by virtue of the EUWA;

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the Financial Services and Markets Act 2000 (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 in the UK 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.

If the Final Terms in respect of any Covered Bonds specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Covered

Bonds which are the subject of the offering contemplated by the Prospectus as completed by the Final Terms in relation thereto to the public in the UK, except that it may make an offer of such Covered Bonds to the public in the UK:

(a) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Covered Bonds referred to in paragraphs (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision the expression **an offer of Covered Bonds to the public** in relation to any Covered Bonds means the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds.

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) 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 or the Issuer;

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Covered Bonds in, from or otherwise involving the United Kingdom; and

(c) in relation to any Covered Bonds which have a maturity of less than one year (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Covered Bonds other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Covered Bonds would otherwise constitute a contravention of Section 19 of FSMA by the Issuer.

Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia (the **Corporations Act**)) in relation to the Programme or any Covered Bonds has been or will be lodged with the Australian Securities and Investments Commission (the **ASIC**). Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that in connection with the distribution of the Covered Bonds, it:

(a) will not make (directly or indirectly) any offer or invitation in Australia or any offer or invitation which is received in Australia in relation to the issue, sale or purchase of any Covered Bonds; and

(b) has not distributed or published, and will not distribute or publish, any information memorandum, advertisement, disclosure document or other offering material relating to the Covered Bonds in Australia,

unless (i) the aggregate consideration payable by each offeree or invitee is at least A$500,000 for the Covered Bonds or its foreign currency equivalent (in either case disregarding moneys, if any, lent by the Issuer or other person offering the Covered Bonds or its associates (within the meaning of those expressions in Part 6D.2 of the Corporations Act)), or the offer or invitation otherwise does not require disclosure to investors in accordance with 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 (as defined in section 761G or 761GA of the Corporations Act), (iii) such action complies with all applicable laws, regulations and directives, and (iv) such action does not require any document to be lodged or registered with ASIC.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Covered Bonds (except for Covered Bonds which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the **SFO**)) other than (a) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance; 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 **CWUMPO**) or which do not constitute an offer to the public within the meaning of the CWUMPO; 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 under the SFO.

Japan

The Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended (the **FIEA**)) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Covered Bonds, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

New Zealand

No action has been taken to permit the Covered Bonds to be directly or indirectly offered or sold to any retail investor, or otherwise under any regulated offer, in terms of the Financial Markets Conduct Act 2013 of New Zealand (the **FMCA**). In particular, no product disclosure statement or limited disclosure document under the FMCA has been or will be prepared or lodged in New Zealand in relation to the Covered Bonds.

Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not directly or indirectly offered, sold or delivered and will not directly or indirectly offer, sell or deliver any Covered Bond in New Zealand and it will not distribute any offering memorandum or advertisement (as defined in the FMCA) in relation to any offer of Covered Bonds, in New Zealand other than to "wholesale investors" as that term is defined in clauses 3(2)(a), (c) and (d) of Schedule 1 to the FMCA, being a person who is:

(a) an "investment business";

(b) "large"; or

(c) a "government agency",

in each case as defined in Schedule 1 to the FMCA. For the avoidance of doubt, the Covered Bonds may not be directly or indirectly offered, sold, or delivered to, among others, any "eligible investors" (as defined in clause 41 of Schedule 1 to the FMCA) or to any person who, under clause 3(2)(b) of Schedule 1 to the FMCA, meets the investment activity criteria specified in clause 38 of that Schedule.

In addition, no person may distribute any offering material or advertisement (as defined in the FMCA) in relation to any offer of Covered Bonds in New Zealand other than to such permitted persons as referred to in the paragraph above.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not directly or indirectly offered or sold, and will not directly or indirectly offer or sell, any Covered Bonds or Coupons to persons whom it believes to be:

(a) persons who are Tax Resident in New Zealand; or

(b) not Tax Resident in New Zealand but who carry on business in New Zealand through a fixed establishment (as defined in the Tax Act) in New Zealand, and hold or beneficially own the Covered Bonds or Coupons for the purposes of a business carried on through that fixed establishment; or

(c) not Tax Resident in New Zealand but who are a registered bank (as that term is defined in the Tax Act) in New Zealand engaged in business in New Zealand through a fixed establishment (as that term is defined in the Tax Act) in New Zealand and not associated (as that term is defined in the Tax Act) with the Issuer,

unless such persons certify that they have "RWT-exempt status" (as that term is defined in the Tax Act) in respect of resident withholding tax and provide a New Zealand tax file number to such Dealer (in which event the Dealer shall provide details thereof to the Issuer or to a Paying Agent).

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore (the **MAS**) and the Covered Bonds will be offered pursuant to exemptions under the SFA. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Covered Bonds or caused the Covered Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Covered Bonds or cause the Covered Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Covered Bonds whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, or (b) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Canada

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has offered and sold and will offer and sell the Covered Bonds only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations.

Republic of Italy

The offering of the Covered Bonds has not been registered pursuant to Italian securities legislation and, accordingly, no Covered Bonds may be offered, sold or delivered, nor may copies of the Prospectus or of any other document relating to the Covered Bonds be distributed in the Republic of Italy, except:

(i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of the Prospectus Regulation and any applicable provision of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Italian CONSOB regulations; or

(ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-*ter* of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, and the applicable Italian laws.

Any offer, sale or delivery of the Covered Bonds or distribution of copies of this Prospectus or any other document relating to the Covered Bonds in the Republic of Italy under paragraphs (i) or (ii) above must:

(a) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**); and

(b) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

Taiwan

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 (i) have not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission of the Republic of China (**Taiwan**) and/or other regulatory authority of Taiwan pursuant to the relevant securities laws and regulations, and (ii) may not be offered, issued or sold within Taiwan through a public offering or in circumstances that constitute an offer within the meaning of the Securities and Exchange Act of Taiwan or any other relevant laws and regulations that require a registration or filing with, or approval of, the Financial Supervisory Commission of Taiwan and/or other regulatory authority of Taiwan. Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that no person or entity in Taiwan has been authorised or will be authorised to offer or sell the Covered Bonds in Taiwan.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Covered Bonds or possesses or distributes the Prospectus or any Final Terms and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Covered Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer, the Covered Bond Guarantor nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer, the Covered Bond Guarantor or any of the Dealers has represented that Covered Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the Relevant Dealer(s) will be required to comply with such other restrictions as the Issuer and the Relevant Dealer(s) shall agree as a term of issue and purchase as indicated in the applicable Final Terms.

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

GENERAL INFORMATION

Authorisation

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the establishment, implementation and operation of the Programme and the issue and performance of Covered Bonds issued by it. The establishment of the Programme and the issue of the Covered Bonds by it thereunder were authorised by resolutions of the board of directors of the Issuer dated 1 February 2011 and 25 October 2012. The establishment, implementation and operation of the Programme and the giving of the Covered Bond Guarantee were duly confirmed and authorised by (i) resolutions of the board of directors of the Covered Bond Guarantor dated 9 June 2011, 15 December 2011, 18 April 2012 and 1 August 2018; and (ii) resolutions of the shareholder of the Covered Bond Guarantor dated 9 June 2011, 15 December 2011, 18 April 2012 and 1 August 2018.

The update of the Programme has been duly authorised by approval of the General Manager Treasury of ASB.

Listing of Covered Bonds

The admission of the Programme to listing on the Official List and to trading on the main market of the London Stock Exchange is expected to take effect on or about 18 November 2024. 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). Any Tranche of Covered Bonds intended 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 relevant 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.

However, Covered Bonds may be issued pursuant to the Programme which will not be admitted to listing, trading and/or quotation by the London Stock Exchange or any other listing authority, stock exchange and/or quotation system or which will be admitted to listing, trading and/or quotation by such listing authority, stock exchange and/or quotation system as the Issuer and the Relevant Dealer(s) may agree.

Documents Available

For the life of this Prospectus or whilst any Covered Bonds are outstanding, the following documents will be available at http://www.asb.co.nz/coveredbonds:

(a) the constitutive documents of the Issuer and the Covered Bond Guarantor;

(b) 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);

(c) the Principal Agency Agreement;

(d) 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 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 relevant Final Terms will only be available for inspection by the relevant Covered Bondholders); and

(e) 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 Final Terms for Covered Bonds that are listed on the Official List and admitted to trading on the main market of the London Stock Exchange will be published on the Regulatory News Service operated by the London Stock Exchange at http://www.londonstockexchange.com.

Clearing Systems

The Covered Bonds offered pursuant to this Prospectus may be cleared through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). In addition, the Issuer may make an application with respect to any Registered Covered Bonds, such as Rule 144A Covered Bonds, to be accepted for trading in book-entry form by DTC. Acceptance by DTC of Covered Bonds of each Tranche of a Registered Covered Bond Series issued by the Issuer will be confirmed in the applicable Final Terms. The Common Code and the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Covered Bonds will be set out in the applicable Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium, the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg, Luxembourg. The address of DTC is 570 Washington Boulevard, Jersey City, NJ 07310.

Significant or Material Change

Save as disclosed in the risk factor entitled "*ASB may incur losses associated with its counterparty exposures and counterparty lending*" in the section entitled "*Risk Factors – Risk factors relating to the Issuer, including the ability of the Issuer to fulfil its obligations under the Covered Bonds*", and the section entitled "*ASB Bank Limited – Recent Developments*", since 30 June 2024, there has been no significant change in the financial performance or financial position of the ASB Group taken as a whole. Since 30 June 2024, there has been no material adverse change in the prospects of the ASB Group taken as a whole.

Since 30 June 2024, there has been no significant change in the financial performance or financial position of the Covered Bond Guarantor. Since 30 June 2024 there has been no material adverse change in the prospects of the Covered Bond Guarantor.

Litigation

Save as disclosed in "*ASB Bank Limited – Recent Developments – High Court Proceedings*" in relation to the Issuer, there are no governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) in the twelve 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 its subsidiaries, taken as a whole.

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 twelve 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 Covered Bond Guarantor.

Independent Auditors

The ASB Financial Statements (excluding the supplementary information relating to capital adequacy and regulatory liquidity requirements) have been audited as described in the independent auditor's report thereon for each of the financial years ended 30 June 2024 and 30 June 2023 by PricewaterhouseCoopers New Zealand, independent auditors of ASB and its subsidiaries for those periods, and unqualified opinions have been reported thereon. PricewaterhouseCoopers New Zealand has no material interest in ASB.

PricewaterhouseCoopers New Zealand has also conducted a limited assurance engagement over the supplementary information relating to capital adequacy and regulatory liquidity requirements disclosed in the ASB Financial Statements as described in the independent assurance report thereon for the financial years ended 30 June 2024 and 30 June 2023 incorporated by reference in this Prospectus. PricewaterhouseCoopers New Zealand reported that they have applied limited procedures in accordance with Schedule 11 of the Reserve Bank Orders in Council and the professional standards for a review of such information. However, the 2024 independent assurance reports incorporated by reference herein state that they did not audit and they do not express an audit opinion on that unaudited financial information relating to capital adequacy and regulatory liquidity requirements. Accordingly, the degree of reliance on their reports on such information should be restricted in light of the limited nature of the review procedures.

The financial statements of the Trust have been audited as of and for each of the financial years ended 30 June 2024 and 30 June 2023 by PricewaterhouseCoopers New Zealand, independent auditors of the Trust for those periods, and unqualified opinions have been reported thereon. PricewaterhouseCoopers New Zealand has no material interest in the Covered Bond Guarantor.

PricewaterhouseCoopers New Zealand's partners are members or affiliate members of the Chartered Accountants Australia and New Zealand.

Reports

The Bond Trust Deed provides that the Bond Trustee may rely on reports or other information from professional advisers or other experts in accordance with the provisions of the Bond Trust Deed, whether or not any such report or other information, or engagement letter or other document entered into by the Bond Trustee and the relevant person in connection therewith, contains any monetary or other limit on the liability of the relevant person.

Post-issuance information

The Issuer does not intend to provide any post-issuance information in relation to any issue of Covered Bonds. However, the Issuer may prepare one or more supplements to this Prospectus to reflect, among other things, developments in their business or affairs.

Legends

The following legend must appear on every form of Covered Bond Coupon or Talon.

"IF THE HOLDER OF ANY PART HEREOF IS A RESIDENT OF NEW ZEALAND FOR TAX PURPOSES, OR OTHERWISE IS A PERSON THE PAYMENT OF INTEREST (AS DEFINED FOR NEW ZEALAND INCOME TAX PURPOSES) TO WHOM WILL BE SUBJECT TO NEW ZEALAND RESIDENT WITHHOLDING TAX, THEN A DEDUCTION FOR NEW ZEALAND RESIDENT WITHHOLDING TAX MAY BE MADE FROM ANY AMOUNT PAYABLE UNDER THIS [TEMPORARY/ PERMANENT/ GLOBAL/ DEFINITIVE/ REGISTERED/ COVERED BOND/ COUPON/ TALON] WHICH IS SUBJECT TO NEW ZEALAND RESIDENT WITHHOLDING TAX UNLESS ANY SUCH HOLDER CERTIFIES THAT IT HAS RWT-EXEMPT STATUS IN RESPECT OF RESIDENT WITHHOLDING TAX AND PROVIDES THE HOLDER'S NEW ZEALAND TAX FILE NUMBER.

ON PRESENTATION OF THIS [TEMPORARY/PERMANENT/GLOBAL/DEFINITIVE/REGISTERED COVERED BOND/ COUPON/TALON] FOR PAYMENT OR, IF APPLICABLE, UPON THE RECEIPT OF SUCH PAYMENT, THE HOLDER OF ANY PART HEREOF HEREBY CERTIFIES THAT IF IT IS A RESIDENT OF NEW ZEALAND FOR TAX PURPOSES OR OTHERWISE IS A PERSON THE PAYMENT OF INTEREST TO WHOM WILL BE SUBJECT TO NEW ZEALAND RESIDENT WITHHOLDING TAX, THAT IT HAS RWT-EXEMPT STATUS IN RESPECT OF RESIDENT WITHHOLDING TAX."

Disclosure for U.S. tax purposes

Any Person (and each employee, representative, or other agent of such Person) may disclose to any and all Persons, without limitation of any kind, the United States federal income tax treatment and the United States federal income tax structure of the Covered Bond, Coupon or Talon and all materials of any kind (including opinions or other tax analyses) that are provided to such holder relating to such tax treatment and tax structure.

GLOSSARY

2014 Amendments has the meaning given to it on page 241.

A&I Forms means client authority and instruction forms for an e-dealing that conform with the Land Transfer Act 2017 (New Zealand) and are approved by the New Zealand Law Society and the Registrar-General of Land of New Zealand, and each an **A&I Form**.

Account Bank means ASB in its capacity as Account Bank pursuant to the Account Bank Agreement or such other account bank appointed pursuant to the Account Bank Agreement from time to time.

Account Bank Agreement means the account bank agreement entered into on or about the Programme Date between the Covered Bond Guarantor, the All Moneys Mortgage Trustee, the All Moneys Mortgage Beneficiaries, the Trust Manager, the Account Bank, the Calculation Manager and the Security Trustee (as amended and/or supplemented and/or restated from time to time).

Accrued Interest means, in respect of a Mortgage Loan and a Sale Date, the aggregate of all interest accrued but not yet due and payable on the Mortgage Loan from (but excluding) the Mortgage Loan Scheduled Payment Date immediately preceding the Sale Date to (and including) the Sale Date.

ADI means a deposit-taking institution as authorised by APRA.

Additional Business Centre means, in relation to a Series of Covered Bonds, the Additional Business Centre as specified in the applicable Final Terms.

Adjusted Aggregate Mortgage Loan Amount has the meaning given to it on page 208.

Adjusted Required Redemption Amount has the meaning given to it on page 198.

Adjustment Spread has the meaning given to it in Condition 4.7 (*Benchmark Discontinuation*).

Agents means the Principal Paying Agent, each Paying Agent, each Transfer Agent, each Exchange Agent and the Registrar, and, where the context requires, includes the NZ Agent, each an **Agent**.

All Moneys Mortgage means a Mortgage that secures or purports to secure the repayment of Associated Debt as well as a Mortgage Loan.

All Moneys Mortgage Beneficiaries means, in relation to each All Moneys Mortgage Trust, the Covered Bond Guarantor and the Seller as beneficiaries of the All Moneys Mortgage Trust and **All Moneys Mortgage Beneficiary** means any one of them.

All Moneys Mortgage Trust means, in respect of an All Moneys Mortgage, the trust established or, as the case may be, to be established pursuant to the Mortgage Sale Agreement on the date that such All Moneys Mortgage is sold by the Seller to the Covered Bond Guarantor.

All Moneys Mortgage Trust Account means the account in the name of the Covered Bond Guarantor held at the Account Bank for the Covered Bond Guarantor and maintained pursuant to the terms of the Account Bank Agreement and such additional or replacement bank account of the Covered Bond Guarantor designated as such, as may, from time to time, be in place pursuant to the terms of the Account Bank Agreement and the Mortgage Sale Agreement.

All Moneys Mortgage Trust Property means, in relation to an All Moneys Mortgage, the Covered Bond Guarantor's whole right, title, benefit and interest in and to such All Moneys Mortgage and the other Related Security and the proceeds of enforcement of such All Moneys Mortgage and other Related Security.

All Moneys Mortgage Trustee means the Covered Bond Guarantor in its capacity as trustee of each All Moneys Mortgage Trust.

Alternative Rate has the meaning given to it in Condition 4.7 (*Benchmark Discontinuation*).

Amortisation Test has the meaning given to it on page 211.

Amortisation Test Aggregate Mortgage Loan Amount has the meaning given to it on page 211.

Amortisation Test Current Principal Balance has the meaning given to it on page 211.

Annual Accounting Date means, in respect of the Trust, 30 June 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 of Covered Bonds, the Final Terms (or the relevant provisions thereof) attached to or endorsed on the Covered Bonds.

APRA means the Australian Prudential Regulation Authority.

Arrangers means each of ASB and Barclays Bank PLC.

Arrears of Interest means, in respect of a Mortgage Loan and a Sale Date, interest (other than interest that has been capitalised or interest that is Accrued Interest) on that Mortgage Loan which is currently due and payable and unpaid on that date.

ASB Group has the meaning given to it on page 8.

ASB means ASB Bank Limited or the Issuer.

Asset Class Designation means the designation or designations (if any) of the Programme to a particular class or classes of registered covered bond programme by the RBNZ in accordance with the BPS Act.

Asset Coverage Test has the meaning given to it on page 207.

Asset Coverage Test Breach Notice means the notice required to be served by the Bond Trustee if the Asset Coverage Test is not satisfied on two consecutive Determination Dates.

Asset Monitor means PricewaterhouseCoopers New Zealand, whose head office is at PwC Tower, Level 27/15 Customs Street West, Auckland, New Zealand or such replacement asset monitor appointed pursuant to the Asset Monitor Agreement from time to time.

Asset Monitor Agreement means the asset monitor agreement entered into on or about the Programme Date, between the Asset Monitor, the Covered Bond Guarantor, the Trust Manager, the Calculation Manager, the Seller, the Issuer, the Bond Trustee and the Security Trustee (as amended and/or supplemented and/or restated from time to time).

Asset Monitor Report means the results of the tests of the arithmetic accuracy of the calculations in relation to the Asset Coverage Test or the Amortisation Test, as applicable, conducted by the Asset Monitor in accordance with the Asset Monitor Agreement to be delivered to the Calculation Manager, the Covered Bond Guarantor, the Trust Manager, the Seller, the Issuer, the Bond Trustee and the Security Trustee in accordance with the Asset Monitor Agreement.

Asset Percentage has the meaning given to it on page 210.

Asset Percentage Adjusted Mortgage Loan Balance Amount has the meaning given to it on page 209.

Asset Pool means the pool of assets owned at any time by the Covered Bond Guarantor which back the payment of claims attached to the Covered Bonds and may comprise the following items:

(a) the Mortgage Loan Portfolio;

(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 benefit of all representations, warranties, undertakings, covenants, indemnities and promises made by any party in favour of the Covered Bond Guarantor under the Programme Documents; and

(f) amounts derived or accrued from any of the assets referred to in the preceding paragraphs of this definition.

Asset Register means the register of assets maintained in accordance with the Asset Register Procedures which contains an up-to-date and accurate record of the assets of the Trust.

Asset Register Procedures means the document that specifies the procedures and internal controls that ensure:

(a) the up-to-date and accurate keeping of the Asset Register; and

(b) that the assets in the Asset Pool remain consistent with any Asset Class Designation,

which are applied by the Trust Manager from time to time and which may be amended by the Trust Manager from time to time.

Asset Register Report means the results of the assessments of the Trust Manager's compliance with its obligations relating to the Asset Register conducted by the Asset Monitor in accordance with the Asset Monitor Agreement to be delivered to the Calculation Manager, the Seller, the Covered Bond Guarantor, the Trust Manager, the Issuer, the Bond Trustee and the Security Trustee in accordance with the Asset Monitor Agreement.

Asset Registry Services means the asset registry services to be provided by the Trust Manager pursuant to the Management Agreement.

Associated Debt in relation to a Mortgage Loan in the Mortgage Loan Portfolio means all loans, credit and financial accommodation of whatever nature (other than the Mortgage Loan or another Mortgage Loan that forms part of the Mortgage Loan Portfolio) the payment or repayment of which is secured by a Related Security which also secures the Mortgage Loan.

Authorised Investments means NZ Dollar demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper) (which may include deposits into any account which earns a rate of interest related to the Bank Bill Rate) provided that in all cases such investments have a maturity date of 30 days or less and mature on or before the next following Trust Payment Date and the short-term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being a Bank) are rated at least P-1 by Moody's and F1+ by Fitch 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 Principal Receipts means, on a Determination Date, an amount equal to the aggregate of (without double counting):

(a) the amount of Mortgage Loan Principal Receipts collected by the Servicer during the immediately preceding Collection Period and credited, or to be credited on the immediately following Trust Payment Date, to the Principal Ledger on the GIC Account;

(b) the proceeds from any sale of Mortgage Loans during the immediately preceding 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 Trust Payment Date, credited to the Principal Ledger on the GIC Account;

(c) the proceeds of any Demand Loan Advance (where such proceeds have not been applied to acquire New Mortgage Loan Portfolios or to invest in Substitution Assets or Authorised Investments) and any Excess Proceeds;

(d) 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;

(e) any amounts standing to the credit of the Pre-Maturity Ledger that are permitted to be applied in accordance with the Establishment Deed; and

(f) any other principal receipts not referred to in paragraphs (a)-(e) above (inclusive) received during any previous Collection Period and standing to the credit of the Principal Ledger on the GlC Account, but excluding, subject to certain amounts of principal received on or after the Trust Payment Date in accordance with the Establishment Deed, any amount of principal received by the Covered Bond Guarantor under the Swap Agreements,

but excluding:

(g) Swap Collateral Excluded Amounts which shall be applied in accordance with the terms of the relevant Swap Agreements.

Available Revenue Receipts means, on a Determination Date, an amount equal to the aggregate of:

(a) the amount of Mortgage Loan Revenue Receipts collected by the Servicer during the immediately preceding Collection Period and credited, or to be credited on the immediately following Trust Payment Date, to the Revenue Ledger on the GIC Account;

(b) in respect of any sale of Mortgage Loans during the immediately preceding Collection Period pursuant to the terms of the Establishment Deed or the Mortgage Sale Agreement:

(i) the proceeds of such sale 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 Trust Payment Date, credited to the Revenue Ledger on the GIC Account; and

(ii) that is a repurchase by the Seller in accordance with clause 11 of the Mortgage Sale Agreement, interest on the related Repurchase Price that will be paid by the Seller on the immediately following Trust Payment Date in accordance with clause 11.7(b)(i) of the Mortgage Sale Agreement;

(c) all amounts of interest received on the Trust Accounts, the Substitution Assets and Authorised Investments during the immediately preceding Collection Period and the amount to be paid to the Covered Bond Guarantor under clause 4.3 of the Servicing Agreement on the immediately following Trust Payment Date;

(d) all amounts receivable from the Total Return Swap Provider under the Total Return Swap on the immediately following Trust Payment Date;

(e) 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;

(f) 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

(g) any other revenue receipts not referred to in paragraphs (a) to (f) above (inclusive) received during any previous Collection Period and standing to the credit of the Revenue Ledger on the GIC Account but excluding, subject to certain amounts of revenue received on or after the Trust Payment Date in accordance with the Establishment Deed, any amount received by the Covered Bond Guarantor under the Covered Bond Swap Agreements,

but excluding:

(i) Third Party Amounts, which shall be applied in accordance with clause 4.9 of the Servicing Agreement; and

(ii) Swap Collateral Excluded Amounts which shall be applied in accordance with the terms of the relevant Swap Agreements.

Bank has the same meaning as "registered bank" in section 2(1) of the BPS Act.

Bank Bill Rate means, in relation to any period:

(a) the bid settlement rate (rounded, if necessary, to the nearest four decimals) as displayed at or about 10:45 a.m. on the first day of that period on the Reuters Monitor Screen page BKBM FRA (or its successor page) for bank-accepted bills of exchange having a term approximately equal to that period; or

(b) if there is no such rate displayed for bank bills of exchange having a term approximately equal to that period, then the average of the rates quoted by the Reference Banks as being their respective buy rates for such bank-accepted bills of exchange at or about that time on that date; or

(c) if the rate cannot be determined pursuant to paragraph (a) or (b) above, the rate per annum reasonably determined by the Account Bank,

provided that, subject to the sentence below, if the rate determined in accordance with paragraph (a), (b) or (c) above is less than zero, the rate shall be deemed to be zero (**Zero Floor**).

The Zero Floor shall not apply to the definition of Bank Bill Rate as used in any Covered Bond Swap entered into prior to the date of this Prospectus.

Basel III has the meaning given to it on page 55.

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.

Benchmark Amendments has the meaning given to it in Condition 4.7 (*Benchmark Discontinuation*).

Benchmark Event has the meaning given to it in Condition 4.7 (*Benchmark Discontinuation*).

Beneficiary means Public Trust as trustee of the ASB Securitisation Charitable Trust established by a deed of trust dated 13 November 2008 between Dermot Michael Mabyn Ross as settlor and Public Trust as Trustee.

Binding Provision means any provision of the Code of Banking Practice Sixth Edition released by the New Zealand Bankers' Association in June 2018 (as amended or supplemented from time to time), any other code or arrangement binding on the Seller or the Servicer, and any laws applicable to Banks or other lenders in the business of making retail home loans in New Zealand.

Bond Trust Deed means the trust deed entered into on or about the Programme Date, between the Issuer, the Covered Bond Guarantor and the Bond Trustee (as amended and/or supplemented and/or restated from time to time).

Bond Trustee means Deutsche Trustee Company Limited, in its capacity as bond trustee under the Bond Trust Deed together with any additional or replacement bond trustee appointed from time to time in accordance with the terms of the Bond Trust Deed.

Borrower means, in relation to a Mortgage Loan, the individual or individuals specified as such in the related Mortgage together with the individual or individuals (if any) from time to time assuming an obligation to repay such Mortgage Loan or any part of it.

BPS Act means the Banking (Prudential Supervision) Act 1989 (New Zealand) (formerly the Reserve Bank of New Zealand Act 1989).

Business Day has the meaning given to it in Condition 4.3 (*Day Count Fraction and Business Day Convention*).

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 Principal Agency Agreement or such other person specified in the applicable Final Terms or, if applicable, any successor or separately appointed calculation agent in relation to all or any Series of the Covered Bonds.

Calculation Management Services means the calculation management services to be provided by the Calculation Manager pursuant to the Management Agreement.

Calculation Manager means ASB, in its capacity as calculation manager under the Management Agreement.

Calculation Manager Termination Event means:

(a) default is made by the Calculation Manager in the performance or observance of any of its covenants and obligations under the Management Agreement, which the Security Trustee considers, 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 interests of 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 such default continues unremedied for a period of 20 Local Business Days after the earlier of the Calculation Manager becoming aware of such default and receipt by the Calculation Manager of written notice from the Security Trustee requiring the same to be remedied; or

(b) an Insolvency Event occurs in respect of the Calculation Manager.

Cash Management Services means the cash management services to be provided by the Trust Manager pursuant to the Management Agreement.

Cash Redraw means, in respect of a Mortgage Loan in the Mortgage Loan Portfolio, a re-advance by the Seller of some or all of the Overpayments that the Borrower has made under the Mortgage Loan.

CBA means Commonwealth Bank of Australia.

CBA Group means Commonwealth Bank of Australia and its subsidiaries.

CCA has the meaning given to it on page 54 of this Prospectus.

CCCFA has the meaning given to it on page 54 of this Prospectus.

Charged Other Property has the meaning given to it on page 223.

Charged Personal Property has the meaning given to it on page 223.

Charged Property means the Charged Other Property and Charged Personal Property.

Clearstream, Luxembourg means Clearstream Banking S.A.

COFI Act means the Financial Markets (Conduct of Financial Institutions) Amendment Act 2022 (New Zealand).

Collection Period means, with respect to:

(a) the first Determination Date, the period commencing on (and including) the first Transfer Date and ending on the last day of the calendar month in which the first Transfer Date occurs; and

(b) each subsequent Determination Date, the calendar month immediately preceding that Determination Date.

Collection Period Interest Ledger means the ledger of such name maintained by the Trust Manager pursuant to the Management Agreement to record credits of interest paid by ASB pursuant to clause 4.3 of the Servicing Agreement.

Competent Authorities means a court, tribunal, authority, ombudsman or other entity whose decisions, findings, orders, judgment or determinations (however so reached) are binding on the Seller or the Servicer.

Conditions means the terms and conditions of the Covered Bonds.

Couponholders has the meaning given to it in the Conditions.

Coupons has the meaning given to it in the Conditions.

Covered Bond Guarantee means the unconditional and irrevocable guarantee by the Covered Bond Guarantor in the Bond Trust Deed for the payment of an amount equal to the Guaranteed Amounts in respect of the Covered Bonds when the same shall become Due for Payment.

Covered Bond Guarantee Acceleration Notice has the meaning given to it in Condition 9.2 (*Covered Bond Guarantor Events of Default*).

Covered Bond Guarantor means ASB Covered Bond Trustee Limited, solely in its capacity as trustee of the Trust.

Covered Bond Guarantor Event of Default has the meaning given to it in Condition 9.2 (*Covered Bond Guarantor Events of Default*).

Covered Bond Swap means each currency swap and/or interest rate swap transaction entered into between the Covered Bond Guarantor, the Trust Manager, the Security Trustee and a Covered Bond Swap Provider with respect to each Series of Covered Bonds.

Covered Bond Swap Agreement means a Swap Agreement governing a Covered Bond Swap.

Covered Bond Swap Provider means the covered bond swap provider appointed from time to time under the Covered Bond Swaps together with any transferee or successor thereto.

Covered Bondholders has the meaning given to it in the Conditions.

Covered Bonds has the meaning given to it on the cover of this Prospectus, and **Covered Bond** shall be construed accordingly.

Covered Bonds Ledger means each ledger of such name maintained by the Trust Manager pursuant to the Management Agreement to record amounts allocated to a Series of Hard Bullet Covered Bonds in accordance with the provisions of the Establishment Deed.

Current Principal Balance means, in relation to any Mortgage Loan in the Mortgage Loan Portfolio as at any given date, the principal balance of that Mortgage Loan to which the Seller applies the relevant interest rate to and at which interest on that Mortgage Loan accrues interest, and is the aggregate (but avoiding double counting) of:

(a) the original principal amount advanced to the relevant Borrower and any further amount advanced on or before any given date to the relevant Borrower under that Mortgage Loan secured or intended to be secured by the Related Security; and

(b) 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 Local Business Day immediately preceding that given date.

Custodian means any custodian with whom the relevant Registered Global Covered Bonds have been deposited.

Dealer and **Dealers** have the meanings given to them in the Programme Agreement.

Deed of Accession means any deed of accession entered into between the Covered Bond Guarantor, a New Secured Creditor, and Security Trustee (on behalf of all Secured Creditors) substantially in the form set out in schedule 1 of the Security Deed.

Default in relation to a Mortgage Loan means:

(a) a failure by the Borrower (as recognised by the Servicer's system) to pay on the due date any amount due pursuant to the corresponding Loan Agreement (including any amount not previously paid which remains outstanding) where the failure continues, without remedy, for a period of 90 days from the due date for the payment of such amount under the relevant Loan Agreement; or

(b) an event of default, howsoever described, (other than an event of default referred to in paragraph (a)) occurs under any relevant Mortgage Document where the event of default continues unremedied for 90 days (or such shorter period as the Servicer may determine is appropriate in relation to a specific event of default) unless the Servicer reasonably determines that such event of default is of a minor or technical nature.

Deferred Consideration means the consideration payable to the Seller in accordance with the Mortgage Sale Agreement in respect of the Mortgage Loans and Related Security from time to time, which is payable after making payments of a higher order of priority as set out in the applicable Priority of Payments.

Deferred Consideration Ledger means the ledger of such name maintained by the Trust Manager pursuant to the Management Agreement to record the amount of Deferred Consideration calculated in accordance with the Mortgage Sale Agreement and distribution of the same in accordance with the Establishment Deed and the Security Deed.

Definitions Schedule means the ASB covered bond trust definitions schedule entered into on or about the Programme Date between the Transaction Parties (as amended and/or supplemented and/or restated from time to time).

Definitive Covered Bond means a Bearer Definitive Covered Bond and/or, as the context may require, a Registered Definitive Covered Bond.

Definitive Regulation S Covered Bond means a Definitive Covered Bond sold to non-U.S. persons outside the United States in reliance on Regulation S.

Definitive Rule 144A Covered Bond means a Definitive Covered Bond sold in the United States to QIBs pursuant to Rule 144A.

Demand Loan means the aggregate principal amount of each Demand Loan Advance, as reduced by repayment under the Demand Loan Agreement.

Demand Loan Advances means advances made or to be made by the Demand Loan Provider to the Covered Bond Guarantor under the Demand Loan Facility, and each a **Demand Loan Advance**.

Demand Loan Agreement means the demand loan agreement entered into on or about the Programme Date between the Covered Bond Guarantor, the Trust Manager, the Demand Loan Provider, the Seller, the Calculation Manager and the Security Trustee (as amended and/or restated and/or supplemented from time to time).

Demand Loan Facility means the NZ Dollar revolving credit facility made available by the Demand Loan Provider to the Covered Bond Guarantor pursuant to the Demand Loan Agreement.

Demand Loan Ledger means the ledger of such name to be maintained by the Trust Manager in accordance with the Management Agreement.

Demand Loan Provider means ASB.

Determination Date means the 1st day of each calendar month following the first Transfer Date or, if any such day is not a Local Business Day, the following Local Business Day.

Distribution Compliance Period has the meaning given to it in Condition 2.9 (*Definitions*).

DTC has the meaning given to it in the Conditions.

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, on the later of:

(i) 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, the Extended Due for Payment Date, but only (x) if in respect of the relevant Series of Covered Bonds the Covered Bond Guarantee is subject to an Extended Due for Payment Date pursuant to the terms of the applicable Final Terms and (y) 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 9.2(a) (*Covered Bond Guarantor Events of Default*)) 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 means, at any time, the Series of the Covered Bonds (other than any Series which is fully collateralised by amounts standing to the credit of the GIC Account) that has or have the earliest Final Maturity Date as specified in the applicable Final Terms (ignoring any acceleration of amounts due under the Covered Bonds prior to the occurrence of a Covered Bond Guarantor Event of Default).

Early Redemption Amount means, in relation to a Series of Covered Bonds, the early redemption amount determined in accordance with Condition 5.8 (*Early Redemption Amounts*).

Early Repayment Charges means any charge or fee which a Borrower is required to pay in accordance with the Mortgage Documents applicable to a Mortgage Loan in the event that the Borrower repays all or part of the relevant Mortgage Loan before a specified date.

Establishment Deed means the deed entered into on or about the Programme Date, between the Covered Bond Guarantor, the Issuer, the Trust Manager, the Bond Trustee, the Security Trustee, the Seller, the Servicer and the Calculation Manager (as amended and/or supplemented and/or restated from time to time).

Euroclear means Euroclear Bank SA/NV.

Excess Proceeds means moneys received (following the occurrence of an Issuer Event of Default and delivery of an Issuer Acceleration Notice and a Notice to Pay) 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.

Exchange Act means the U.S. Securities Exchange Act of 1934.

Exchange Agent has the meaning given to it in the Conditions.

Exchange Date means on or after the date which is 40 days after a Temporary Bearer Global Covered Bond is issued.

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, or (b) to the relevant Swap Provider following a Swap Provider Downgrade Event with respect to such Swap Provider.

Excluded Scheduled Interest Amounts and **Excluded Scheduled Principal Amounts** have the meanings given to them in the definitions of Scheduled Interest and Scheduled Principal respectively.

Existing Contracts has the meaning given to it on page 241.

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 5.1 (*Final Redemption*).

Extension Determination Date has the meaning given to it in Condition 5.1 (*Final Redemption*).

Extraordinary Resolution means a resolution of the Covered Bondholders passed as such under the terms of the Bond Trust Deed.

Final Maturity Date means, in relation to a Series of Covered Bonds, the Interest Payment Date specified as such in the applicable Final Terms on which such Series of Covered Bonds is required to be redeemed in accordance with Condition 5 (*Redemption and Purchase*).

Final Redemption Amount means, in relation to a Series of Covered Bonds, the meaning given in the applicable Final Terms.

Final Terms means the final terms prepared in relation to each Series or Tranche of Covered Bonds issued under the Programme (substantially in the form set out in the Prospectus) and giving details of that Series or Tranche and, in relation to any particular Series or Tranche of Covered Bonds and which will constitute final terms for the purposes of the UK Prospectus Regulation.

Financial Year means a period of 12 months ending on and including the next following Annual Accounting Date, except for the first Financial Year which was the period that commenced on the Programme Date and ended on 30 June 2012.

Fitch means Fitch Australia Pty Ltd and includes any successor to its ratings business.

Floating Rate Payer Spread has the meaning given to it in the applicable Covered Bond Swap Agreement.

FMCA means the Financial Markets Conduct Act 2013 (New Zealand).

FSMA means the United Kingdom Financial Services and Markets Act 2000, as amended.

FTA means the Fair Trading Act 1986 (New Zealand).

Further Advances means, in relation to a Mortgage Loan in the Mortgage Loan Portfolio, any advances of further money to the relevant Borrower following the making of the initial advance of monies in respect of such Mortgage Loan (**Initial Advance**) which is secured by the same Mortgage as the Initial Advance and is recorded on the same account as the Initial Advance, and each a **Further Advance**. It does not include a Cash Redraw.

GIC Account means the account in the name of the Covered Bond Guarantor held with the Account Bank and maintained subject to the terms of the Account Bank Agreement and the Security Deed and/or such additional or replacement account as may from time to time be in place pursuant to the terms of the Account Bank Agreement and the Security Deed.

Global Covered Bond has the meaning given to it in the Conditions.

GST means goods and services tax chargeable under the Goods and Services Tax Act 1985 (New Zealand).

Guarantee Priority of Payments has the meaning given to it on page 233.

Guaranteed Amounts means (a) prior to the service of a Covered Bond Guarantee Acceleration Notice, with respect to any Original Due for Payment Date or, if applicable, any Extended Due for Payment Date, the sum of Scheduled Interest and Scheduled Principal, in each case, payable on that Original Due for Payment Date or, if applicable, any Extended Due for Payment Date, or (b) after service of a Covered Bond Guarantee Acceleration Notice, an amount equal to the relevant Early Redemption Amount as specified in the Conditions plus all accrued and unpaid interest and any other amounts due and payable in respect of the Covered Bonds, including all Excluded Scheduled Interest Amounts, all Excluded Scheduled Principal Amounts (whenever the same arose) and all amounts payable by the Covered Bond Guarantor under the Bond Trust Deed.

Hard Bullet Covered Bonds means a Series of Covered Bonds which is scheduled to be redeemed in full on the Final Maturity Date for such Covered Bonds and without any provision for scheduled redemption other than on the Final Maturity Date.

Higher Redemption Amount means the amount (if any) specified in the applicable Final Terms.

Independent Adviser has the meaning given to it in Condition 4.7 (*Benchmark Discontinuation*).

Indexed Valuation means, on any day in relation to a Property (a) where the Latest Valuation of that Property is equal to or greater than the Reference Indexed Valuation as at that date, the Reference Indexed Valuation; or (b) where the Latest Valuation of that Property is less than the Reference Indexed Valuation as at that date, the Latest Valuation plus 85 per cent. of the difference between the Latest Valuation and the Reference Indexed Valuation.

Initial Advance has the meaning given to it in the definition of Further Advance.

Insolvency Event means, in respect of a person (for the purposes of this paragraph the **Relevant Entity**) the happening of any of these events:

(a) a statutory manager is appointed in respect of the Relevant Entity under the Corporations (Investigation and Management) Act 1989 (New Zealand) or the BPS Act;

(b) except for the purpose of a solvent reconstruction or amalgamation:

(i) an application or an order is made, proceedings are commenced, a resolution is passed or proposed in a notice of meeting or an application to a court or other steps (other than frivolous or vexatious applications, proceedings, notices and steps which, in the case of an application, is stayed within 15 Local Business Days) are taken for:

(A) the liquidation, dissolution or bankruptcy of the Relevant Entity; or

(B) the Relevant Entity entering into an arrangement, compromise or composition with or assignment for the benefit of its creditors or a class of them; or

(ii) the Relevant Entity ceases, suspends or threatens to cease or suspend the conduct of all or substantially all of its business or disposes of or threatens to dispose of substantially all of its assets; or

(c) the Relevant Entity is, or under applicable legislation is taken to be, unable to pay its debts (other than as the result of a failure to pay a debt or claim the subject of a good faith dispute) or stops or suspends or threatens to stop or suspend payment of all or a class of its debts;

(d) a receiver, receiver and manager, trustee or similar officer is appointed (by the Relevant Entity or by any other person) to all or substantially all of the assets and undertaking of the Relevant Entity or any part thereof and such appointment is not revoked within 15 Local Business Days;

(e) an administrator is appointed to the Relevant Entity or any steps are taken for the appointment of an administrator to the relevant corporation; or

(f) anything analogous to an event referred to in sub-paragraphs (a) to (e) (inclusive) or having substantially similar effect, occurs with respect to the Relevant Entity under the laws of any applicable jurisdiction.

Insurance Contracts means any insurance contract or policy arranged by the Seller from time to time and in which the Seller has an interest relating to the Mortgage Loans in the Mortgage Loan Portfolio, and **Insurance Contract** means any one of them.

Insurance Policies means any insurance policy (whether present or future) under which improvements on the Land the subject of a Mortgage or a Related Security are insured against destruction or damage by events which include fire.

Intercompany Loan Agreement means the intercompany loan agreement dated on or about the Programme Date, between the Intercompany Loan Provider, the Covered Bond Guarantor, the Trust Manager, the Seller, the Calculation Manager and the Security Trustee.

Intercompany Loan Drawdown Date means, in relation to a Term Advance, the date specified in the Intercompany Loan Drawdown Request for the making of the Term Advance, which must be a Local Business Day.

Intercompany Loan Drawdown Request means a request substantially in the form of schedule 3 to the Intercompany Loan Agreement.

Intercompany Loan Interest Payment Date means, in relation to a Term Advance, the date specified in the Term Advance Notice.

Intercompany Loan Provider means ASB.

Interest Amount has the meaning given to it in Condition 4.1(b).

Interest Commencement Date in relation to a Series of Covered Bonds has the meaning given to it in the applicable Final Terms.

Interest Payment Date has the meaning given to it in the applicable Final Terms or Condition 4.2(a) (*Interest Payment Dates*), as applicable.

Interest Period has the meaning given to it in Condition 4.1(a) or Condition 4.2(a) (*Interest Payment Dates*), as applicable.

Interest Rate Shortfall has the meaning given to it on page 202.

Interest Rate Shortfall Test has the meaning given to it on page 202.

ISDA means the International Swaps and Derivatives Association, Inc.

ISDA Definitions has the meaning given to it in the Conditions.

ISDA Master Agreement means the ISDA 2002 master agreement, as published by ISDA.

Issue Date means, in relation to any Series or Tranche, the date on which such Series or Tranche has been issued or, if not yet issued, the date agreed between the Issuer and the Relevant Dealer or the Lead Manager, as the case may be, for the issue of such Series or Tranche.

Issue Price means, in relation to a Series or Tranche (as applicable) of Covered Bonds, the price, generally expressed as a percentage of the nominal amount of the Covered Bonds, at which the Covered Bonds will be issued and which is specified in the applicable Final Terms.

Issuer means ASB.

Issuer Acceleration Notice has the meaning given to it in Condition 9.1 (*Issuer Events of Default*).

Issuer Event of Default has the meaning given to it in Condition 9.1 (*Issuer Events of Default*).

Land means:

(a) any estate or interest whether at law or in equity in freehold or leasehold land situated in New Zealand, including all improvements on that land; and

(b) any unit and any lot, common property and land comprising a unit within the meaning of the Unit Titles Act 2010 (New Zealand).

Latest Valuation means, in relation to a Property, the value given to the Property by the most recent Valuation Report held on the applicable Loan Files or the purchase price of the Property (if there is no Valuation Report).

Lead Manager has the meaning given to it in the Programme Agreement.

Ledger means each of the following:

(a) the Principal Ledger;

(b) the Revenue Ledger;

(c) the Pre-Maturity Ledger;

(d) the Reserve Ledger;

(e) each Swap Collateral Ledger;

(f) each Covered Bonds Ledger;

(g) the Collection Period Interest Ledger;

(h) the Deferred Consideration Ledger;

(i) the Residual Income Beneficiary Ledger;

(j) the Term Advances Ledger; and

(k) the Demand Loan Ledger,

and references to **Ledgers** shall be any two or more of such ledgers.

Legend has the meaning given to it in the Principal Agency Agreement.

Legended Covered Bonds has the meaning given to that term in the Principal Agency Agreement.

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** shall be construed accordingly.

Liability Payment has the meaning given to it in clause 5.4 of the Mortgage Sale Agreement.

LINZ means Land Information New Zealand.

Loan Agreement means, with respect to a Mortgage Loan, any agreement, schedule, terms and condition, letter, application, approval or other document (other than the relevant Mortgage Documents) relating to the provision of financial accommodation by the Seller to the Borrower in connection with that loan.

Loan Files in relation to a Mortgage Loan, means the Mortgage Documents relating to the Mortgage Loan and all other books, records, paper and electronic files (whether originals or copies) relating to the Mortgage Loan.

Local Business Day means any day (other than a Saturday, Sunday or public holiday) on which banks are open for business in Auckland, Wellington and Sydney.

LVR Adjusted Mortgage Loan Balance Amount has the meaning given to it on page 208.

Majority Secured Creditors means Secured Creditors whose Secured Obligations amount in aggregate to more than 66 per cent. of the total Secured Obligations.

Management Agreement means the management agreement entered into on or about the Programme Date, between the Seller, the Servicer, the Account Bank, the Calculation Manager, the Covered Bond Guarantor, the Trust Manager and the Security Trustee (as amended and/or supplemented and/or restated from time to time).

Margin has the meaning given to it in the applicable Final Terms.

Minimum Redemption Amount means, in respect of a Series or Tranche of Covered Bonds, the amount (if any) specified in the applicable Final Terms.

Moody's means Moody's Investors Service Pty Limited and includes any successor to its rating business.

Mortgage in relation to Mortgage Loan means each registered mortgage over Land situated in New Zealand, 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 relevant Transfer Date, a mortgage is substituted for an existing Mortgage or added as security for an existing Mortgage Loan, 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) any registration confirmation, notification or statement (if any) which the Seller has in its files evidencing the Mortgage in relation to that Mortgage Loan (including any document evidencing any substituted or additional Mortgage);

(c) the Related Security documents in relation to that Mortgage Loan;

(d) any Insurance Policy (or certificate of currency for the Insurance Policy) held by the Seller in respect of the Mortgage or the Related Securities in relation to that Mortgage Loan;

(e) any deed of priority or its equivalent in writing entered into in connection with the Related Security in relation to that Mortgage Loan;

(f) all other documents required to evidence the Seller's or the Covered Bond Guarantor's interest in the Land, the Mortgage and any other Related Security; and

(g) 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 Transfer Date.

Mortgage Loan means, unless otherwise specified, a mortgage loan originated by the Seller referenced by its mortgage loan identifier number and comprising the aggregate of all principal sums, interest, costs, charges, expenses and other monies due or owing with respect to that mortgage loan under the relevant Mortgage Documents by a Borrower on the security of a Mortgage from time to time outstanding or, as the context may require, the Borrower's obligations in respect of the same but excluding, for the avoidance of doubt, any Associated Debt.

Mortgage Loan Portfolio means, on any particular date, each New Mortgage Loan Portfolio sold to the Covered Bond Guarantor pursuant to the terms of the Mortgage Sale Agreement up to (and including) such date, after taking account of, among other things, amortisation of the Mortgage Loans and the addition and/or removal of Mortgage Loans and the Related Security to or from the Mortgage Loan Portfolio since the Programme Date.

Mortgage Loan Principal Receipts means any payment in respect of principal received from time to time in respect of any Mortgage Loan in the Mortgage Loan Portfolio (including, without limitation whether as all or part of a Mortgage Loan Scheduled Payment by a Borrower on the relevant Mortgage Loan, on redemption (in whole or in part), on enforcement or on disposal of such Mortgage Loan or otherwise (including pursuant to any Insurance Policy)).

Mortgage Loan Rate means the rate at which interest accrues on a Mortgage Loan from time to time.

Mortgage Loan Repurchase Notice means the notice served upon the Seller (copied to the Trust Manager and the Security Trustee) by the Covered Bond Guarantor requiring the repurchase by the Seller of specified Mortgage Loans and the Related Security, as set out in schedule 3 to the Mortgage Sale Agreement.

Mortgage Loan Revenue Receipts means any payment received from time to time in respect of any Mortgage Loan in the Mortgage Loan Portfolio, which is not a Mortgage Loan Principal Receipt (whether as all or part of a Mortgage Loan Scheduled Payment by a Borrower on the relevant Mortgage Loan, on redemption (in whole or in

part), on enforcement or on disposal of such Mortgage Loan or otherwise (including pursuant to any Insurance Policy)).

Mortgage Loan Scheduled Payment means, in respect of a Mortgage Loan, the amount which the applicable Mortgage 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 used by the Servicer to monitor Mortgage Loans, as updated and amended or replaced from time to time.

Mortgage Sale Agreement means the mortgage sale agreement entered into on or about the Programme Date, between the Seller, the Covered Bond Guarantor, the Trust Manager and the Security Trustee (as amended and/or supplemented and/or restated from time to time).

Negative Carry Factor has the meaning given to it on page 210.

Net Annual Income means the net income of the Trust under the provisions of the Tax Act for a Financial Year reduced to the extent of any available tax loss the Trust is able to subtract from that net income, provided that Net Annual Income for a Financial Year shall not be less than zero.

New Contracts has the meaning given to it on page 241.

New Mortgage Loans means Mortgage Loans which the Seller may transfer to the Covered Bond Guarantor pursuant to the Mortgage Sale Agreement.

New Mortgage Loan Portfolio means a portfolio of New Mortgage Loans and the Related Security (other than any New Mortgage Loans and the Related Security included in such portfolio which have been redeemed in full prior to the relevant Transfer Date in respect of such portfolio), particulars of which are set out in, or attached to, a New Mortgage Loan Portfolio Notice, and all right, title, interest and benefit of the Seller in and to the rights and assets set out in paragraphs (a) to (f) (inclusive) below:

(a) all sums of principal and interest (including, for the avoidance of doubt, all Arrears of Interest that are currently due and payable as at the Transfer Date, and all interest and expenses that have been capitalised) and any other sum due or to become due under or in respect of such New Mortgage Loans and the Related Security after the Transfer Date (but excluding, for the avoidance of doubt, all Accrued Interest as at the Transfer Date) in respect of such New Mortgage Loans and including, without limitation, the right to demand, sue for, recover and give receipts for all such principal, interest or other amounts, the right to sue on all covenants and undertakings made or expressed to be made in favour of the Seller under the applicable Mortgage Documents;

(b) the benefit of all other securities for such principal, interest and other sums payable (including without limitation any interest of the Seller in any life policy), any guarantee in respect of such New Mortgage Loans and any other collateral security for the repayment of the relevant Mortgage Loans secured by the Related Security;

(c) the right to exercise all the powers of the Seller in relation thereto subject to and in accordance with the relevant Mortgage Documents;

(d) all the estate, title and interest in the Properties in relation thereto vested in the Seller;

(e) to the extent they are assignable or capable of being put into trust, each certificate of title and Valuation Report and any right of action of the Seller against any solicitor, valuer or other person in connection with any report, valuation, opinion, certificate or other statement of fact or opinion given in connection

with any such New Mortgage Loans and the Related Security, or any part thereof affecting the decision of the Seller to make or offer to make such Mortgage Loans or part thereof; and

(f) the benefit of certain Insurance Contracts, in each case so far as they relate to such New Mortgage Loans comprised in that portfolio of New Mortgage Loans and the Related Security, including the right to receive the proceeds of all claims made or to be made by or on behalf of the Seller or to which the Seller is or may become entitled.

New Mortgage Loan Portfolio Notice means a notice substantially in the form set out in schedule 2 to the Mortgage Sale Agreement served in accordance with the terms of the Mortgage Sale Agreement.

New Product Type means, at any time, a new type of mortgage loan originated or acquired by the Seller, the terms and conditions of which are materially different (in the opinion of the Seller, acting reasonably) from the Mortgage Loans in the Mortgage Loan Portfolio at that time. For the avoidance of doubt, a Mortgage Loan will not constitute a New Product Type if it differs from the Mortgage Loans in the Mortgage Loan Portfolio due to it having different interest rates and/or interest periods and/or time periods for which it is subject to a fixed rate, capped rate, tracker rate or any other interest rate or the benefit of any discounts, cash backs and/or rate guarantees.

New Secured Creditor means any person which becomes a Secured Creditor after the Programme Date pursuant to and in accordance with the Security Deed.

Notice to Pay means the notice to pay served by the Bond Trustee on the Covered Bond Guarantor pursuant to the Covered Bond Guarantee which requires the Covered Bond Guarantor to make payments of Guaranteed Amounts when they shall become Due for Payment in accordance with the terms of the Covered Bond Guarantee.

NZ Companies Act means the Companies Act 1993 (New Zealand).

NZ Dollars means the lawful currency of New Zealand.

NZ Dollar Equivalent means in relation to an amount which is denominated in (a) a currency other than NZ Dollars, the NZ Dollar equivalent of such amount ascertained using the relevant Swap Rate, and (b) NZ Dollars, the applicable amount in NZ Dollars.

NZ Dollar Transaction Account means the NZ Dollar account designated as the Transaction Account in the name of the Covered Bond Guarantor, held with the Account Bank and maintained subject to the terms of the Account Bank Agreement and the Security Deed.

Omnibus Proxy means the omnibus proxy sent by DTC to the Issuer as soon as possible after the record date in accordance with DTC's usual procedures.

Original Due for Payment Date means the date on which the Scheduled Payment Date in respect of such Guaranteed Amount occurs or, if later, the day which is two Business Days following the date of service of a Notice to Pay on the Covered Bond Guarantor in respect of such Guaranteed Amounts or if the applicable Final Terms specified that an Extended Due for Payment Date is applicable to the relevant Series of Covered Bonds, the Interest Payment Date that would have applied if the Final Maturity Date had been the Extended Due for Payment Date.

Original Reference Rate has the meaning given to it in Condition 4.7 (*Benchmark Discontinuation*).

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 Trust Presents 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 monies (including all interest payable thereon) have been duly paid to the Bond Trustee or to the Principal Paying Agent in the

manner provided in the Principal Agency Agreement (and where appropriate notice to that effect has been given to the relevant Covered Bondholders in accordance with Condition 12 (*Notices*)) 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 Condition 5.10 (*Purchase and Cancellation*) and any equivalent provision in the Conditions;

(d) those Covered Bonds which have become void or in respect of which claims have become prescribed, in each case under Condition 8 (*Prescription*);

(e) those mutilated or defaced Covered Bonds which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 11 (*Replacement of Covered Bonds, Coupons and Talons and Exchange of Talons*);

(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 11 (*Replacement of Covered Bonds, Coupons and Talons and Exchange of Talons*);

(g) any Global Covered Bond to the extent that it shall have been exchanged for definitive Covered Bonds or another Global Covered Bond pursuant to its provisions, the provisions of the Trust Presents and the Principal Agency Agreement; and

(h) those Legended Covered Bonds which have been exchanged for Covered Bonds bearing no Legend pursuant to their provisions, the provisions of the Trust Presents and the Principal Agency Agreement,

provided that for each of the following purposes, namely:

(i) the right to attend and vote at any meeting of the holders of the Covered Bonds of any Series, to give instruction or direction to the Bond Trustee and for the purposes of a resolution in writing as envisaged by paragraph 20 of Schedule 5 (Provisions for Meetings of Covered Bondholders) to the Bond Trust Deed;

(ii) the determination of how many and which Covered Bonds of any Series are for the time being outstanding for the purposes of Clause 10 (Proceedings, Action And Indemnification) of the Bond Trust Deed, Conditions 9 and 10 and paragraphs 2, 5, 6, and 9 of schedule 5 (Provisions for Meetings of Covered Bondholders) to the Bond Trust Deed;

(iii) any discretion, power or authority (whether contained in the Trust Presents 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 shall (unless and until ceasing to be so held) be deemed not to remain outstanding except in the case of the Issuer or the Covered Bond Guarantor, any Subsidiary or holding company of any of them or any other Subsidiary of any such holding company (each a **Relevant Person**) holding, by itself or together with any other Relevant Person, all of the Covered Bonds then outstanding or, in respect of a Series of Covered Bonds holds all Covered Bond of such Series.

Overpayment means, in respect of a Mortgage Loan in the Mortgage Loan Portfolio, any additional amounts of Mortgage Loan Principal Receipts received above the regular Mortgage Loan Scheduled Payments due in respect of such Mortgage Loan, paid by the relevant Borrower which (a) is permitted by the terms of such Mortgage Loan or by agreement with the Borrower, and (b) reduces the Current Principal Balance of such Mortgage Loan.

Overnight Rate has the meaning given to it on page 16.

Partial Portfolio means part of any portfolio of Selected Mortgage Loans.

Paying Agent has the meaning given to it in the Conditions.

Payment Holiday means, in relation to a Mortgage Loan, a period of one or more scheduled payment dates under the Mortgage Loan when the relevant Borrower is permitted by the Seller not to make the payments due on such scheduled payment dates and the deferred payments are capitalised to the principal amount of the Mortgage Loan.

Perfection of Title Event has the meaning given to it on page 191.

Permanent Bearer Global Covered Bond means a global bearer covered bond in the form or substantially in the form set out in Part 2 (Form of Permanent Bearer Global Covered Bond) of schedule 3 (Forms of Global and Definitive Covered Bonds, Coupons and Talons) to the Bond Trust Deed together with the copy of the applicable Final Terms annexed thereto and with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the Relevant Dealer(s), comprising some or all of the Covered Bonds of the same Series, issued by the Issuer and the Relevant Dealer(s) relating to the Programme, the Principal Agency Agreement and the Trust Presents in exchange for the whole or part of any Temporary Bearer Global Covered Bond issued in respect of such Covered Bonds.

Permitted Investments means:

(a) Mortgage Loans and the Related Security;

(b) Substitution Assets;

(c) Authorised Investments; and

(d) amounts deposited in the Trust Accounts,

in each case acquired in accordance with the Programme Documents, and **Permitted Investment** means any of them.

PLA means the Property Law Act 2007 (New Zealand).

Post-Enforcement Priority of Payments has the meaning given to it on page 237.

Potential Covered Bond Guarantor Event of Default means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute a Covered Bond Guarantor Event of Default.

Potential Issuer Event of Default means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute an Issuer Event of Default.

PPSA means the Personal Property Securities Act 1999 (New Zealand).

PPSR means the Personal Property Securities Register established under section 139 of the PPSA.

Pre-Acceleration Principal Priority of Payments has the meaning given to it on page 231.

Pre-Acceleration Priority of Payments means the Pre-Acceleration Principal Priority of Payments and/or the Pre-Acceleration Revenue Priority of Payments, as the context requires.

Pre-Acceleration Revenue Priority of Payments has the meaning given to it on page 229.

Pre-Maturity Demand Loan Advance means a Demand Loan Advance requested by the Covered Bond Guarantor under the Demand Loan Facility in an amount (determined by the Calculation Manager) sufficient to ensure that there shall be an amount standing to the credit of the Pre-Maturity Ledger of the GIC Account equal to the NZ Dollar Equivalent of the Required Redemption Amount for each Series of Hard Bullet Covered Bonds in respect of which the Pre-Maturity Test has been breached.

Pre-Maturity Ledger means the ledger maintained by the Trust Manager pursuant to the Management Agreement to record the credits and debits of moneys available to repay any Series of Hard Bullet Covered Bonds on the Final Maturity Date thereof if the Pre-Maturity Test in respect of such Series of Hard Bullet Covered Bonds has been breached.

Pre-Maturity Test, in respect of a Series of Hard Bullet Covered Bonds, will be breached on any Pre-Maturity Test Date, if ASB's short-term credit rating from Moody's falls to P-2 (or lower) or from Fitch falls to F1 (or lower) and the Final Maturity Date of the Series of Hard Bullet Covered Bonds will fall within 12 months from the relevant Pre-Maturity Test Date.

Pre-Maturity Test Date means each Local Business Day during the Pre-Maturity Test Period.

Pre-Maturity Test Period means, in relation to a Series of Hard Bullet Covered Bonds, in respect of ASB's short-term credit rating from Moody's or from Fitch, the period commencing on the day 12 months prior to the Final Maturity Date of the Series.

Principal Agency Agreement means:

(a) the agency agreement dated the Programme Date (such agency agreement as amended and/or supplemented and/or restated from time to time) and made between the Issuer, the Covered Bond Guarantor, the Bond Trustee, the Principal Paying Agent, the Transfer Agent, the Exchange Agent and the Registrar; and

(b) where the context permits, shall include any agreement pursuant to which an Agent is appointed in accordance with clause 27.7 of the Principal Agency Agreement described in paragraph (a) above or otherwise in accordance with the Programme Documents.

Principal Amount Outstanding in respect of a Covered Bond means the outstanding principal amount of that Covered Bond.

Principal Ledger means the ledger of 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 Receipts and debits in accordance with the terms of the Establishment Deed.

Principal Paying Agent has the meaning given to it in the Conditions.

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, and each a **Priority of Payments**.

Product Switch means a variation, from time to time, in the Mortgage Documents applicable to a Borrower's Mortgage Loan which results in the Mortgage Loan changing to a New Product Type.

Programme means the covered bond programme established by ASB.

Programme Agreement means the agreement dated 1 September 2011 (as amended and/or supplemented and/or restated from time to time), entered into by the Issuer, the Covered Bond Guarantor, the Seller, the Arranger and

the Dealers to agree a basis upon which the Dealer(s) or any of them may from time to time agree to purchase Covered Bonds.

Programme Date means 11 August 2011.

Programme Documents means the following documents:

(a) Mortgage Sale Agreement (and any documents entered into (including but not limited to any document setting out particulars of each New Mortgage Loan Portfolio) pursuant to the Mortgage Sale Agreement);

(b) Servicing Agreement;

(c) Asset Monitor Agreement;

(d) Intercompany Loan Agreement;

(e) Demand Loan Agreement;

(f) Establishment Deed;

(g) Management Agreement;

(h) Total Return 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 without limitation each Deed of Accession);

(l) Bond Trust Deed;

(m) Programme Agreement;

(n) Principal Agency Agreement;

(o) each Subscription Agreement (as defined in the Programme Agreement and as applicable in the case of each issue of listed Covered Bonds subscribed pursuant to a subscription agreement);

(p) Seller's Power of Attorney;

(q) the Definitions Schedule; and

(r) the deed of substitution dated on or about 16 May 2014 made between, among others, the Covered Bond Guarantor, the Trust Manager, the Bond Trustee and the Security Trustee pursuant to which SMSL replaced Securitisation Advisory Services Pty. Limited as the trust manager in relation to the Programme,

and each document, agreement or deed ancillary or supplemental to any of such documents or any document, agreement or deed specified by the Issuer, the Covered Bond Guarantor and the Security Trustee as a Programme Document and each a **Programme Document**.

Programme Resolution has the meaning given to it in Condition 10.1 (*Meetings*).

Property means Land which is subject to a Mortgage.

Prudent Mortgage Lender means a reasonably prudent residential mortgage lender lending to borrowers in New Zealand who generally satisfy the lending criteria of traditional sources of residential mortgage capital.

Purchase Price means:

(a) in relation to a Mortgage Loan and the Related Security being sold an amount equal to the sum of the Current Principal Balance and Arrears of Interest (if any) on the Transfer Date of the Mortgage Loan; and

(b) in relation to a Mortgage Loan Portfolio, means an amount equal to the sum of the aggregate of the Current Principal Balances and all Arrears of Interest (if any) on the Transfer Date of the Mortgage Loans in the Mortgage Loan Portfolio.

Purchaser means the Seller or any third party to whom the Covered Bond Guarantor offers to sell Selected Mortgage Loans.

Put Notice has the meaning given to it in Condition 5.4 (*Redemption at the Option of the Covered Bondholders (Investor Put)*).

QIB has the meaning given to it in Condition 2.9 (*Definitions*).

QV House Price Index means the quarterly index of increases or decreases in house prices, produced on a regional basis by Quotable Value Limited or, if this index is unavailable, a suitably widely recognised property price index selected by the Trust Manager (in its sole discretion).

Qualified Institution means:

(a) prior to the Roll-off Date, a Bank:

(i) which pays any relevant interest in the ordinary course of its business,

(ii) whose short term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least P-1 by Moody's, and F1 by Fitch, and

(iii) whose long term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least A by Fitch,

or, in the case of (ii) and (iii), such other lower rating as Fitch and/or Moody's may require in order to maintain the then current ratings of the Covered Bonds; or

(b) on and from the Roll-off Date, a Bank:

(i) which pays any relevant interest in the ordinary course of its business; and

(ii) whose short term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least P-1 by Moody's; and

(iii) to which at least one of the following applies:

(aa) whose short term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least F1 by Fitch; or

(bb) whose long term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least A- by Fitch,

or, in the case of (ii) and (iii), such other lower rating as Fitch and/or Moody's may require in order to maintain the then current ratings of the Covered Bonds.

Qualifying Asset Monitor means any person who is:

(a) independent of ASB; and

(b) one or more of the following:

(i) a licensed auditor under the Auditor Regulation Act 2011 (New Zealand);

(ii) (if ASB ensures that appropriate arrangements are in place to ensure that the functions of the Asset Monitor are performed by, or under the supervision of, a licensed auditor) a registered audit firm under the Auditor Regulation Act 2011 (New Zealand); or

(iii) a member of any other class of persons or firms that has been approved by the RBNZ.

Qualifying Borrower means a Borrower which:

(a) is not a Borrower in respect of a Mortgage Loan subject to a Default; and

(b) to the best of the Seller's knowledge is not dead, bankrupt or insane,

and any other person which, notwithstanding this definition, the Covered Bond Guarantor approves and notifies in writing to the Seller as being a **Qualifying Borrower**.

Qualifying Mortgage Loan means a Mortgage Loan which satisfies the qualifying mortgage loan eligibility criteria set out on pages 190 to 191.

Rating Affirmation Notice means, in relation to an event or circumstances, a notice in writing from the Trust Manager to the Covered Bond Guarantor (and copied to the Seller and each Rating Agency) confirming that it has notified the Rating Agencies of the event or circumstances and that the Trust Manager 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 and if a Rating Agency confirmation is required for the purposes of the Programme Documents and the Rating Agency does not consider such confirmation necessary the Trust Manager shall 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.

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**.

RBNZ means the Reserve Bank of New Zealand.

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.

Reference Banks means ASB, ANZ Bank New Zealand Limited, Bank of New Zealand and Westpac New Zealand Limited.

Reference Indexed Valuation means, on any day in relation to any Property, the Latest Valuation of the Property increased or decreased (as appropriate) by the appropriate regional increase or decrease in the QV House Price Index since the date of that Latest Valuation.

Register means the register of holders of the Registered Covered Bonds maintained by the Registrar.

Registered Covered Bonds means 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 the Conditions.

Registrar has the meaning given to it in the Conditions.

Regulation S means Regulation S under the Securities Act.

Regulation S Covered Bond means a Covered Bond represented by a Regulation S Global Covered Bond and/or a Definitive Regulation S Covered Bond, as the context may require.

Regulation S Global Covered Bond means a Global Covered Bond representing Covered Bonds sold to non-U.S. persons outside the United States in reliance on Regulation S and substantially in the form set out in Part 6 of Schedule 3 to the Bond Trust Deed with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the Relevant Dealer(s) or Lead Manager (in the case of syndicated issues).

Related Company has the meaning given to it in section 2(3) of the NZ Companies Act, but as if the expression "company" includes a "body corporate".

Related Security means, in relation to a Mortgage Loan, the security for the repayment of that Mortgage Loan including the relevant Mortgage and all other documents, matters and things related thereto and which constitute all or part of the security for the payment of all sums due in respect of the Mortgage Loan, including for the avoidance of doubt, guarantees, security over life policies, and any replacement security for a Mortgage Loan that is transferred to the Covered Bond Guarantor in accordance with the Mortgage Sale Agreement, and with respect to any Related Security that constitutes an All Moneys Mortgage, the beneficial interest of the Covered Bond Guarantor in the All Moneys Mortgage Trust declared in respect of that Mortgage.

Relevant Date has the meaning given to it in Condition 7 (*Taxation*).

Relevant Dealer means, in the case of an issue of Covered Bonds being, or intended to be, subscribed by more than one Dealer, all such Dealers.

Relevant Nominating Body has the meaning given to it in Condition 4.7 (*Benchmark Discontinuation*).

Relevant Spread means (A) in the case of a Series of floating rate Covered Bonds the Specified Currency of which is NZ Dollars, the Margin for the Series specified in the applicable Final Terms; and (B) in any other case the Floating Rate Payer Spread specified in the applicable Covered Bond Swap.

Reporting Statement means the statement (which may be in electronic form) prepared by the Servicer in accordance with the Servicing Agreement in a form agreed by the Trust Manager, the Servicer and the Covered Bond Guarantor.

Representations and Warranties means the representations and warranties summarised on pages 192 to 195.

Repurchase Date means the date of completion of a repurchase of a Mortgage Loan by the Seller from the Covered Bond Guarantor in accordance with the Mortgage Sale Agreement.

Repurchase Price means, in relation to a Mortgage Loan and the Related Security being repurchased, an amount equal to the sum of the Current Principal Balance and all Accrued Interest and Arrears of Interest (if any) on the Repurchase Date of the Mortgage Loan.

Required Current Principal Balance Amount has the meaning given to it on page 213.

Required Redemption Amount means, in respect of a Series of Covered Bonds, the amount calculated in accordance with the following formula:

$$\mathrm{A} \times \left(1 + \left(B \times \frac{C}{365} \right) \right)$$

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 (or the Trust Manager on its behalf) in the GIC Account which will be credited with the proceeds of Available Revenue Receipts (in accordance with the applicable Priority of Payments), a Term Advance or a Demand Loan Advance up to an amount equal to the Reserve Fund Required Amount.

Reserve Fund Required Amount means:

(a) prior to the Roll-off Date, if ASB's short term credit rating from Moody's and Fitch is at least P-1 (Moody's) and F1+ (Fitch), nil or such other amount as ASB shall advise the Covered Bond Guarantor from time to time and otherwise, an amount equal to the sum of:

(i) the higher of the NZ Dollar Equivalent of the interest:

(aa) that will accrue on each Series of Covered Bonds in respect of which there is no Covered Bond Swap in effect (including where a Covered Bond Swap has been entered into but (A) the effective date is yet to occur or (B) the Covered Bond Swap has been terminated), within the next three months; and

(bb) due for payment on each Series of Covered Bonds in respect of which there is no Covered Bond Swap in effect (including where a Covered Bond Swap has been entered into but (A) the effective date is yet to occur or (B) the Covered Bond Swap has been terminated), within the next three months;

(ii) the aggregate of all scheduled floating amounts that will become due and payable to the Covered Bond Swap Provider within the next three months under each Covered Bond Swap; and

(iii) an amount equal to the anticipated aggregate amount due for payment within the next three months in respect of the items specified in paragraphs (a) and (b) of the Pre-Acceleration Revenue Priority of Payments.

(b) on and from the Roll-off Date, if ASB's short term, unsecured, unsubordinated and unguaranteed credit rating from Moody's and Fitch is at least P-1 (Moody's) and F1 (Fitch) or such other rating as is acceptable to Moody's and/or Fitch in order to maintain the then current ratings of the Covered Bonds, nil or such other amount as ASB shall advise the Covered Bond Guarantor from time to time and otherwise, an amount equal to:

(i) the higher of the NZ Dollar Equivalent of the interest:

(aa) that will accrue on each Series of Covered Bonds in respect of which there is no Covered Bond Swap in effect (including where a Covered Bond Swap has been entered into but (A) the effective date is yet to occur or (B) the Covered Bond Swap has been terminated), within the next three months; and

(bb) due for payment on each Series of Covered Bonds in respect of which there is no Covered Bond Swap in effect (including where a Covered Bond Swap has been entered into but (A) the effective date is yet to occur or (B) the Covered Bond Swap has been terminated), within the next three months;

(ii) the aggregate of all scheduled floating amounts that will become due and payable to the Covered Bond Swap Provider within the next three months under each Covered Bond Swap; and

(iii) an amount equal to the anticipated aggregate amount due for payment within the next three months in respect of the items specified in paragraphs (a) and (b) of the Pre-Acceleration Revenue Priority of Payments.

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 in accordance with the terms of the Establishment Deed and the debiting of such Reserve Fund in accordance with the terms of the Programme Documents.

Residual Income Beneficiary Ledger means the ledger of such name maintained by the Trust Manager in accordance with the Management Agreement.

Revenue 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 Revenue Receipts and debits in accordance with the terms of the Establishment Deed.

Roll-off Date means the first date on which none of:

(a) the EUR500,000,000 0.750 per cent fixed rate Covered Bonds due 9 October 2025, issued under the Programme on 9 October 2018; or

(b) EUR750,000,000 0.250 per cent fixed rate Covered Bonds due 21 May 2031, issued under the Programme on 21 May 2021,

remains outstanding.

Rule 144A means Rule 144A under the Securities Act.

Rule 144A Covered Bond means either a Covered Bond represented by a Rule 144A Global Covered Bond and/or a Definitive Rule 144A Covered Bond, as the context may require.

Rule 144A Global Covered Bond means a Global Covered Bond representing Covered Bonds sold in the United States to QIBs pursuant to Rule 144A and substantially in the form set out in Part 6 of Schedule 3 to the Bond Trust Deed with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the Relevant Dealer(s) or the Lead Manager (in the case of syndicated issues).

S&P means Standard & Poor's (Australia) Pty Ltd and includes any successor to its rating business.

Sale Date means, in relation to a Mortgage Loan, either the Transfer Date or the Repurchase Date, as the case may be.

Sale Proceeds means the cash proceeds realised from the sale of Selected Mortgage Loans and the Related Security.

Scheduled Balance 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 under the 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 (*Interest*) (but excluding any additional amounts relating to premiums, default interest or interest upon interest (**Excluded Scheduled Interest Amounts**) payable by the Issuer following an Issuer Event of Default but including such amounts (whenever the same arose) following service of a Covered Bond Guarantee Acceleration Notice) as if the Covered Bonds had not become due and repayable prior to their Final Maturity Date or, if the Final Terms specified that an Extended Due for Payment Date is applicable to the relevant Covered Bonds, as if the maturity date of the Covered Bonds had been the Extended Due for Payment Date (but taking into account any principal repaid in respect of such Covered Bonds or any Guaranteed Amounts paid in respect of such principal prior to the Extended Due for Payment Date), less any additional amounts the Issuer would be obliged to pay as a result of

any gross-up in respect of any withholding or deduction made under the circumstances set out in Condition 7 (*Taxation*).

Scheduled Payment Date means, in relation to payments under the Covered Bond Guarantee, each Interest Payment Date or the Final Maturity Date as if the Covered Bonds had not become due and repayable prior to their Final Maturity Date.

Scheduled Principal means an amount equal to the amount in respect of principal which would have been due and repayable under the Covered Bonds on each Interest Payment Date or the Final Maturity Date (as the case may be) as specified in Condition 5.1 (*Final Redemption*) (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 an Issuer Event of Default but including such amounts (whenever the same arose) following service of a Covered Bond Guarantee Acceleration Notice) as if the Covered Bonds had not become due and repayable prior to their Final Maturity Date or, if the Final Terms specify that an Extended Due for Payment Date is applicable to the relevant Covered Bonds, as if the maturity date of the Covered Bonds had been the Extended Due for Payment Date.

Secured Creditors means the Security Trustee (in its own capacity and on behalf of the other Secured Creditors), 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 Loan Provider, the Demand Loan Provider, the Account Bank, the Calculation Manager, the Swap Providers, the Trust Manager, the Agents and any other person who becomes a Secured Creditor pursuant to the Security Deed, and each a **Secured Creditor**.

Secured Obligations means all amounts (whether actual or contingent, present or future) which at any time for any reason or circumstance in connection with any Programme Document that relates to, or applies to, the Trust or the Security Deed or any transactions contemplated by any of them (insofar as such transactions relate to, or apply to, the Trust), whatsoever whether at law, in equity, under statute or otherwise:

(a) are payable, are owing but not currently payable, are contingently owing, or remain unpaid by the Covered Bond Guarantor to the Security Trustee on its own account or for the account of the Secured Creditors or to any Secured Creditor or to any Receiver;

(b) have been advanced or paid by the Security Trustee on its own account or for the account of the Secured Creditors or by any Secured Creditor:

(i) at the express request of the Covered Bond Guarantor; and

(ii) on behalf of the Covered Bond Guarantor;

(c) which the Security Trustee on its own account or for the account of the Secured Creditors or any Secured Creditor is liable to pay by reason of any act or omission of the Covered Bond Guarantor or has paid or advanced in the protection or maintenance of the Charged Property or the Security and the charge created by the Security Deed following an act or omission by the Covered Bond Guarantor; or

(d) are reasonably foreseeable as likely, after that time, to fall within any of paragraphs (a), (b) or (c) above,

and references to Secured Obligations includes references to any of them but shall exclude Liability Payments.

This definition applies:

(a) 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;

(b) whether the Covered Bond Guarantor, the Security Trustee or any Secured Creditor is liable as principal debtor or surety or otherwise;

(c) whether the Covered Bond Guarantor is liable alone or jointly, or jointly and severally with another person;

(d) 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:

(i) the assignment or transfer took place before or after the delivery of the Security Deed; or

(ii) the Covered Bond Guarantor consented to or was aware of the assignment or transfer; or

(iii) the assigned or transferred obligation was secured; or

(e) 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.

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, the Bond Trustee and the Security Trustee.

Security Interest means any mortgage, security interest, charge, encumbrance, pledge, lien, hypothecation, assignment by way of security or other security interest or title retention arrangement and any agreement, trust or arrangement having substantially the same economic or financial effect as any of the foregoing (other than a lien arising in the ordinary course of business or by operation of law).

Security Trust means the trust formed under the Security Deed.

Security Trustee means New Zealand Permanent Trustees Limited, 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 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 Loans and the Related Security to the Seller.

Selected Mortgage Loans means Mortgage Loans and the Related Security 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.

Seller means ASB in its capacity as seller pursuant to the Mortgage Sale Agreement.

Seller Mortgage Loan Repurchase Notice means the notice served on the Covered Bond Guarantor by the Seller offering to purchase certain Mortgage Loans and the Related Security specified in the notice, as set out in schedule 5 to the Mortgage Sale Agreement.

Seller's Power of Attorney means the Seller Power of Attorney in favour of the Covered Bond Guarantor in substantially the form set out at schedule 4 to the Mortgage Sale Agreement.

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 10.5 (*Legislative Exchange*).

Servicer means ASB in its capacity as Servicer under the Servicing Agreement or such other servicer appointed pursuant to the Servicing Agreement from time to time.

Servicer Default has the meaning given to it on page 204.

Services means the services to be performed by the Servicer in accordance with the Servicing Agreement.

Servicing Agreement means the servicing agreement entered into on or about the Programme Date, between the Covered Bond Guarantor, the Trust Manager, the Servicer and the Security Trustee (as amended and/or restated and/or supplemented from time to time).

Servicing Guidelines means the relevant guidelines for originating and servicing mortgage loans recorded on the Mortgage Loan System, including the Mortgage Loans in the Mortgage Loan Portfolio, as amended or updated 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 given that a servicing function is not covered by the Servicing Guidelines, the standards of a Prudent Mortgage Lender in the business of making retail home loans.

Settlement Amount means $2,000.

SMSL means Securitisation Management Services Limited.

Specified Currency means, subject to any applicable legal or regulatory restrictions, NZ Dollars, euro, Sterling, U.S. Dollars 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.

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 shall, in relation to any Covered Bonds, be references to the Stock Exchange on which such Covered Bonds are, from time to time, or are intended to be, listed or admitted to trading.

Subsidiary has the meaning given in section 5 of the NZ Companies Act.

Substitute Calculation Manager at any given time means the entity then appointed as Calculation Manager under clause 11 of the Management Agreement.

Substitute Servicer at any given time means the entity then appointed as Servicer under clause 16 of the Servicing Agreement.

Substitute Trust Manager at any given time means the entity then appointed as Trust Manager under clause 26 of the Establishment Deed.

Substitution Assets means each of:

(a) NZ Dollar demand or time deposits, certificates of deposit, long term debt obligations and short term debt obligations (including commercial paper) provided that in all cases such investments have a remaining period to maturity of one year or less and the short term unsecured, unguaranteed and unsubordinated debt obligations or, as applicable, the long term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being a Bank) are rated P-1/ Aaa by Moody's and F1+/AAA by Fitch or their equivalents by two other internationally recognised rating agencies; and

(b) NZ Dollar denominated government and public securities provided that such investments have a remaining period to maturity of one year or less and which are rated at least P-1 by Moody's and F1+ by Fitch or their equivalents by two other internationally recognised rating agencies,

provided that such substitution asset satisfies the requirements for eligible assets that may collateralise covered bonds in accordance with RBNZ requirements (if any) and, for the avoidance of doubt, that amounts standing to the credit of the GIC Account, or any other of the Trust Accounts, do not constitute Substitution Assets.

Successor Rate has the meaning given to it in Condition 4.7 (Benchmark Discontinuation).

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 (Transfer – English law) to the ISDA Master Agreement.

Swap Agreements means each agreement between the Covered Bond Guarantor, the Trust Manager, the Security Trustee and a Swap Provider governing Swaps entered into with such Swap Provider in the form of an ISDA Master Agreement, the schedule, any relevant Swap Agreement Credit Support Document and related confirmations, and each a **Swap Agreement**.

Swap Collateral means, at any time, an amount of cash which is paid or transferred by a Swap Provider to the Covered Bond Guarantor as collateral to secure the performance by such Swap Provider of its obligations under the relevant Swap Agreement together with any interest or other income received in respect of such asset and any equivalent of such cash.

Swap Collateral Account Mandate means the resolutions, instructions and signature authorities relating to the Swap Collateral Cash Accounts substantially in the form set out in schedule 1 to the Account Bank Agreement.

Swap Collateral Available Amounts means, at any time, the amount of Swap Collateral which under the terms of the relevant Swap Agreement may be applied at that time in satisfaction of the relevant Swap Provider's obligations to the Covered Bond Guarantor following termination of the Swap to the extent that such obligations relate to payments to be made in connection with the Pre-Acceleration Priority of Payments or the Guarantee Priority of Payments.

Swap Collateral Cash Account means the account in the name of the Covered Bond Guarantor held with the Account Bank and maintained subject to the terms of the Account Bank Agreement and the relevant Swap Agreement Credit Support Document into which cash is deposited by a Swap Provider as collateral to secure the performance by such Swap Provider of its obligations under the relevant Swap Agreement.

Swap Collateral Excluded Amounts means, at any time, the amount of Swap Collateral which may not be applied under the terms of the relevant Swap Agreement at that time in satisfaction of the relevant Swap Provider's obligations to the Covered Bond Guarantor, including Swap Collateral which is to be returned 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 Collateral Ledger means each ledger of such name maintained by the Trust Manager pursuant to the Management Agreement which records payments or deliveries of collateral made in respect of each Swap Agreement.

Swap Provider Default means, in relation to a Swap Agreement, the occurrence of an Event of Default (as defined in such Swap Agreement) where the relevant Swap Provider is the Defaulting Party (as defined in such Swap Agreement), 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 Swap Provider to comply with the requirements of the ratings downgrade provisions set out in such Swap Agreement.

Swap Providers means the Total Return Swap Provider and the Covered Bond Swap Providers, and each a **Swap Provider**.

Swap Rate means, in relation to a Covered Bond or Series of Covered Bonds, the exchange rate specified in the Covered Bond Swap Agreement relating to such Covered Bond or Series of Covered Bonds or, if the Covered Bond Swap Agreement has terminated, the applicable spot rate.

Swaps means the Total Return Swap and the Covered Bond Swaps.

Talons has the meaning given in the Conditions.

Tax Act means the Income Tax Act 2007 (New Zealand).

Tax Authority means any government, state, municipal, local, federal or other fiscal, revenue, customs or excise authority, body or official anywhere in the world including the Inland Revenue Department of New Zealand.

Tax Resident in New Zealand means resident in New Zealand for the purposes of the Tax Act.

Taxes means all present and future taxes, levies, imposts, duties, fees, deductions, withholdings or charges of any nature whatsoever and wheresoever imposed, including, without limitation, income tax, corporation tax, GST or other tax in respect of added value and any franchise, transfer, sales, gross receipts, use, business, occupation, excise, personal property, real property or other tax imposed by any national, local or supranational taxing or fiscal authority or agency together with any penalties, fines or interest thereon and **Tax** or **Taxation** shall be construed accordingly.

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 (Form of Temporary Bearer Global Covered Bond) of Schedule 3 (Forms of Global and Definitive Covered Bonds, Coupons and Talons) to the Bond Trust Deed together with the copy of the applicable Final Terms annexed thereto with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the Relevant Dealer(s), comprising some or all of the Covered Bonds of the same series, issued by the Issuer pursuant to the Programme Agreement or any other agreement between the Issuer and the Relevant Dealer(s) relating to the Programme, the Principal Agency Agreement and the Trust Presents.

Term Advance Notice means a term advance notice substantially in the form of schedule 2 to the Intercompany Loan Agreement.

Term Advances means advances made or to be made by the Intercompany Loan Provider to the Covered Bond Guarantor under the Intercompany Loan Agreement, and each a **Term Advance**.

Term Advances Ledger means the ledger of such name maintained by the Trust Manager in accordance with the Management Agreement.

Third Party Amounts means each of:

(a) payments by a Borrower of any fees (including Early Repayment Charges) and other charges which are due to the Seller (but not, except to the extent included in paragraph (c) below, including interest payable on the Mortgage Loans);

(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; and

(c) in relation to the acquisition of a Mortgage Loan, the Accrued Interest for the Mortgage Loan as at the related Transfer Date,

which amounts, if received by the Covered Bond Guarantor, may be paid daily from monies on deposit in the GIC Account.

Total Return Swap means the total return swap transaction entered into between the Covered Bond Guarantor, the Trust Manager, the Security Trustee and the Total Return Swap Provider.

Total Return Swap Agreement means the Swap Agreement governing the Total Return Swap.

Total Return Swap Provider means ASB in its capacity as total return swap provider under the Total Return Swap together with any successor thereto.

Tranche means Covered Bonds which are identical in all respects (including as to listing).

Transaction Accounts means the NZ Dollar Transaction Account and such other accounts as may, for the time being, be in place with the prior consent of the Security Trustee and designated as such and **Transaction Account** shall denote any one of the Transaction Accounts.

Transaction Party means any person who is a party to a Programme Document and **Transaction Parties** means some or all of them.

Transfer Agent has the meaning given in the Conditions.

Transfer Certificate has the meaning given to it in Condition 2.7 (*Transfer*).

Transfer Date means the date on which the Seller, subject to the fulfilment of certain conditions, sells a New Mortgage Loan Portfolio to the Covered Bond Guarantor in accordance with the Mortgage Sale Agreement.

Trust means the trust known as the "ASB Covered Bond Trust" formed under the Establishment Deed.

Trust Accounts means the GIC Account, the All Moneys Mortgage Trust Account, the Swap Collateral Cash Account, the NZ Dollar Transaction Account, any other Transaction Account or any other applicable currency transaction account in the name of the Covered Bond Guarantor held with the Account Bank.

Trust Manager means SMSL, or any other person from time to time appointed to perform the role of trust manager under the Establishment Deed.

Trust Manager Default means:

(a) an Insolvency Event occurs in relation to the Trust Manager;

(b) the Trust Manager fails to make any payment it is required to make (including on behalf of the Covered Bond Guarantor) under any Programme Document and such failure is not remedied within a period of five Local Business Days after the date on which the Trust Manager is notified, or otherwise becomes aware, of the failure;

(c) any representation, warranty, certification or statement made by the Trust Manager (in its capacity as Trust Manager) in a Programme Document to which it is expressed to be a party, or in any document provided by it in connection with a Programme Document, proves to have been incorrect when made, or is incorrect when repeated, in a manner which in the opinion of the Security Trustee, acting on the directions of the Bond Trustee 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 the Trust Manager does not remedy the same to the Security Trustee's satisfaction within 60 Local Business Days after receipt by the Trust Manager of notice in writing from the Security Trustee requiring it to do so; and

(d) the Trust Manager has breached its other obligations as Trust Manager under a Programme Document to which it is expressed to be a party, or any other deed, agreement or arrangement entered into by the Trust Manager in relation to the Programme or the Covered Bonds, (other than such action which depends upon information provided by, or action taken by, the Servicer or the Calculation Manager and the Trust Manager has not received the information, or the action has not been taken which is necessary for the Trust Manager to perform the obligation) and such breach is, or, if continued would be, as determined by the Security Trustee, acting on the directions of the Bond Trustee if there are Covered Bonds outstanding, materially prejudicial to the Covered Bondholders or, acting on the directions of the Majority Secured Creditors if there are no Covered Bonds outstanding, materially prejudicial to the

Secured Creditors, and either such breach is not remedied to the Security Trustee's satisfaction within 20 Local Business Days of notice thereof delivered to the Trust Manager by the Security Trustee or the Trust Manager has not within 20 Local Business Days of receipt of such notice paid compensation to the Covered Bond Guarantor for its loss from the breach in an amount satisfactory to the Covered Bond Guarantor (acting reasonably). The Security Trustee must, in such notice, specify the reasons why it has determined the breach is or would be materially prejudicial to Covered Bondholders or the Secured Creditors (as the case may be).

Trust Payment Date means the 15th of each calendar month (or if such a day is not a Local Business Day, the next Local Business Day), provided that, the first Trust Payment Date shall be the 15th of the calendar month in which the first Determination Date occurs (or if that day is not a Local Business Day, the next Local Business Day).

Trust Payment Period means the period from (and including) a Trust Payment Date (or the first Transfer Date in the case of the first Trust Payment Period) to (but excluding) the next Trust Payment Date.

Trust Presents means the Bond Trust Deed and the schedules thereto and any supplemental bond trust deed and schedules (if any), thereto, all as from time to time modified in accordance with the provisions therein contained.

Valuation Report means the valuation report or reports for mortgage purposes from Quotable Value Limited or from an independent firm of professional valuers appointed by the Seller or from such other source allowed by the Servicing Guidelines.

Vesting Date means, in relation to the Trust, the earliest of:

(a) the day preceding the 80th anniversary of the Programme Date;

(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 on page 203.

Yield Shortfall Test has the meaning given to it on page 203.

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