



**ANZ New Zealand (Int'l) Limited**

*(incorporated with limited liability in New Zealand under company number 328154 and with a branch registered in England & Wales under foreign company number FC023994 and branch number BR006645)*

**as Issuer**

**ANZ Bank New Zealand Limited**

*(incorporated with limited liability in New Zealand under company number 35976)*

**as Issuer and Guarantor of Covered Bonds issued by ANZ New Zealand (Int'l) Limited**

**€8,000,000,000 ANZ NZ Covered Bond Programme**

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

**ANZ NZ Covered Bond Trust Limited**

*(incorporated in New Zealand with limited liability under company number 3220967)*

**as trustee of the ANZ NZ Covered Bond Trust and Covered Bond Guarantor**

Pages i to A-6 of this document comprise a base prospectus for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") in respect of Covered Bonds (as defined below) to be admitted to the Official List of the FCA (as defined below) and admitted to trading on the regulated market of the London Stock Exchange plc (as defined below) (the "**Base Prospectus**"). The Base Prospectus comprises a separate base prospectus for each Issuer (as defined below) as further described on pages vii to ix.

Pages B-1 to B-70 of this document comprise an information memorandum (the "**Information Memorandum**") in respect of Covered Bonds which are not admitted to the Official List of the FCA or any other European Economic Area ("**EEA**") or United Kingdom ("**UK**") regulated market or offered to the public in the EEA or in the UK ("**Non-PR Covered Bonds**"). The Information Memorandum has not been approved or reviewed by the FCA and does not constitute a prospectus for the purposes of the Prospectus Regulation.

Under the €8,000,000,000 ANZ NZ Covered Bond Programme (the "**Programme**") established by ANZ Bank New Zealand Limited ("**ANZ New Zealand**" or an "**Issuer**") and ANZ New Zealand (Int'l) Limited ("**ANZNIL**" or an "**Issuer**", and together with ANZ New Zealand, the "**Issuers**", and references to the "**Relevant Issuer**" shall, in relation to any Series or Tranche of Covered Bonds be references to the Issuer which is, or is intended to be, the Issuer of such Covered Bonds as indicated in the applicable Final Terms) on the Programme Date, the Issuers may from time to time issue bonds ("**Covered Bonds**") denominated in any currency agreed between the Relevant Issuer, the Guarantor (as defined below) (in the case of Covered Bonds issued by ANZNIL) 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 Relevant Issuer, the Guarantor (in the case of Covered Bonds issued by ANZNIL) and the Relevant Dealer(s) at the time of issue in accordance with the prevailing market conditions. Any Covered Bonds issued under the Programme on or after the date of this Base Prospectus are issued subject to the provisions as described herein and in any supplement hereto.

This Base Prospectus constitutes two base prospectuses, one for each Issuer and each has been approved by the United Kingdom Financial Conduct Authority (the "**FCA**"), as competent authority under the Prospectus Regulation in respect of Covered Bonds to be admitted to the official list of the FCA (the "**Official List**") and admitted to trading on the regulated market of the London Stock Exchange plc (the "**London Stock Exchange**"). The FCA only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of an Issuer, the Guarantor, the Covered Bond Guarantor nor as an endorsement of the quality of the securities that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in any such Covered Bonds. This Base Prospectus is valid for a period of twelve months from the date of approval.

Application has been made to the FCA in its capacity as competent authority under the Financial Services and Markets Act 2000, as amended (the "**FSMA**") for Covered Bonds issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the Official List and to the London Stock Exchange for such Covered Bonds to be admitted to trading on the London

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

This Base Prospectus supersedes and replaces in its entirety the Base Prospectus dated 11 July 2019 (as supplemented) for each of ANZ New Zealand and ANZNIL with regard to their covered bond programme. Any Covered Bonds issued under the Programme on or after the date of this Base Prospectus are issued subject to the provisions described herein.

ANZNIL will issue Covered Bonds under the Programme acting through its London branch. ANZNIL issues Covered Bonds under the Programme through its London branch for certain legal, administrative and regulatory reasons, including (without limitation) to facilitate timely access to funding markets. Payments of interest thereunder are subject to applicable tax laws and regulations of the United Kingdom and other jurisdictions – see the section entitled "*Taxation*" on pages 279 to 281 (inclusive). Investors should be aware that a branch is not a subsidiary and does not constitute a separate legal entity. The obligations in respect of Covered Bonds issued by ANZNIL acting through its London branch are of ANZNIL only, and investors' claims under such Covered Bonds are only against ANZNIL. Notwithstanding the preceding sentence, the payment of all amounts owing by ANZNIL in respect of the Covered Bonds issued by ANZNIL will be unconditionally and irrevocably guaranteed by ANZ New Zealand (the "**Guarantor**").

ANZNZ Covered Bond Trust 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 Housing 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 Housing Loans and the Related Security and its other assets.

The maximum aggregate nominal amount of all Covered Bonds from time to time outstanding under the Programme will not exceed €8,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

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

**Prospective investors should have regard to the factors described under the section headed "*Risk Factors*" on pages 24 to 79 of this Base Prospectus.**

Notice of the aggregate nominal amount of Covered Bonds, interest (if any) payable in respect of Covered Bonds, the issue price of Covered Bonds and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under the Terms and Conditions of the Covered Bonds) 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.

Each initial and subsequent purchaser of the Covered Bonds offered hereby in making its purchase will be deemed to have made certain acknowledgements, representations and agreements intended to restrict the resale or other transfer of such Covered Bonds and may in certain circumstances be required to provide confirmation of compliance with such resale or other transfer restrictions below and as set forth under "*Subscription and Sale*".

The Covered Bonds, the Guarantee and the Covered Bond Guarantee (as defined below) have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States, and Covered Bonds in bearer form are subject to U.S. tax law requirements. Subject to certain exceptions,

the Covered Bonds may not be offered, sold or (in the case of Covered Bonds in bearer form) delivered within the United States to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")). For a description of certain restrictions on resales and transfers, as to which each purchaser of Covered Bonds will be deemed to have acknowledged, represented and agreed, see "*Subscription and Sale*".

The Covered Bonds are not protected accounts or deposit liabilities of the Issuers and, except as expressly stated in this Base Prospectus, are not insured or guaranteed by (1) the Crown or any governmental agency of New Zealand, (2) the United States of America, the Federal Deposit Insurance Corporation or any other governmental agency of the United States or (3) the government or any government agency of any other jurisdiction.

The Covered Bonds will be issued in book-entry form only and will be eligible for clearance through the facilities of Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**").

The Covered Bonds issued under the Programme are expected on issue to be assigned an "Aaa" rating by Moody's Investors Service Pty. Ltd. ("**Moody's**") and an "AAA" rating by Fitch Australia Pty Ltd. ("**Fitch**"). As at 26 August 2020, ANZ New Zealand's short-term senior unsecured debt was assigned an "A-1+" rating by S&P Global Ratings Australia Pty Ltd ("**S&P**" and, together with Moody's and Fitch, the "**Rating Agencies**"), a "P-1" rating by Moody's and an "F1" rating by Fitch. As at 26 August 2020, ANZ New Zealand's long-term senior unsecured debt was assigned an "AA-" rating by S&P, an "A1" rating by Moody's and an "A+" rating by Fitch. S&P, Moody's and Fitch are not established in the European Union and have not applied for registration under Regulation (EC) No. 1060/2009 (as amended by Regulation (EC) No. 513/2011) on credit rating agencies (the "**CRA Regulation**"). However, their credit ratings are endorsed on an ongoing basis by Standard & Poor's Credit Market Services Europe Ltd, Moody's Investors Service Ltd. and Fitch Ratings Ltd., respectively, pursuant to and in accordance with the CRA Regulation. Standard & Poor's Credit Market Services Europe Ltd, Moody's Investors Service Ltd. and Fitch Ratings Ltd. are established in the European Union and are registered under the CRA Regulation. References in this Base Prospectus to S&P, Moody's and/or Fitch, including in the documents incorporated by reference into this Base Prospectus, shall be construed accordingly, save for references to S&P, Moody's and/or Fitch in the context of ratings triggers applicable to parties other than ANZ New Zealand which shall be read as referring to the relevant S&P, Moody's and/or Fitch entity (as applicable) at the relevant time.

The ratings of certain Series or Tranches of Covered Bonds to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to the relevant Covered Bonds will be issued by, or endorsed by, a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the applicable Final Terms. Please also refer to "*Programme Overview – Ratings*" and "*Ratings of the Covered Bonds*" in the Risk Factors section of this Base Prospectus.

In general, as at the date of this Base Prospectus, investors regulated in the European Union and in the UK are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union or the UK and registered under the CRA Regulation or issued by a credit rating agency established in a third country but whose credit ratings are endorsed by a credit rating agency established in the European Union or the UK and registered under the CRA Regulation, unless the rating is provided by a credit rating agency operating in the European Union or the UK before 7 June 2010 ("**European Entity**") which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused, or is provided by a third party country rating entity whose ratings are disclosed in that registration application as being ratings that will be endorsed by the European Entity. 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.

**IMPORTANT – EEA AND 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 EEA or 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 (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. 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 or in the UK will be prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

**MiFID II Product Governance / target market** - The Final Terms in respect of any Covered Bonds may include a legend entitled "MiFID II Product Governance" which will outline the conclusion of the target market assessment completed by the relevant "manufacturer(s)" in respect of the Covered Bonds and which channels for distribution of the Covered Bonds they consider 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 by the relevant Dealer(s) in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Covered Bonds is a "manufacturer" in respect of such Covered Bonds, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

Neither Issuer is subject to MiFID II and any implementation thereof by an EU Member State. It is therefore not a "manufacturer" for the purposes of the MiFID Product Governance Rules and has no responsibility or liability for identifying a target market, or any other product governance obligation set out in MiFID II, for financial instruments it issues (including any target market assessment for the Covered Bonds).

**Notification under Section 309B(1) of the Securities and Futures Act of Singapore (the "SFA"):** Unless otherwise stated in the Final Terms, each Issuer has determined and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Covered Bonds issued or to be issued under this Programme shall be capital markets products other than prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Specified Investment Products (as defined in the Monetary Authority of Singapore (the "**MAS**") Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

**Benchmarks Regulation:** Interest and/or other amounts payable under the Covered Bonds may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**"). If any such reference rate does constitute such a benchmark, the Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 (*Register of administrators and benchmarks*) of the Benchmarks Regulation. Transitional provisions in the Benchmarks Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the applicable Final Terms. The registration status of any administrator under the Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuers do not intend to update the Final Terms to reflect any change in the registration status of the administrator.

#### **Arrangers for the Programme**

**ANZ Bank New Zealand Limited**

**Barclays**

#### **Dealers for the Programme**

**Australia and New Zealand Banking Group Limited**  
**Barclays**

The date of this Base Prospectus is 26 August 2020.

**THE COVERED BONDS, THE GUARANTEE AND THE COVERED BOND GUARANTEE OFFERED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OR APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR ANY STATE SECURITIES AUTHORITY, AND THE COVERED BONDS MAY INCLUDE BEARER COVERED BONDS THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. SUBJECT TO CERTAIN EXCEPTIONS, THE COVERED BONDS MAY NOT BE OFFERED OR SOLD OR, IN THE CASE OF BEARER COVERED BONDS, DELIVERED WITHIN THE UNITED STATES OR TO OR FOR THE BENEFIT OF U.S. PERSONS (AS DEFINED IN REGULATION S).**

**THE COVERED BONDS, THE GUARANTEE AND THE COVERED BOND GUARANTEE ARE BEING OFFERED AND SOLD TO NON U.S. PERSONS IN OFFSHORE TRANSACTIONS IN RELIANCE UPON REGULATION S UNDER THE SECURITIES ACT.**

**THE COVERED BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF THE COVERED BONDS OR THE ACCURACY OR THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.**

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## IMPORTANT NOTICES

### ANZNIL Base Prospectus

*In respect of ANZNIL, the following sections of the Base Prospectus will comprise a base prospectus issued in compliance with the Prospectus Regulation for the purpose of giving information with regard to the issue of any Covered Bonds issued by ANZNIL which have a denomination of at least EUR 100,000 (or its equivalent in another currency) and which are to be admitted to the Official List of the FCA and admitted to trading on the regulated market of the London Stock Exchange under the Programme during the period of 12 months after the date hereof (the "ANZNIL Base Prospectus"):*

- this section entitled "Important Notices" on pages vii to xiii;
- the section entitled "Principal Characteristics of the ANZNZ Covered Bond Programme" on page 14;
- the section entitled "Documents Incorporated by Reference" on pages 15 to 16;
- the section entitled "Structure Overview" on pages 17 to 23
- the section entitled "Risk Factors" on pages 24 to 79;
- the section entitled "Programme Overview" on pages 80 to 87;
- the section entitled "ANZ Bank New Zealand Limited" on pages 88 to 101;
- the section entitled "Management" on pages 102 to 103;
- the section entitled "ANZ New Zealand (Int'l) Limited" on page 104;
- the section entitled "ANZ Bank New Zealand Limited's Mortgage Business" on pages 105 to 113;
- the section entitled "Form of the Covered Bonds" on pages 114 to 117;
- the section entitled "Form of Final Terms" on pages 118 to 125;
- the section entitled "Terms and Conditions of the Covered Bonds" on pages 126 to 183;
- the section entitled "Use of Proceeds" on page 184;
- the section entitled "Regulation and Supervision" on pages 185 to 208;
- the section entitled "Australia and New Zealand Banking Group Limited" on pages 209 to 211;
- the section entitled "The ANZNZ Covered Bond Trust" on pages 212 to 213;
- the section entitled "Summary of the Principal Documents" on pages 214 to 252;
- the section entitled "Credit Structure" on pages 253 to 255;
- the section entitled "Cashflows" on pages 256 to 268;
- the section entitled "The Housing Loan Portfolio" on page 269;
- the section entitled "Legal Aspects of the Housing Loan Portfolio" on pages 270 to 277;
- the section entitled "Book Entry Clearance Systems" on pages 278;
- the section entitled "Taxation" on pages 279 to 281;
- the section entitled "Subscription and Sale" on pages 282 to 288;

- the section entitled "Independent Auditors" on page 289;
- the section entitled "General Information" on pages 290 to 293;
- the section entitled "Glossary" on pages 294 to 325; and
- the section entitled "Annex A" on pages A-1 to A-6.

#### **ANZ New Zealand Base Prospectus**

*In respect of ANZ New Zealand, the following sections of the Base Prospectus will comprise a base prospectus issued in compliance with the Prospectus Regulation for the purpose of giving information with regard to the issue of any Covered Bonds issued by ANZ New Zealand which have a denomination of at least EUR 100,000 (or its equivalent in another currency) and which are to be admitted to the Official List of the FCA and admitted to trading on the regulated market of the London Stock Exchange under the Programme during the period of 12 months after the date hereof (the "ANZ New Zealand Base Prospectus"):*

- this section entitled "Important Notices" on pages vii to xiii;
- the section entitled "Principal Characteristics of the ANZ NZ Covered Bond Programme" on page 14;
- the section entitled "Documents Incorporated by Reference" on pages 15 to 16;
- the section entitled "Structure Overview" on pages 17 to 23
- the section entitled "Risk Factors" on pages 24 to 79;
- the section entitled "Programme Overview" on pages 80 to 87;
- the section entitled "ANZ Bank New Zealand Limited" on pages 88 to 101;
- the section entitled "Board of Directors of ANZ New Zealand" in the section entitled "Management" on pages 102 to 103;
- the section entitled "ANZ Bank New Zealand Limited's Mortgage Business" on pages 105 to 113;
- the section entitled "Form of the Covered Bonds" on pages 114 to 117;
- the section entitled "Form of Final Terms" on pages 118 to 125;
- the section entitled "Terms and Conditions of the Covered Bonds" on pages 126 to 183;
- the section entitled "Use of Proceeds" on page 184;
- the section entitled "Regulation and Supervision" on pages 185 to 208 other than the section entitled "ANZNIL";
- the section entitled "Australia and New Zealand Banking Group Limited" on pages 209 to 211;
- the section entitled "The ANZ NZ Covered Bond Trust" on pages 212 to 213;
- the section entitled "Summary of the Principal Documents" on pages 214 to 252;
- the section entitled "Credit Structure" on pages 253 to 255;
- the section entitled "Cashflows" on pages 256 to 268;
- the section entitled "The Housing Loan Portfolio" on page 269;



- the section entitled "Legal Aspects of the Housing Loan Portfolio" on pages 270 to 277;
- the section entitled "Book Entry Clearance Systems" on pages 278;
- the section entitled "Taxation" on pages 279 to 281;
- the section entitled "Subscription and Sale" on pages 282 to 288;
- the section entitled "Independent Auditors" on page 289;
- the section entitled "General Information" on pages 290 to 293;
- the section entitled "Glossary" on pages 294 to 325; and
- the section entitled "Annex A" on pages A-1 to A-6.

## Responsibility for the information contained in this Base Prospectus

Each of ANZNIL and the Guarantor accepts responsibility for the information contained in the ANZNIL Base Prospectus and in the Final Terms for each Tranche of Covered Bonds issued by ANZNIL under the Programme and to the best of the knowledge of each of ANZNIL and the Guarantor, such information is in accordance with the facts and the ANZNIL Base Prospectus does not omit anything likely to affect the import of such information.

ANZ New Zealand accepts responsibility for the information contained in the ANZ New Zealand Base Prospectus and in the Final Terms for each Tranche of Covered Bonds issued by it under the Programme and to the best of the knowledge of ANZ New Zealand, such information is in accordance with the facts and the ANZ New Zealand Base Prospectus does not omit anything likely to affect the import of such information.

The Covered Bond Guarantor (in its capacity as trustee of the Trust) accepts responsibility for the information contained in the following sections of the ANZNIL Base Prospectus and the ANZ New Zealand Base Prospectus:

- the ANZNZ Covered Bond Trust financial statements for the year ended 30 September 2019 and the ANZNZ Covered Bond Trust financial statements for the year ended 30 September 2018 (the "**Trust Financial Statements**"), which are incorporated by reference in this Base Prospectus;
- "Structure Overview – Credit Structure – Asset Coverage Test"; "Structure Overview – Credit Structure – Amortisation Test"; "Structure Overview – Credit Structure – Pre-Maturity Test"; "Structure Overview – Credit Structure – Reserve Fund"; "Structure Overview – The Programme"; "Structure Overview – Credit Structure – Priorities of Payment";
- "Risk Factors – Timing Subordination of Covered Bonds/No segregation of assets"; "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"; "Risk Factors – Insolvency of the Covered Bond Guarantor likely to adversely affect the Covered Bonds";
- "Programme Overview – Covered Bond Guarantor"; "Programme Overview – Extendable obligations under the Covered Bond Guarantee"; "Programme Overview – Cross Default"; "Programme Overview – Covered Bond Guarantee";
- "The ANZNZ Covered Bond Trust";
- "Summary of the Principal Documents – The Guarantee and the Covered Bond Guarantee – The Covered Bond Guarantee"; "Summary of the Principal Documents – Establishment Deed";
- "Credit Structure – Covered Bond Guarantee"; "Credit Structure – Pre-Maturity Test"; "Credit Structure – Asset Coverage Test"; "Credit Structure – Amortisation Test";
- the third paragraph in "General Information – Significant or Material Change"; and
- the second paragraph in "General Information – Litigation",

(together, the "**Guarantor Information**"). To the best of the knowledge of the Covered Bond Guarantor, the sections specified above are in accordance with the facts and the ANZNIL Base Prospectus and the ANZ New Zealand Base Prospectus do not omit anything likely to affect the import of such information.

The Trust Manager accepts responsibility for the information contained in "*The ANZNZ Covered Bond Trust – Trust Manager*"; "*The ANZNZ Covered Bond Trust – Directors*"; "*The ANZNZ Covered Bond Trust – Delegation by the Trust Manager*" (together the "**Trust Manager Information**"). To the best of the knowledge of the Trust Manager, the Trust Manager Information is in accordance with the facts and the ANZNIL Base Prospectus and the ANZ New Zealand Base Prospectus do not omit anything likely to affect the import of such information.

This Base 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 Base Prospectus shall,

save as specified herein, be read and construed on the basis that such documents are so incorporated and form part of this Base Prospectus.

Information contained in or accessible from any website referenced in this Base Prospectus does not form a part of this Base Prospectus except as specifically incorporated by reference, see "*Documents Incorporated by Reference*".

The information contained in this Base Prospectus was obtained from the Issuers, the Guarantor and the Covered Bond Guarantor, but no assurance can be given by the Arrangers, the Dealers, the Agents, the Bond Trustee, the Trust Manager (other than in respect of the Trust Manager Information) 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 (other than in respect of the Trust Manager Information) or the Security Trustee as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuers, the Guarantor 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 (other than in respect of the Trust Manager Information) nor the Security Trustee accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuers, the Guarantor or the Covered Bond Guarantor in connection with the Programme.

No person has been authorised by the Issuers, the Guarantor, the Covered Bond Guarantor, any of the Arrangers, the Dealers, the Agents, the Bond Trustee, the Trust Manager or the Security Trustee to give any information or to make any representation not contained in or not consistent with this Base 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 Issuers, the Guarantor, the Covered Bond Guarantor, any of the Arrangers, the Dealers, the Agents, the Bond Trustee, the Trust Manager or the Security Trustee.

Neither this Base 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 Issuers, the Guarantor, the Covered Bond Guarantor, the Seller, any of the Arrangers, the Dealers, the Agents, the Bond Trustee, the Trust Manager or the Security Trustee that any recipient of this Base 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 Issuers, the Guarantor and/or the Covered Bond Guarantor. Neither this Base 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 Issuers, the Guarantor, the Covered Bond Guarantor, the Seller, 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 Base Prospectus nor the offering, sale or delivery of any Covered Bonds shall in any circumstances imply that the information contained herein concerning the Issuers and/or the Guarantor and/or the Covered Bond Guarantor and/or the Seller and/or the Trust Manager is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arrangers, the Dealers, the Bond Trustee, the Trust Manager and the Security Trustee expressly do not undertake to review the financial condition or affairs of the Issuers, the Guarantor, 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.

Notwithstanding anything to the contrary contained herein, each prospective investor (and each employee, representative or other agent of each prospective investor) may disclose to any and all persons, without limitation of any kind, the U.S. federal income tax treatment and U.S. federal income tax structure (as such terms are used in Sections 6011, 6111 and 6112 of the Code and the Treasury Regulations promulgated thereunder) of the offering of the Covered Bonds and all materials of any kind (including opinions or other tax analyses) that are provided relating to such tax treatment and tax structure.

This Base 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 Base Prospectus and the offer or sale of Covered Bonds may be restricted by law in certain jurisdictions. The Issuers, the Guarantor, the Covered Bond Guarantor, the Arrangers, the Dealers, the Bond Trustee, the Trust Manager and the Security Trustee do not represent that this Base 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 Issuers, the Guarantor, the Covered Bond Guarantor, the Arrangers, the Dealers, the Bond Trustee, the Trust Manager or the Security Trustee which would permit a public offering of any Covered Bonds outside the European Economic Area or distribution of this Base 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 Base 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 Base Prospectus or any Covered Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Covered Bonds. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Covered Bonds in New Zealand, Australia, the United States, the European Economic Area (including France), the United Kingdom, Hong Kong, Singapore and Japan (see "*Subscription and Sale*").

This Base Prospectus has been prepared on the basis that any offer of Covered Bonds in any Member State of the EEA (each, a "**Member State**") or in the UK will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of Covered Bonds. Accordingly any person making or intending to make an offer in a Member State or in the UK of Covered Bonds which are the subject of an offering contemplated in this Base Prospectus as completed by a Final Terms or a drawdown prospectus (a "**Drawdown Prospectus**") in relation to the offer of those Covered Bonds may only do so in circumstances in which no obligation arises for the Issuers or the Relevant Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer. Neither the Issuers, the Guarantor, the Covered Bond Guarantor, the Trust Manager nor the Dealers have authorised, nor do they authorise, the making of any offer of Covered Bonds in circumstances in which an obligation arises for the Issuers, the Guarantor, the Covered Bond Guarantor, the Trust Manager or the Dealers to publish or supplement a prospectus for such offer. Any reference in this Base Prospectus to Final Terms shall be construed as a reference to the relevant Final Terms or Drawdown Prospectus, as applicable.

This Base Prospectus prepared in connection with the Covered Bonds has not been submitted to the clearance procedures of the Autorité des marchés financiers.

All references to "**U.S. dollars**" and "**US\$**" are to the lawful currency of the United States of America, to "**NZ\$**", "**New Zealand \$**", "**NZ dollars**", "**New Zealand dollars**", "**\$**" and "**New Zealand cents**" 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 United Kingdom and to "**Euro**" 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.

None of the Arrangers, the Dealers, the Covered Bond Guarantor, the Agents, the Security Trustee, the Trust Manager or the Bond Trustee makes any representation to any investor in the Covered Bonds regarding the legality of its investment under any applicable laws. Any investor in the Covered Bonds should be able to bear the economic risk of an investment in the Covered Bonds for an indefinite period of time during the life of such Covered Bonds.

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:

- 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 Base Prospectus or any applicable supplement;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Covered Bonds and the impact the Covered Bonds will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Covered Bonds, including Covered Bonds with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Covered Bonds; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Covered Bonds are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They 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 the help of a financial adviser) to evaluate how the Covered Bonds will perform under changing conditions, the resulting effects on the value of the Covered Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

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

Subject as provided in the applicable Final Terms, the only persons authorised to use this Base Prospectus (and, therefore, acting in association with the Issuers and the Guarantor) in connection with an offer of Covered Bonds are the persons named in the applicable Final Terms as the Relevant Dealer.

Copies of the Final Terms will be available from the registered office of the Relevant Issuer, the Guarantor (if ANZNIL is the Issuer) and the specified office set out below of the Principal Paying Agent (as defined below).

## PRINCIPAL CHARACTERISTICS OF THE ANZNZ 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 Base Prospectus. For further information, namely regarding the Asset Coverage Test and the Amortisation Test, please see "Summary of Principal Documents".*

Issuers: .....	ANZ Bank New Zealand Limited (" <b>ANZ New Zealand</b> "); and ANZ New Zealand (Int'l) Limited (" <b>ANZNIL</b> ").
Guarantor (or ANZ New Zealand): .....	ANZ New Zealand (in the case of Covered Bonds issued by ANZNIL).
Covered Bond Guarantor: .....	ANZNZ Covered Bond Trust Limited.
Nature of eligible property: .....	Housing Loans and the Related Security, Substitution Assets, and Authorised Investments.
Location of eligible property: .....	New Zealand.
Asset Coverage Test: .....	Yes, see " <i>Credit Structure</i> ".
Amortisation Test: .....	Yes, see " <i>Credit Structure</i> ".
Pre-Maturity Test: .....	Yes, see " <i>Credit Structure</i> ".
Reserve Fund: .....	A Reserve Fund to trap a specified amount of Available Revenue Receipts or the proceeds of a Term Advance will be established if and for as long as the credit ratings for ANZ New Zealand's short-term, unsecured, unsubordinated and unguaranteed debt obligations fall below F1+ by Fitch or P-1 by Moody's.
Maximum Asset Percentage: .....	90 per cent
Extendable Maturities: .....	Available.
Hard Bullet Maturities: .....	Available.
Asset Monitor: .....	KPMG.
Asset Segregation: .....	Yes.
Terms: .....	As set out in the Final Terms for the relevant Series or Tranche of Covered Bonds.
Clearing Systems: .....	Covered Bonds may be traded on the settlement system operated by Euroclear, the settlement system operated by Clearstream, Luxembourg and/or any other clearing system specified in the applicable Final Terms.
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 regulated market of the London Stock Exchange during the period of 12 months from the date of this Base Prospectus.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

For the purpose of any issues of Covered Bonds under this Base Prospectus which are to be consolidated with and form a single Series with an existing Tranche or Series of Covered Bonds, the section entitled "Terms and Conditions of the Covered Bonds" on the following specified pages of the prospectuses and supplementary prospectus of ANZ New Zealand and ANZNIL:

- (a) pages 107 to 155 of the Base Prospectus dated 1 July 2019;
- (b) pages 106 to 154 of the Base Prospectus dated 3 August 2018;
- (c) pages 96 to 142 of the Base Prospectus dated 2 August 2017;
- (d) pages 90 to 135 of the Base Prospectus dated 30 June 2016;
- (e) pages 91 to 136 of the Base Prospectus dated 17 June 2015; and
- (f) pages 91 to 136 of the Base Prospectus dated 17 June 2014.

In respect of ANZ New Zealand:

1. the audited annual consolidated financial statements (including the auditor's report thereon and notes thereto) in respect of the year ended 30 September 2018 (set out on pages 4 to 57 and 84 to 88 of the ANZ Bank New Zealand Limited Disclosure Statement for the year ended 30 September 2018) (the "**ANZ New Zealand 2018 Audited Consolidated Financial Statements**") and the audited annual consolidated financial statements (including the auditor's report thereon and notes thereto) in respect of the year ended 30 September 2019 (set out on pages 3 to 64 and 99 to 104 of the ANZ Bank New Zealand Limited Disclosure Statement for the year ended 30 September 2019) (the "**ANZ New Zealand 2019 Audited Consolidated Financial Statements**") and together with the ANZ New Zealand 2018 Audited Consolidated Financial Statements, the "**ANZ New Zealand Consolidated Financial Statements**") which together contain the audited consolidated financial statements of ANZ New Zealand together with its consolidated subsidiaries (the "**ANZ New Zealand Group**") for the financial years ended 30 September 2019, 2018 and 2017;
2. the unaudited interim consolidated financial statements (including the auditor's review report thereon and notes thereto) in respect of the six months ended 31 March 2020 (set out on pages 3 to 23 and 43 to 46 of the ANZ Bank New Zealand Limited Disclosure Statement for the six months ended 31 March 2020) (the "**ANZ New Zealand Interim Financial Statements**") and together with the ANZ New Zealand Audited Consolidated Statements, the "**ANZ New Zealand Financial Statements**";
3. the sections entitled "B1 – General Disclosures" and "B3 – Asset Quality" set out on pages 24 to 26 and 31 to 35 of the disclosure statement of the ANZ New Zealand Group for the six months ended 31 March 2020 (the "**Half Year Disclosure Statement**"); and
4. the section entitled "Non-compliance with conditions of registration" set out on pages 74 to 76 in section B1 of the disclosure statement of the ANZ New Zealand Group for the year ended 30 September 2019 (the "**2019 Disclosure Statement**").

In respect of ANZNIL:

1. the audited annual financial statements (including the auditor's report thereon and notes thereto) in respect of the years ended 30 September 2018 (the "**ANZNIL 2018 Financial Statements**") and 2019 (the "**ANZNIL 2019 Financial Statements**") (set out on pages 1 to 9 and 1 to 10, respectively of the 2018 and 2019 Annual Accounts of ANZNIL) (and together, the "**ANZNIL Audited Financial Statements**"); and
2. the unaudited interim financial statements (including the auditor's review report thereon and notes thereto) in respect of the six months ended 31 March 2020 (set out on pages 2 to 7 of the

ANZ New Zealand (Int'l) Limited Interim Financial Statements for the six months ended 31 March 2020) (the "**ANZNIL Interim Financial Statements**" and together with the ANZNIL Audited Financial Statements, the "**ANZNIL Financial Statements**").

In respect of ANZNZ Covered Bond Trust Limited, the Trust Financial Statements.

Any statement contained in this Base Prospectus or in a document and/or information which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any subsequent document and/or information which is incorporated by reference 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 Base Prospectus. Any documents incorporated by reference into the above documents do not form part of this Base Prospectus. Any parts of the above documents which are not incorporated by reference into this Base Prospectus are either not relevant for the investor or are covered elsewhere in this Base Prospectus.

The documents incorporated by reference into this Base Prospectus are available at <https://www.anz.com/debtinvestors/centre/programmes/anz-bank-nz/euro-medium-term-note-programme-nz/>.

Copies of the documents incorporated by reference into this Base Prospectus can also be obtained during usual business hours on any day (Saturdays, Sundays and public holidays excepted), for inspection at the offices of the Principal Paying Agent or the registered offices of ANZ New Zealand and ANZNIL. Requests should be directed to the Relevant Issuer, the Guarantor or the Principal Paying Agent at their respective offices set out at the end of this Base Prospectus.

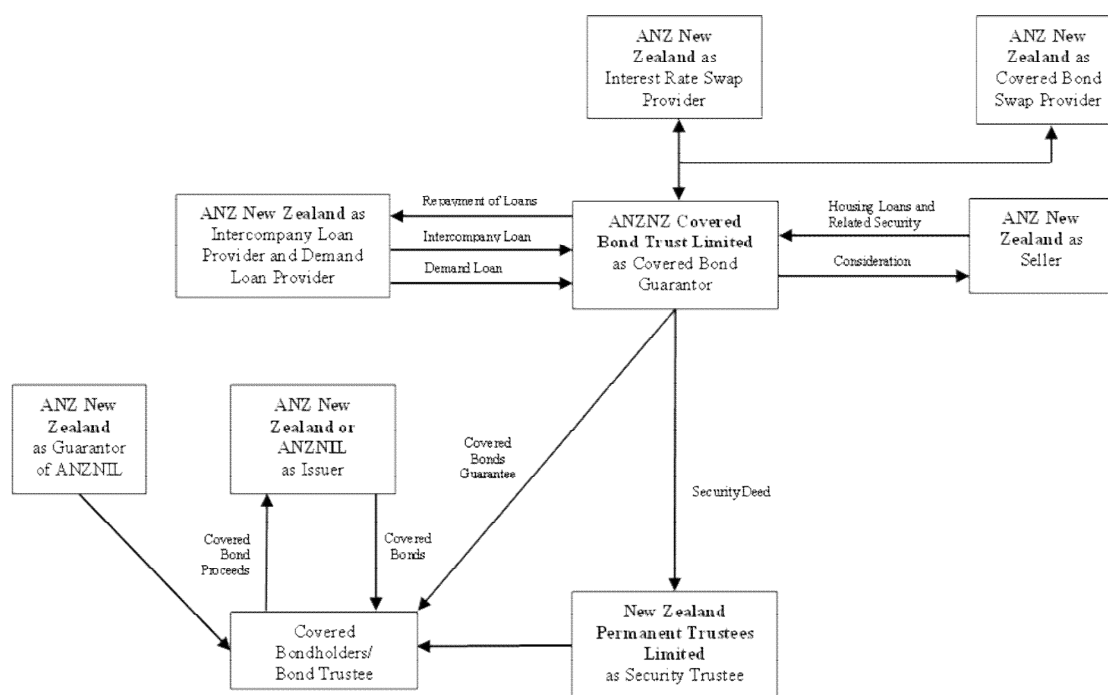
Unless specifically incorporated by reference into this Base Prospectus, the information on any website does not form part of this Base Prospectus.



## 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 Base Prospectus. Words and expressions defined elsewhere in this Base 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 Base Prospectus.

### Structure Diagram



### Credit Structure

The Covered Bonds will be direct, unsecured and unconditional obligations of the Relevant Issuer (and the Guarantor if ANZNIL is 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 Relevant Issuer and, as applicable, the Guarantor (if ANZNIL is 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 Issuers and the Guarantor of a Covered Bond Guarantee Acceleration Notice. Neither the Issuers nor the Guarantor will be relying on any payments by the Covered Bond Guarantor in order to pay interest or repay principal under the Covered Bonds or amounts under the Guarantee (in the case of Covered Bonds issued by ANZNIL).

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

- the Covered Bond Guarantee provides credit support to the Relevant Issuer and the Guarantor (if ANZNIL is the Issuer);
- 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;
- the Asset Coverage Test is intended to test, prior to the service of a Notice to Pay on the Covered Bond Guarantor, the asset coverage of the Covered Bond Guarantor's assets in respect of the Covered Bonds on a monthly basis;

- 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 service of a Notice to Pay on the Covered Bond Guarantor;
- a Reserve Fund will be established in the GIC Account to trap Available Revenue Receipts or to credit the proceeds of a Term Advance if the credit ratings for ANZ New Zealand's short-term, unsecured, unsubordinated and unguaranteed debt obligations fall to F1 (or lower) by Fitch or P-2 (or lower) by Moody's; and
- 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 Housing 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 Housing Loan Amount will be in an amount equal to or in excess of 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 Housing 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 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 (but prior to the enforcement of the Security 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 Housing 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 Issuers and the Guarantor declaring the Covered Bonds immediately due and repayable and the Security Trustee shall 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 the Guarantor'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 Housing Loans and Related Security if the Pre-Maturity Test is Breached*").

### ***Reserve Fund***

If ANZ New Zealand's short-term, unsecured, unsubordinated and unguaranteed debt obligations are not rated at least P-1 by Moody's and F1+ by Fitch 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 a Term Advance up to an amount equal to: (a) the higher of the NZ dollar Equivalent of the interest (i) that will accrue on each Series of Covered Bonds from (and including) that date to (but excluding) the date falling three months after such date and (ii) due for payment on each Series of Covered Bonds from (and including) that date to (but excluding) the date falling three months after such date, together with (b) an amount equal to one-quarter of the anticipated aggregate annual amount payable in respect of the items specified in paragraphs (a) to (c) of the Pre-Acceleration Revenue Priority of Payments.

### **The Programme**

Pursuant to the terms of the Programme, the Relevant 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 Relevant Issuer and those Covered Bonds issued by ANZNIL will be guaranteed by the Guarantor under the Guarantee.

If ANZNIL is the Issuer, ANZNIL will on-lend the proceeds it receives under the Covered Bonds to ANZ New Zealand.

The Reserve Bank of New Zealand (Covered Bonds) Amendment Act 2013 ("**Amendment Act**") 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 on 8 August 2014.

The Covered Bonds will not represent an obligation or be the responsibility of any of the Arrangers, the Dealers, the Bond Trustee, the Security Trustee, any member of the group comprising ANZBGL and its subsidiaries (together, the "**ANZ Group**") (other than ANZ New Zealand and ANZNIL in their capacities as Issuers and Guarantor under the Programme Documents) or any other party to the Programme, their officers, members, directors, employees, security holders or incorporators, other than the Issuers, the Guarantor (in the case of Covered Bonds issued by ANZNIL) and the Covered Bond Guarantor. The Issuers, the Guarantor (in the case of Covered Bonds issued by ANZNIL) 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.

### ***Intercompany Loan Agreement***

Pursuant to the terms of the Intercompany Loan Agreement, ANZ New Zealand 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 related Series or, as applicable, Tranche of Covered Bonds in the Specified Currency of the related 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 related Series or, as applicable, Tranche of Covered Bonds, and for a matching term. Payments by the Relevant Issuer or the Guarantor (in the case of Covered Bonds issued by ANZNIL) of amounts due under the Covered Bonds will not be conditional upon receipt by ANZ New Zealand 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): (i) to fund (in whole or part) the Purchase Price of a New Housing Loan Portfolio (consisting of Housing Loans and the Related Security originated by the Seller) 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 (as described below)): (A) if an existing Series or Tranche or part of an existing Series or Tranche of Covered Bonds is being refinanced (by the issue of a further Series or Tranche of Covered Bonds to which the 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).

#### ***Demand Loan Agreement***

Pursuant to the Demand Loan Agreement, ANZ New Zealand 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: (i) as consideration (in whole or in part) for the acquisition of Housing Loans and the Related Security from the Seller on a Transfer Date; (ii) to repay a Term Advance on the date on which the Series of Covered Bonds corresponding to such Term Advance matures; (iii) to rectify a failure to meet the Asset Coverage Test; (iv) to rectify a breach of the Pre-Maturity Test; (v) to rectify an Interest Rate Shortfall; or (vi) to pay to the Seller the Purchase Price of a Further Advance or to reimburse the Seller for funding a Cash Redraw (if on any Trust Payment Date the Available Principal Receipts (if any) are not sufficient to pay to the Seller the Purchase Price of a Further Advance or to reimburse the Seller for funding a Cash Redraw that the Covered Bond Guarantor has agreed may remain in the Housing Loan Portfolio in accordance with the Mortgage Sale Agreement). 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 Housing 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 that the Seller and the Covered Bond Guarantor have agreed that the purchase price may be set-off against an amount payable by ANZ New Zealand as Intercompany Loan Provider or Demand Loan Provider to the Covered Bond Guarantor) 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 Housing Loans and the Related Security to the Covered Bond Guarantor from time to time.

#### ***Servicing Agreement***

In its capacity as Servicer, ANZ New Zealand has entered into the Servicing Agreement with the Covered Bond Guarantor and the Security Trustee, pursuant to which the Servicer has agreed to administer and service the Housing Loans and the Related Security sold by ANZ New Zealand (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 Issuers. 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 Relevant Issuer and/or the Guarantor (in the case of Covered Bonds issued by ANZNIL). 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 as provided in the Security Deed. The Bond Trustee will be required to serve a Notice to Pay on the Covered Bond Guarantor following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice (whereupon the Covered Bonds will become immediately due and payable as against the Relevant Issuer (and the Guarantor if ANZNIL is the Issuer) but not at such time as against the Covered Bond Guarantor).

A Covered Bond Guarantee Acceleration Notice may be served by the Bond Trustee on the Issuer, the Guarantor (in the case of Covered Bonds issued by ANZNIL) 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. Payments made by the Security Trustee will at such time be made subject to, and 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 serve an Issuer Acceleration Notice on the Relevant Issuer and the Guarantor (in the case of Covered Bonds issued by ANZNIL) and a Notice to Pay on the Covered Bond Guarantor.

Following service of an Issuer Acceleration Notice and a Notice to Pay, any moneys received by the Bond Trustee from the Relevant Issuer or the Guarantor (in the case of Covered Bonds issued by ANZNIL) (or any administrator, receiver, receiver and manager, liquidator, statutory manager or other similar official appointed in relation to the Issuer or the Guarantor) ("**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 Relevant Issuer or the Guarantor (in the case of Covered Bonds issued by ANZNIL).

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 Housing 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 service of a Notice to Pay and/or service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and/or the realisation of the Security and/or the commencement of winding up proceedings against the Trust, the Covered Bond Guarantor will, on each Trust Payment Date:

- apply Available Revenue Receipts (A) to pay interest due and payable on the Term Advances and/or (B) 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
- apply Available Principal Receipts towards making repayments of the principal 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 Housing 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 Issuers and the Guarantor and/or the commencement of winding up proceedings against the Trust and/or realisation of the Security:

- 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 repay 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 on the Demand Loan; (iii) to pay Deferred Consideration to the Seller, or (iv) towards provision for the Residual Income Beneficiary or towards payment of, or provision for, income tax payable 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
- 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 Housing 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 Issuers and the Guarantor and/or the realisation of the Security and/or the commencement of winding up proceedings against the Trust) 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 Issuers and the Guarantor, the Covered Bonds will become immediately due and repayable (if not already due and payable as against the Relevant Issuer (and the Guarantor if ANZNIL is 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(c) (*Enforcement*) and 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 Relevant Issuer and the Guarantor (if ANZNIL is 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 following service of a Covered Bond Guarantee Acceleration Notice and/or the commencement of winding up proceedings against the Trust and/or the realisation of the Security 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, amongst other relevant sections of this Base Prospectus, "*Programme Overview*", "*Risk Factors*", "*Summary of the Principal Documents*", "*Credit Structure*", "*Cashflows*", "*The Housing Loan Portfolio*" and "*Terms and Conditions of the Covered Bonds*" below.

## **RISK FACTORS**

### **Introduction**

*Any investment in the Covered Bonds issued under the Programme will involve risks including, without limitation, those described in this section. All principal or material risks that have been identified by the Issuers, the Guarantor and the Covered Bond Guarantor are included in this section. The risks and uncertainties described below are not the only ones that the Issuers, the Guarantor or the Covered Bond Guarantor may face. Additional risks and uncertainties that the Issuer, the Guarantor 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. Prospective investors should carefully consider the following discussion of the risk factors and the other information in this Base 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.*

*As at the date of this Base Prospectus, the Issuers, the Guarantor and the Covered Bond Guarantor believe that the following risk factors may affect the Issuers' ability to fulfil their obligations, or the Guarantor's ability to perform its obligations (in the case of Covered Bonds issued by ANZNIL) or the Covered Bond Guarantor's ability to perform its obligations, under or in respect of the Covered Bonds, the Guarantee 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 specified or unspecified risks below actually occur, the Issuers' or the Guarantor's business, operations, results of operations, reputation, prospects, liquidity, capital resources, financial performance, financial condition or reputation (together the "**Position**") could be materially and adversely affected, with the result that the trading price of the Covered Bonds of the Relevant Issuer could decline and an investor could lose all or part of its investment. Prospective investors should read the entire Base Prospectus and reach their own views prior to making any investment decision.*

### **RISK FACTORS RELATING TO THE COVERED BONDS**

#### **Risks related to the nature of all Covered Bonds which may be issued under the Programme**

***Payment obligations in relation to the Covered Bonds are obligations of the Relevant Issuer, the Guarantor (if ANZNIL is the Issuer) and, subject to the terms of the Covered Bond Guarantee, obligations of the Covered Bond Guarantor***

The payment obligations in relation to the Covered Bonds will be solely obligations of the Relevant Issuer, the Guarantor (if ANZNIL is the Issuer) and, subject to the terms of the Covered Bond Guarantee, obligations of the Covered Bond Guarantor. The Relevant Issuer and the Covered Bond Guarantor will each be liable solely in their corporate capacity (and in the Covered Bond Guarantor's case, solely in its capacity as trustee of the Trust) 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.

Prior to the occurrence of a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice, 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 Relevant Issuer and the Guarantor (if ANZNIL is the Issuer) (copied to the Covered Bond Guarantor) of an Issuer Acceleration Notice and service by the Bond Trustee on the Covered Bond Guarantor (copied to the Trust Manager) of a Notice to Pay. The occurrence of an Issuer Event of Default will not constitute a Covered Bond Guarantor Event of Default.

There is no guarantee or assurance to Covered Bondholders that the Relevant Issuer or the Guarantor (if ANZNIL is the Issuer) will be able to make payments to Covered Bondholders in relation to the Relevant Issuer's obligations under the Covered Bonds or the Guarantor's obligations under the Guarantee. There is also no guarantee that, should an Issuer Event of Default occur and the Covered Bond Guarantor becomes obliged to make payments under the Covered Bond Guarantee, the Covered Bond Guarantor will be able to satisfy its obligations under the Covered Bond Guarantee. Should the Relevant Issuer or the Guarantor (if ANZNIL is the Issuer) be unable to meet their obligations under the Covered Bonds or the Guarantee as the case may be, or should the Covered Bond Guarantor be unable to meet the claims



of Covered Bondholders under the Covered Bond Guarantee, the interests of Covered Bondholders may be adversely affected and Covered Bondholders may not receive payment in full of all amounts due in respect of the Covered Bonds held by them.

#### ***Timing subordination of Covered Bonds/No segregation of assets***

Save in respect of the first issue of Covered Bonds, Covered Bonds issued under the Programme may 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 issue of a further series of Covered Bonds may adversely impact the interests of any existing holder of Covered Bonds as a result of a reduction in the level of collateralisation in the cover pool or as a result of the risk associated with timing subordination as described below.

While each Series of Covered Bonds will rank *pari passu* with all other Series of Covered Bonds (and, save for certain debts of the Issuer required to be preferred by law at least equally with all other present and future unsecured and unsubordinated obligations of the Relevant Issuer, from time to time outstanding) each Series of Covered Bonds is likely to have a different Final Maturity Date. There is a risk that Covered Bonds maturing later will not be paid or will not be paid in full under the Covered Bond Guarantee, as cover pool assets are not segregated for different Series of Covered Bonds and will be used to repay earlier maturing Covered Bonds first. This risk is only partially offset by the Amortisation Test. In essence, the Amortisation Test will be breached if the Amortisation Test Aggregate Housing Loan Amount is less than the New Zealand Dollar Equivalent of the aggregate Principal Amount Outstanding under the Covered Bonds. If the Amortisation Test is breached then a Covered Bond Guarantor Event of Default will occur which will (subject to the Conditions) lead to the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor, the Relevant Issuer and the Guarantor, and the acceleration of the obligations under the Covered Bond Guarantee in relation to all Covered Bonds then outstanding (hence any further timing subordination will cease to exist). However, there is no guarantee that the remaining cover pool assets will be sufficient to meet in full the claims of the remaining Covered Bondholders under the Covered Bond Guarantee and in such circumstances, Covered Bondholders may not receive payment in full of all amounts due in respect of the Covered Bonds held by them.

#### ***Ratings of the Covered Bonds***

The expected credit ratings of a Series of Covered Bonds will be set out in the applicable Final Terms for such Series of Covered Bonds. Any Rating Agency may lower its credit rating or withdraw its credit rating if, in the sole judgement of the Rating Agency, the credit quality of the Covered Bonds has declined or is in question. 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 (including as a result of changes to rating methodologies). 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 ANZ New Zealand or the sovereign credit rating of New Zealand or Australia 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 ANZ New Zealand (in its capacity as Issuer and Guarantor) 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 Issuers and the Guarantor may be adversely affected, the market value of the Covered Bonds is likely to be adversely affected and the ability of the Issuers and the Guarantor (in the case of Covered Bonds issued by ANZNIL) to make payment under the Covered Bonds may be adversely affected.

There is no obligation on the Issuers to ensure that an AAA rating is maintained by Fitch or an Aaa rating is maintained by Moody's and the Issuers are under no obligation to change the Asset Percentage (or any other term) in line with the level of credit enhancement required to ensure an AAA rating by Fitch or an Aaa rating by Moody's using Moody's expected loss methodology.

In general, investors regulated in the EU and in the UK are restricted under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the "**CRA Regulation**") from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU credit rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**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.

As a result of the CRA Regulation, if the status of a Rating Agency changes, investors regulated in the EU and in the UK may no longer be able to use the rating of that Rating Agency for regulatory purposes and the Covered Bonds may have different regulatory treatment. This may result in investors in the EU and the UK selling the Covered Bonds which may impact the value of the Covered Bonds in any secondary market.

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

Except where expressly provided otherwise in the Security Deed, the Security Trustee shall not be obliged to take any steps under the Security Deed or any of the other Programme Documents 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 unless the Security Trustee shall have been directed to do so by the Bond Trustee (so long as there are any Covered Bonds outstanding) or (if there are no Covered Bonds outstanding) the Majority Secured Creditors. If there is at any time a conflict between a duty owed by the Security Trustee to the Covered Bondholders and a duty owed by the Security Trustee to any other Secured Creditor or class of Secured Creditor, then the Security Trustee must give priority to the interests of the Covered Bondholders while any of the Covered Bonds remain outstanding.

In so doing, the Security Trustee is required to have regard to the general interests of the Covered Bondholders (or any Series thereof) as a class and not to any interests arising from circumstances particular to individual Covered Bondholders, Receiptholders 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 is not entitled to require, and no Covered Bondholder, Receiptholder or Couponholder is entitled to claim from, the Issuers, the Guarantor (if ANZNIL is 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, Receiptholders 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.

The exercise by the Security Trustee of its obligation to act in the general interests of the Covered Bondholders as a class may have an adverse impact upon individual Covered Bondholders.

***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 and the Security Deed, the Bond Trustee and the Security Trustee may without the consent or sanction of any of the Covered Bondholders of any Series, the related Receiptholders and/or the Couponholders and without the consent of the other Secured Creditors (other than any Secured Creditor who is party to the relevant document) at any time and from time to time concur with the Relevant Issuer, the Guarantor (in the case of Covered Bonds issued by ANZNIL) 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 Receipts and/or Coupons or to the Bond Trust Deed, the Security Deed or the other Programme Documents (a) provided that the modification is not a Series Reserved Matter and that in the opinion of the Bond Trustee such modification will not be materially prejudicial to the interests of the Covered Bondholders of any Series, (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 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) which is made to enable Covered Bondholders and Secured Creditors to obtain the protection and/or other benefits of any legislation or regulation or any directive of any regulatory body, including, without limitation, the Reserve Bank of New Zealand ("**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.

Such modifications do not require the consent or sanction of any Covered Bondholders and Covered Bondholders may therefore be bound by modifications to the Covered Bonds and Programme Documents without their consent.

***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 and any direction to the Bond Trustee or Security Trustee to take any enforcement action must be passed at a single meeting of the holders of all Covered Bonds of all Series then outstanding and therefore the holders of a single Series of Covered Bonds may not be able to give any directions to the Bond Trustee or the Security Trustee without the agreement of the holders of other outstanding Series of Covered Bonds.

A request in writing by the holders of at least 25 per cent of the aggregate Principal Amount Outstanding of Covered Bonds then outstanding to serve an Issuer Acceleration Notice following an Issuer Event of Default or to serve a Covered Bond Guarantee Acceleration Notice following a Covered Bond Guarantor Event of Default is to be given by reference to the Covered Bonds of all Series then outstanding. Therefore:

- (a) the holders of a single Series may be able to dictate whether or not that direction is given regardless of the interests or wishes of the Covered Bondholders of any other Series (if the aggregate Principal Amount Outstanding of the Covered Bonds of any Series is greater than 25 per cent of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series); and
- (b) the holders of a single Series of Covered Bonds may not be able to give a direction to the Bond Trustee without the agreement of the holders of other outstanding Series of Covered Bonds.

***Covered Bondholders will not have a direct right to vote or take enforcement action***

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 to appoint appropriate proxies.

Similarly, holders of beneficial interests in the Global Covered Bonds will not have a direct right under the Global Covered Bonds to take enforcement action against the Relevant Issuer, the Guarantor (in the case of Covered Bonds issued by ANZNIL) or the Covered Bond Guarantor in the event of default under the relevant Covered Bonds or other Programme Documents but will have to rely upon their rights under the Bond Trust Deed.

***Insolvency of an Issuer may adversely affect the Covered Bonds***

If one or more insolvency-related events occurred in respect of the Relevant Issuer or the Guarantor (in the case of Covered Bonds issued by ANZNIL) then this may adversely affect the Covered Bonds and the Relevant Issuer's ability to make payment on the Covered Bonds. For instance, it may adversely affect the timing of payments on the Covered Bonds, it may cause the ratings of the Covered Bonds to be adversely affected, it may affect the trading price and liquidity of the Covered Bonds in the secondary market, it may affect the value of the representations and warranties given by ANZ New Zealand as Seller of the Housing Loans, it may affect the ability of ANZ New Zealand to perform its role as Servicer of the Housing Loans and/or its other roles and/or it may affect the price at which Selected Housing Loans can be sold or the value of the Housing Loans in the cover pool.

#### ***Risks relating to insolvency and similar proceedings in New Zealand***

In the event that an Issuer becomes insolvent, insolvency proceedings will generally be governed by New Zealand law. Potential investors should be aware that New Zealand insolvency laws are different from the insolvency laws in other jurisdictions. In particular, the voluntary administration procedure under the NZ Companies Act and the statutory management regimes under the Corporations (Investigation and Management) Act 1989 ("**CIM Act**") and the Reserve Bank of New Zealand Act 1989 (the "**Reserve Bank Act**"), differ significantly from similar provisions under the insolvency laws of other jurisdictions.

Pursuant to the Reserve Bank Act, the RBNZ may give a registered bank, which includes ANZ New Zealand, or an associated person a direction in writing and/or place the registered bank under statutory management in certain circumstances, including where the RBNZ has reasonable grounds to believe that the registered bank or the associated person is insolvent or is likely to become insolvent. The Covered Bond Guarantor could not be placed into statutory management by the RBNZ merely on the grounds that it is an associated person of ANZ New Zealand. As corporations, ANZNIL and the Covered Bond Guarantor may be placed into statutory management in similar circumstances under the CIM Act. A registered bank, such as ANZ New Zealand, can also be placed into statutory management if it fails to comply with a direction given by the RBNZ.

Where a bank or other corporation is declared to be subject to statutory management, a moratorium will apply. If a moratorium is imposed in respect of a bank or other corporation, no person shall commence any action or other proceedings against the bank or other corporation or exercise rights under any security over the property of the bank or other corporation. Accordingly, Covered Bondholders may be prevented from enforcing rights in connection with the Covered Bonds where the Relevant Issuer and/or the Covered Bond Guarantor have been placed into statutory management. However, provided that the Covered Bond Programme is registered, a moratorium in respect of ANZ New Zealand would not prevent the Covered Bond Guarantor or a person acting on its behalf, from exercising a power of attorney granted by ANZ New Zealand in relation to assets in the Asset Pool, nor would it affect the Relevant Issuer's obligation to pay moneys to the Covered Bond Guarantor, collected on behalf of, and held on trust for, the Covered Bond Guarantor.

If ANZ New Zealand were placed under statutory management, Covered Bondholders may be further restricted in enforcing their rights against ANZ New Zealand due to Open Bank Resolution ("**OBR**"). OBR is an RBNZ policy option aimed at resolving a bank failure quickly, including by suspending payment of a portion of liabilities so the bank can be promptly reopened for business, consequently minimising stresses on the overall banking and payments system. Under the RBNZ's conditions of registration for registered banks, New Zealand-incorporated registered banks with retail deposits over NZ\$1 billion (which includes ANZ New Zealand) are required to comply with the OBR Pre-positioning Requirements Policy (BS17), which describes the process and requirements for banks.

In addition, to the extent that the Covered Bondholders are entitled to any recovery with respect to the Covered Bonds in any bankruptcy or certain other events in bankruptcy, insolvency, dissolution or reorganisation relating to an Issuer, those holders might be entitled only to a recovery in New Zealand dollars.

#### **Risks related to specific types of Covered Bonds which may be issued under the Programme**

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

A range of Covered Bonds may be issued under the Programme. A number of these Covered Bonds may have features which contain particular risks for potential investors. Set out below is a description of certain risks relating to particular types of Covered Bonds':

*Covered Bonds subject to optional redemption by the Issuer*

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

*Fixed Rate Covered Bonds*

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

*Fixed/Floating Rate Covered Bonds*

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

*Covered Bonds issued at a substantial discount or premium*

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities. Accordingly, investors in any Covered Bonds issued at a discount or premium are exposed to interest rate volatility and may suffer a greater loss on their investment compared to an investor in other interest-bearing debt securities.

***Uncertainty relating to the LIBOR calculation process, including the potential phasing out of LIBOR after 2021, and proposals to reform EURIBOR, BBSW, BKBM and other benchmark indices may adversely affect the yield on or value of the Covered Bonds***

The London Inter-Bank Offered Rate ("**LIBOR**"), the Euro Interbank Offered Rate ("**EURIBOR**") and other benchmark indices (such as the Australian Bank Bill Swap Rate ("**BBSW**") and the New Zealand Bank Bill reference rate ("**BKBM**"), are the subject of recent national, international and other regulatory guidance and proposals for reform. The implementation of such reforms and consequential changes to benchmark indices may cause such indices to perform differently than in the past, which could have a material adverse effect on the yield or value of any Floating Rate Covered Bonds where the interest rate is calculated with reference to such benchmark or may have other consequences that cannot be predicted.

In the EU, the Benchmarks Regulation is a key element of ongoing regulatory reform and has applied, subject to certain transitional provisions, since 1 January 2018. The Benchmarks Regulation applies to the contribution of input data to a benchmark, the administration of a benchmark, and the use of a benchmark in the EU. Amongst other things, the Benchmarks Regulation requires EU benchmark administrators to be authorised or registered as such and to comply with extensive requirements relating to benchmark administration. It also prohibits certain uses by EU supervised entities of (a) benchmarks provided by EU administrators which are not authorised or registered in accordance with the Benchmarks Regulation and (b) benchmarks provided by non-EU administrators where (i) the administrator's

regulatory regime has not been determined to be "equivalent" to that of the EU, (ii) the administrator has not been recognised in accordance with the Benchmarks Regulation, and (iii) the benchmark has not been endorsed in accordance with the Benchmarks Regulation.

The Benchmarks Regulation 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 Benchmarks Regulation. Such changes could, among other things, have the effect of reducing or increasing the rate or level, or affect the volatility of, the published rate or level of the benchmark.

In New Zealand, the Financial Markets (Derivatives Margin and Benchmarking) Reform Amendment Act 2019 ("**FMRA Act**") was enacted in August 2019. When the provisions of the FMRA Act relating to financial benchmarks come into effect, they will amend the Financial Markets Conduct Act 2013 ("**FMCA**") to establish a new licensing regime for administrators of financial benchmarks. These amendments aim to ensure that New Zealand's regulatory regime for financial benchmarks (including BKBM) meets the equivalence requirements for the purposes of the Benchmarks Regulation. (see "*New Zealand Regulatory Developments – Financial Markets (Derivatives Margin and Benchmarking) Reform Amendment Act 2019*" for further information).

Additionally, amongst other developments, relevant authorities are strongly encouraging the transition away from Interbank Offered Rates ("**IBORs**"), such as LIBOR and EURIBOR, and have identified "risk free rates" to eventually take the place of such IBORs as primary benchmarks. This includes (i) for sterling LIBOR, SONIA so that SONIA may be established as the primary sterling interest rate benchmark by the end of 2021, (ii) for EONIA and EURIBOR, a new Euro Short-Term Rate ("**€STR**") as the new euro risk free rate, and (iii) for U.S. Dollar LIBOR, the Alternative Reference Rates Committee, a committee convened by the Federal Reserve Bank of New York that includes major market participants, proposed that SOFR be eventually established as the primary U.S. dollar interest rate benchmark. The risk free rates have a different methodology and other important differences from the IBORs they will eventually replace and have little, if any, historical track record. It is not known whether certain IBORs will continue long-term or in their current form.

Any of the international, national or other proposals for reform 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. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain "benchmarks", trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the disappearance or obsolescence of certain "benchmarks".

Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or the benchmark could be eliminated entirely, or there could be other consequences that cannot be predicted. The elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest calculation provisions of the Terms and Conditions of the Covered Bonds or result in adverse consequences to holders of any securities linked to such benchmark (including but not limited to Floating Rate Covered Bonds whose interest rates are linked to LIBOR or any other such benchmark that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Covered Bonds, the return on the relevant Covered Bonds and the trading market for securities based on the same benchmark.

***The occurrence of a Benchmark Disruption Event or an ISDA Determination Fallback Event in respect of Covered Bonds may adversely affect the return on and the market value of such Covered Bonds***

The Terms and Conditions of the Covered Bonds provide for certain fallback arrangements in the event that a published Reference Rate, such as LIBOR (not including U.S. Dollar LIBOR), BBSW or BKBM has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered or it is determined that a change in generally accepted market practice has occurred (as further described in the definition of "Benchmark Disruption Event" in Condition 4(k) (*Benchmark Replacement*)), or, in the case of SOFR Covered Bonds, (1) the rate specified in clause (i)

of the definition of SOFR in Condition 4(b)(iii)(D) is not published and (2) a SOFR Index Cessation Event and a SOFR Index Cessation Effective Date have both occurred, including the possibility that the Reference Rate could be set by reference to a successor rate or an alternative reference rate that an Independent Adviser (as defined in Condition 4(k) (*Benchmark Replacement*)) or (where the Issuer is unable to appoint an Independent Adviser and/or if it so elects to make such a determination) the Issuer has determined (acting in good faith and in a commercially reasonable manner) in its sole discretion to be (a) the successor rate to the Reference Rate or (b) if no such successor rate exists, an alternative Reference Rate which it determines is 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 the same interest period and in the same Specified Currency as the Covered Bonds and, where the Independent Adviser (or the Issuer as the case may be) has determined a successor rate or an alternative reference rate, that the Independent Adviser (or the Issuer as the case may be) may determine (acting in good faith and in a commercially reasonable manner), any relevant adjustment spread to be applied in calculating a successor rate or an alternative reference rate. For the risks related to the benchmark fallback for U.S. Dollar LIBOR Covered Bonds, see "*The occurrence of a Benchmark Transition Event and its related Benchmark Replacement Date in respect of Covered Bonds where the Reference Rate is U.S. Dollar LIBOR may adversely affect the return on and the market value of such Covered Bonds*". In certain circumstances the ultimate fallback rate of interest for a particular Interest Period or Interest Accrual Period (as applicable) may result in the rate of interest determined for the previous Interest Period or Interest Accrual Period (as applicable) being used. This may result in the effective application of a fixed rate for a Covered Bond linked to such a benchmark based on the rate which was last observed on the Relevant Screen Page. In addition, due to the uncertainty concerning the availability of a successor rate or an alternative reference rate, the relevant fallback provisions may not operate as intended at the relevant time. No consent of the Covered Bondholders shall be required in connection with effecting any relevant successor rate or an alternative reference rate or any other related adjustments.

In addition, where ISDA Determination for Fallback is specified in the applicable Final Terms (including in respect of Covered Bonds where the applicable Reference Rate is U.S. Dollar LIBOR), in the event that the applicable Reference Rate is not published on the day on which it is required or in the event that the applicable Reference Rate has ceased to be or will cease to be provided permanently or indefinitely by the administrator and there is no successor administrator (as further described in the definition of "Index Cessation Event" in Condition 4(m) (*ISDA Determination for Fallback*)), the Rate of Interest for the relevant Interest Period or Interest Accrual Period will be determined by reference to the ISDA Fallback Rate, being the rate that would apply for derivatives transactions with respect to the Reference Rate for the applicable tenor plus a spread adjustment as more fully described in Condition 4(m) (*ISDA Determination for Fallback*).

The use of a successor rate or an alternative reference rate or the application of the ISDA Fallback Rate may result in interest payments that are substantially lower than or that do not otherwise correlate over time with the payments that could have been made on the relevant Floating Rate Covered Bonds if the relevant Reference Rate remained available in its current form. Any of the above changes or any other consequential changes to LIBOR, EURIBOR or any other benchmark as a result of international, national or other proposals for reform or other initiatives or investigations, could result in adjustment to the Terms and Conditions of the relevant Covered Bonds or other consequences, depending on the specific provisions of the relevant Covered Bonds and could have a material adverse effect on the yield on and value of and return on any such Covered Bonds linked to a benchmark.

***The occurrence of a Benchmark Transition Event and its related Benchmark Replacement Date in respect of Covered Bonds where the Reference Rate is U.S. Dollar LIBOR may adversely affect the return on and the market value of such Covered Bonds***

The Terms and Conditions of the Covered Bonds provide for specific fallback arrangements in respect of Covered Bonds where the Reference Rate specified in the applicable Final Terms is U.S. Dollar LIBOR. If the Issuer or its designee determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any determination of the Benchmark (each as defined in the Conditions), then a Benchmark Replacement will replace the then-current Benchmark and the Issuer or its designee will have the right to make Benchmark Replacement Conforming Changes in accordance with the provisions of Condition 4(l) (*Effect of Benchmark Transition Event*). There are no limits or parameters dictating whom the Issuer may appoint as its designee to assist in this determination, and the designee may be an affiliate of the Issuer, an agent of the Issuer or any other party or person. There is no assurance that the designee selected by the Issuer

to assist in this determination has the competency to make such a determination or that the designee's determination will be consistent with similar determinations made on similar securities. The selection of a Benchmark Replacement, and any decisions, determinations or elections made by the Issuer or its designee in connection with implementing a Benchmark Replacement with respect to such Covered Bonds in accordance with the Conditions, could result in adverse consequences to the relevant Rate of Interest in respect of such Covered Bonds.

Under the provisions of Condition 4(1) (*Effect of Benchmark Transition Event*), if a Benchmark Transition Event and its related Benchmark Replacement Date occur with respect to U.S. Dollar LIBOR, and if the Issuer or its designee cannot determine the relevant U.S. Dollar LIBOR rate by means of interpolating from other tenors of U.S. Dollar LIBOR, then the Rate of Interest on the Covered Bonds will be determined based on SOFR (unless a Benchmark Transition Event and its related Benchmark Replacement Date also occur with respect to the Benchmark Replacements that are linked to SOFR, in which case the Rate of Interest will be based on the next-available Benchmark Replacement).

The Benchmark Replacements specified in the Conditions include Term SOFR, a forward-looking term rate which will be based on SOFR. Term SOFR is currently being developed under the sponsorship of the Federal Reserve of the Bank of New York, and there is no assurance that the development of Term SOFR will be completed. Further, due to uncertainty concerning the availability of certain fallback benchmark replacements, such as Term SOFR and Compounded SOFR, the relevant fallback provision may not operate as intended. If a Benchmark Transition Event and its related Benchmark Replacement Date occur with respect to U.S. Dollar LIBOR, and if the Issuer or its designee cannot determine the relevant U.S. Dollar LIBOR rate by means of interpolating from other tenors of U.S. Dollar LIBOR, and, at that time, a form of Term SOFR has not been selected or recommended by the Relevant Governmental Body, then the next-available Benchmark Replacement under the provisions in respect of U.S. Dollar LIBOR in the Conditions will be used to determine the amount of interest payable on the Covered Bonds during the applicable Interest Period or in respect of the applicable interest determination date, as the case may be, for the next applicable Interest Period, as the case may be, and all subsequent Interest Periods (unless a Benchmark Transition Event and its related Benchmark Replacement Date occur with respect to that next-available Benchmark Replacement). For further information on the risks related to SOFR see the risk factor entitled "*The market continues to develop in relation to Covered Bonds that reference SOFR*".

Pursuant to the Conditions, if a particular Benchmark Replacement or Benchmark Replacement Adjustment cannot be determined, then the next-available Benchmark Replacement or Benchmark Replacement Adjustment will apply. These replacement rates and adjustments may be selected or formulated by (i) the Relevant Governmental Body (such as the Alternative Reference Rates Committee), (ii) ISDA or (iii) in certain circumstances, the Issuer or its designee. In addition, the provisions of the Conditions expressly authorise the Issuer or its designee to make Benchmark Replacement Conforming Changes with respect to, among other things, the determination of Interest Periods and the timing and frequency of determining rates and making payments of interest.

No consent of the Covered Bondholders shall be required in connection with effecting any Benchmark Replacement, Benchmark Replacement Adjustment or Benchmark Replacement Conforming Changes. The application of a Benchmark Replacement, Benchmark Replacement Adjustment and Benchmark Replacement Conforming Changes, any decisions, determinations or elections made by the Issuer or its designee in connection with Benchmark Replacement, Benchmark Replacement Adjustment and Benchmark Replacement Conforming Changes, as well as the implementation of Benchmark Replacement Conforming Changes, could result in adverse consequences to the amount of interest paid on the Covered Bonds which could adversely affect the return on, value of and market for the Covered Bonds. Further, there is no assurance that the characteristics of any Benchmark Replacement will be similar to the then-current U.S. Dollar LIBOR rate that it is replacing, or that any Benchmark Replacement will produce the economic equivalent of the then-current U.S. Dollar LIBOR rate that it is replacing.

#### ***The market continues to develop in relation to Covered Bonds that reference SONIA***

Where the applicable Final Terms for a Series of Floating Rate Covered Bonds identifies that the Rate of Interest for such Covered Bonds will be determined by reference to Sterling Overnight Index Average ("**SONIA**"), the Rate of Interest will be determined on the basis of Compounded Daily SONIA. Compounded Daily SONIA differs from LIBOR in a number of material respects, including (without



limitation) that Compounded Daily SONIA is a backward-looking, risk-free overnight rate, whereas LIBOR is expressed on the basis of a forward-looking term and includes a risk-element based on inter-bank lending. As such, investors should be aware that LIBOR and SONIA may behave materially differently as interest reference rates for Covered Bonds issued under the Programme. The use of SONIA as a reference rate for Eurobonds is nascent, and is subject to development, both in terms of substance of the calculation and in the development and adoption of market infrastructure for issuance and trading of securities referencing SONIA. Accordingly, prospective investors in Covered Bonds referencing SONIA should be aware that the market continues to develop in relation to the SONIA as a reference rate in the capital markets and its adoption as an alternative to Sterling LIBOR. For example, in the context of backwards-looking SONIA rates, market participants and relevant working groups are currently assessing the differences between compounded rates and weighted average rates, and such groups are also exploring forward-looking "term" SONIA reference rates (which seek to measure the market's forward expectation of an average SONIA rate over a designated term). The adoption of SONIA may also see component inputs into swap rates or other composite rates transferring from LIBOR or another reference rate to SONIA.

The market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in the Conditions and used in relation to Floating Rate Covered Bonds that reference SONIA issued under this Programme. Furthermore, an Issuer may in the future also issue Covered Bonds referencing SONIA that differ materially in terms of interest determination when compared with any previous SONIA referenced Covered Bonds issued by it under this Programme. The nascent development of SONIA as interest reference rate for the Eurobond markets, as well as continued development of the SONIA-based rate for such markets and the market infrastructure for adopting such rate, could result in reduced liquidity or increased volatility or could otherwise affect the market price of any SONIA-referenced Covered Bonds issued under the Programme from time to time. Equally in such circumstances, it may be difficult for the Covered Bond Guarantor to find any future required replacement Swap Provider to properly hedge its then interest rate or currency 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 SONIA that then differs from products then prepared to be hedged by such Swap Providers.

Furthermore, interest on Covered Bonds which reference a SONIA rate is only capable of being determined at the end of the relevant Observation Period (as defined in the Conditions) and immediately prior to the relevant Interest Payment Date. It may be difficult for holders of Covered Bonds that reference a SONIA rate to reliably estimate the amount of interest that will be payable on such Covered Bonds and some investors may be unable or unwilling to trade such Covered Bonds without changes to their IT systems, both of which could adversely impact the liquidity of such Covered Bonds. Further, if the Covered Bonds become due and payable under Condition 9 (*Events of Default and Enforcement*), the Rate of Interest payable will be determined on the date the Covered Bonds became due and payable and will not be reset thereafter. Investors should consider these matters when making their investment decision with respect to any such Floating Rate Covered Bonds.

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

Since SONIA is a relatively new market index, Covered Bonds linked to SONIA may have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for debt securities linked to SONIA may evolve over time and trading prices of the Covered Bonds may be lower than those of later issued Covered Bonds that are linked to SONIA as a result. Further, if SONIA does not prove to be widely used in securities like the Covered Bonds, the trading price of such Covered Bonds linked to SONIA may be lower than those of Covered Bonds linked to indices that are more widely used. Investors in such Covered Bonds 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 SONIA will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in Covered Bonds referencing SONIA. If the manner in which SONIA is calculated is changed,

that change may result in a reduction of the amount of interest payable on such Covered Bonds and the trading prices of such Covered Bonds.

In addition, in the event that the SONIA reference rate is not available in the relevant Observation Period, the Conditions of the Covered Bonds provide for certain fallback arrangements, including that the SONIA reference rate may be (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing on the relevant London Banking Day; plus (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five London Banking Days on which a SONIA reference rate has been published excluding the highest and lowest spread to the Bank Rate.

Investors should consider these matters when making their investment decision in relation to Floating Rate Covered Bonds which reference SONIA.

***The market continues to develop in relation to Covered Bonds that reference SOFR***

The Secured Overnight Financing Rate ("**SOFR**") is published by the Federal Reserve Bank of New York and is intended to be a broad measure of the cost of borrowing cash overnight collateralised by Treasury securities and a current preferred replacement rate to U.S. dollar LIBOR. The composition and characteristics of SOFR are not the same as those of LIBOR where the index currency is U.S. dollars. There can be no assurance that SOFR will perform in the same way as LIBOR where the index currency is U.S. dollars would have at any time. The Federal Reserve Bank of New York notes on its publication page for SOFR that the Federal Reserve Bank of New York may alter the methods of calculation, publication schedule, rate revision practices or availability of SOFR at any time without notice. The Federal Reserve Bank of New York has no obligation to consider the interests of holders of the Covered Bonds in calculating, adjusting, converting, revising or discontinuing SOFR.

Publication of SOFR began on 3 April 2018 and it therefore has a very limited history. In addition, the future performance of SOFR cannot be predicted based on its historical performance. The level of SOFR over the term of the Covered Bonds may bear little or no relation to the historical level of SOFR. Prior observed patterns, if any, in the behaviour of market variables, such as correlations, may change in the future. While some pre-publication hypothetical performance data has been published by the Federal Reserve Bank of New York, such data inherently involves assumptions, estimates and approximations. Furthermore, since the initial publication of SOFR, daily changes in the rate have, on occasion, been more volatile than daily changes in comparable benchmark or market rates. As a result, the return on and value of Covered Bonds that reference SOFR may fluctuate more than floating rate debt securities that are linked to less volatile rates. The future performance of SOFR is impossible to predict and therefore no future performance of SOFR or the Covered Bonds may be inferred from any of the hypothetical or actual historical performance data. Hypothetical or actual historical performance data are not indicative of, and have no bearing on, the potential performance of SOFR or the Covered Bonds.

The market or a significant part thereof may adopt an application of SOFR that differs significantly from that set out in the Conditions and used in relation to Floating Rate Covered Bonds that reference a SOFR rate issued under this Programme. An Issuer may in the future also issue Covered Bonds referencing SOFR that differ materially in terms of interest determination when compared with any previous SOFR referenced Covered Bonds issued by it under this Programme. The development of Compounded Daily SOFR as an interest reference rate for the Eurobond markets, as well as continued development of SOFR-based rates for such markets 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 SOFR Covered Bonds issued under this Programme from time to time.

Furthermore, interest on Covered Bonds which reference a SOFR rate is only capable of being determined on the Interest Determination Date. It may be difficult for holders of Covered Bonds that reference SOFR to reliably estimate the amount of interest that will be payable on such Covered Bonds and some investors may be unable or unwilling to trade such Covered Bonds without changes to their information technology systems, both of which could adversely impact the liquidity of such Covered Bonds. Further, if the Covered Bonds become due and payable as described under Condition 9 (*Events of Default and Enforcement*), the Rate of Interest payable shall be determined on the date the Covered Bonds became due and payable and shall not be reset thereafter. Investors should consider these matters when making their investment decision with respect to any such Floating Rate Covered Bonds.

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

Since SOFR is a relatively new market index, Covered Bonds linked to SOFR may have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for debt securities linked to SOFR, such as the margin over SOFR reflected in interest rate provisions, may evolve over time, and trading prices of the Covered Bonds may be lower than those of later-issued Covered Bonds that are linked to SOFR as a result. Further, if SOFR does not prove to be widely used in securities like the Covered Bonds, the trading price of such Covered Bonds linked to SOFR may be lower than those of Covered Bonds linked to indices that are more widely used. Investors in such Covered Bonds 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 SOFR will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in Covered Bonds referencing SOFR. If the manner in which SOFR is calculated is changed, that change may result in a reduction of the amount of interest payable on such Covered Bonds and the trading prices of such Covered Bonds.

Furthermore, SOFR Covered Bonds have certain fallback arrangements in the event that the SOFR reference rate is not available on the Website of the Federal Reserve Bank of New York (as defined in Condition 4 (*Interest and other Calculations*)) in relation to any U.S. Government Securities Business Day the Conditions of the Covered Bonds provide for certain fallback arrangements, including that the SOFR reference rate may be (i) the daily SOFR in respect of the last U.S. Government Securities Business Day for which such rate was published on the Website of the Federal Reserve Bank of New York; or (ii) (A) if the rate specified in clause (i) of the definition of SOFR under Condition 4 (*Interest and other Calculations*) is not so published and (B) a SOFR Index Cessation Event and a SOFR Index Cessation Effective Date have both occurred, such rate is determined in accordance with Condition 4(k) (*Benchmark Replacement*).

#### ***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 the requirements specified in the Conditions) following the failure by the Relevant Issuer and the Guarantor (in the case of Covered Bonds issued by ANZNIL) to pay, in full, the Final Redemption Amount of the relevant Series of Extendable Maturity Covered Bonds on their Final Maturity Date and a determination being made by the Trust Manager that the Covered Bond Guarantor has insufficient funds available under the Guarantee Priority of Payments to pay the Guaranteed Amounts corresponding to the unpaid portion of such Final Redemption Amount in respect of the relevant Series of Extendable Maturity Covered Bonds, then 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 (*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. 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. As a result, Covered Bondholders will not be entitled to pursue remedies in respect of a Covered Bond Guarantor Event of Default, even if payments made by the Covered Bond Guarantor do not fully cover the Final Redemption Amount.

Additionally, 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 commencement of winding up proceedings against the Trust and/or the realisation of the Security), 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.

#### **Risk related to the development of a market for Covered Bonds which may be issued under the Programme**

##### ***Absence of secondary market; lack of liquidity***

No assurance is provided that there is an active and liquid secondary market for the Covered Bonds and there can be no assurance that a secondary market for the Covered Bonds issued by the Issuers will develop. The Covered Bonds have not been, and will not be, registered under the Securities Act or any other applicable securities laws and are subject to certain restrictions on the resale and transfer thereof as set forth under "*Subscription and Sale*". To the extent that a secondary market exists or develops further, 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 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.

Potential investors must therefore be able to bear the risks of any investment they make in the Covered Bonds for an indefinite period of time during the life of such Covered Bonds.

##### **Risks relating to the Issuers and the Guarantor, including the ability of the Relevant Issuer and the Guarantor (if ANZNIL is the Issuer) to fulfil their obligations under the Covered Bonds and the ability of the Guarantor to fulfil its obligations under the Guarantee (in the case of Covered Bonds issued by ANZNIL)**

The ANZ New Zealand Group's activities are subject to risks, including risks arising from the coronavirus pandemic ("**COVID-19**"), that can adversely impact its business, operations, results of operations, reputation, prospects, liquidity, capital resources, financial performance and financial condition.

The risks and uncertainties described below are not the only ones that the ANZ New Zealand Group may face. Additional risks and uncertainties that the ANZ New Zealand Group is unaware of, or that the ANZ New Zealand Group currently deems to be immaterial, may also become important factors that affect the ANZ New Zealand Group.

If any of the specified or unspecified risks actually occur, the ANZ New Zealand Group's Position may be materially and adversely affected.

##### **Risks related to the Issuer's and the Guarantor's business activities and industry**

***The COVID-19 pandemic has, and future outbreaks of other communicable diseases or pandemics may, materially and adversely affect the ANZ New Zealand Group's Position***

The outbreak of the novel strain of coronavirus in late 2019, specifically identified as SARS-CoV-2, with the disease referred to as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. Due to COVID-19, governments worldwide, including New Zealand, have imposed wide-ranging restrictions on, suspensions of, or advice against, travel, events, and meetings and many other normal activities and undertaken substantial and costly monetary and fiscal interventions designed to stabilise sovereign nations and financial markets. Governments may in the foreseeable future implement and introduce further measures to contain the pandemic. The full extent of the duration and impact of the COVID-19 pandemic are unknown at this time, as is the efficacy of the government and central bank interventions.

Major disruptions to community health and economic activity are having wide-ranging negative effects across most business sectors in New Zealand and globally, which in turn has impacted demand for the ANZ New Zealand Group's products and services and resulted in a deterioration of the quality of the ANZ New Zealand Group's credit portfolio. Additionally, many of the ANZ New Zealand Group's borrowers have been negatively impacted by the COVID-19 pandemic and the ANZ New Zealand Group is exposed to an increased risk of credit loss from borrowers in the following sectors: transportation (including airlines, shipping, road and rail); ports, tourism and travel (including accommodation, food and beverage); healthcare; agriculture; education; retail (including e-commerce due to a reduction in logistics activity); property (particularly shopping malls and hotels); construction and contractors; and distribution and logistics. See Notes 1, 7 and 11 of the ANZ New Zealand Interim Financial Statements and section B3 of the Half Year Disclosure Statement.

In response to the COVID-19 pandemic, the ANZ New Zealand Group established a range of accommodations and measures designed to assist its personal and business customers but there can be no assurance that these accommodations and measures will be sufficient to prevent or mitigate further hardship, or ensure the delivery of the ANZ New Zealand Group's products and services, and there is a risk that the ANZ New Zealand Group's Position may be materially and adversely affected. These accommodations and measures, while supporting the ANZ New Zealand Group's customers, may in turn have a negative impact on the ANZ New Zealand Group's Position, may negatively impact the ANZ New Zealand Group's net interest margin, and may result in the ANZ New Zealand Group assuming a greater level of risk than it would have under ordinary circumstances and the ANZ New Zealand Group's Position may be materially and adversely affected as a result.

Significant requests for assistance from retail and small business customers have been received by the ANZ New Zealand Group's customer service team. These requests are anticipated to grow in the short term if the crisis deepens. The ANZ New Zealand Group is considering additional resourcing and process changes to enable it to support its customers. It is uncertain, at this stage, what percentage of its lending portfolio will be impacted. In the longer term, asset values may start to deteriorate if a large quantity of retail and business customers liquidate their investments, either during, or immediately after, the crisis or due to a decrease in demand for these assets. In both scenarios, loan-to-value ratios ("LVR") are expected to be impacted.

The prospect of substantially reduced global economic activity has caused substantial volatility in the financial markets and such volatility may continue. A deterioration of public finances of sovereigns in response to COVID-19 may lead to further increased volatility and widening credit spreads. COVID-19 has also affected, and can be expected to continue to impact, the ANZ New Zealand Group's ability to continue its operations without interruption or delays due to closure of and restricted access to premises, contagion management and travel restrictions. Any related illness or quarantine of the ANZ New Zealand Group's employees or contractors or suspension of the ANZ New Zealand Group's business operations at its branches, business centers and offices could affect the ANZ New Zealand Group's Position.

The ramifications of COVID-19 are highly uncertain and, as at the date of this Base Prospectus, it is difficult to predict the spread or duration of the pandemic. All or any of the negative conditions related to the COVID-19 pandemic described above may cause a further reduction in demand for the ANZ New Zealand Group's products and services and/or an increase in loan and other credit defaults, bad debts, and impairments and/or an increase in the cost of the ANZ New Zealand Group's operations. Should

these occur, it is likely that they will result in a material adverse effect on the ANZ New Zealand Group's Position.

Actions taken by regulators in response to the COVID-19 pandemic have impacted, and may continue to impact, the ANZ New Zealand Group. As an example, the RBNZ made the decision to freeze the distribution of dividends on ordinary shares by New Zealand incorporated registered banks during the period of economic uncertainty caused by COVID-19. For further information on the regulatory response see "*Recent Developments—Regulatory Response to the COVID-19 Pandemic and Other Developments*" in this Base Prospectus.

To the extent the COVID-19 pandemic adversely affects the ANZ New Zealand Group's Position, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section.

***Changes in political and general business and economic conditions, including disruption in New Zealand or global credit and capital markets, may adversely affect the ANZ New Zealand Group's Position***

The ANZ New Zealand Group's financial performance is primarily influenced by the political and economic conditions and the level of business activity in the major countries and regions in which the ANZ New Zealand Group or its customers or counterparties operate, trade or raise funding including, without limitation, New Zealand, Australia, Asia, the Pacific, the United Kingdom, Europe and the United States (the "**Relevant Jurisdictions**").

As the ANZ New Zealand Group conducts substantially all of its lending business in New Zealand, its performance is greatly influenced by economic and business conditions that prevail in New Zealand, including the level and cyclical nature of business activity, which in turn are affected by, among other things, domestic and international economic events, political events and natural disasters, and by movements and events that occur in global financial markets.

The COVID-19 pandemic is having, and is expected to continue to have, a significant impact on the global economy and global markets, including in New Zealand. The imposition of travel restrictions, border controls, social distancing, quarantine protocols and other containment measures could contribute to a continuing slowdown in economic conditions across the world and suppress demand for commodities, interrupt the supply chain for many industries globally, dampen consumer confidence and suppress business earnings and growth prospects, all of which could contribute to ongoing volatility in global financial markets. See the risk factor entitled "*The COVID-19 pandemic has, and future outbreaks of other communicable diseases or pandemics may, materially and adversely affect the ANZ New Zealand Group's Position*".

A deep global recession is probable. Many countries are facing large declines in gross domestic product as they restrict activities to manage the spread of the virus, with sharp increases in unemployment rates. Governments are responding with enormous fiscal stimulus as well as monetary easing and regulatory forbearance that is designed to offset at least some of the worst impact of the shock. Nevertheless, the ANZ New Zealand Group believes that such stimulus is unlikely to prevent the drop in economic activity stemming from the widespread lockdowns aimed at stalling the spread of virus.

The impact of this shock on credit losses and asset values is very uncertain. Many of the policies being put in place are designed to 'hibernate' large parts of the economy so that activity can resume when the pandemic subsides. However, there is considerable uncertainty about both the length of this hibernation and the most appropriate economic structure once the crisis has passed. While the impact of the economic disruption caused by COVID-19, and the governmental responses to it, remain uncertain, the ANZ New Zealand Group may be materially adversely affected by a protracted downturn in economic conditions globally and, in particular, in New Zealand.

Even before COVID-19, the impact of the global financial crisis in 2007 and its aftermath continued to affect regional and global economic activity, confidence and capital markets. Prudential authorities implemented increased regulations in an attempt to mitigate the risk of such events recurring, although there can be no assurance that such regulations will be effective. The ANZ New Zealand Group believes that the global financial crisis has also had a lasting effect on consumer and business behaviour in advanced economies, including the major countries and regions in which the ANZ New Zealand Group or its customers or counterparties operate. Consumers in recent years have reduced their savings rates in

the face of weak income growth, while businesses have been reluctant to invest and inflation has remained low. The potential for escalation in geopolitical risks has also contributed to vulnerability in consumer and business behaviour. Monetary authorities responded to the global financial crisis by introducing close to zero or below zero interest rates across most countries, and the major central banks took unconventional steps to support growth and raise inflation.

This policy history has been an important precedent for the policy response to COVID-19. The changed behaviour of consumers and businesses, higher debt levels and reduced monetary policy buffers also leave economies more vulnerable to disruptions that might develop from natural disasters such as earthquakes or the transmission of new diseases.

Global political conditions that impact the global economy have led to, and may continue to result in extended periods of increased political and economic uncertainty and volatility in the global financial markets, which could adversely affect the ANZ New Zealand Group's Position. Recent examples of events that have affected global political conditions include the UK's vote to leave the European Union ("EU") in a referendum (commonly referred to as "**Brexit**") in 2016, resulting in the UK formally leaving the EU on 31 January 2020, and global trade developments relating to, among other things, the imposition or threatened imposition of trade tariffs and levies by major countries, including by those that are New Zealand's significant trading partners. Such global political conditions have contributed to economic uncertainty and volatility in the global financial markets and have negatively impacted and could continue to negatively impact consumer and business activity within the markets in which the ANZ New Zealand Group or its customers or counterparties operate, or result in the introduction of new and/or divergent regulatory frameworks that the ANZ New Zealand Group will need to adhere to.

Although there has been some de-escalation in trade tensions between the United States and some of its trading partners, such as China, there is the prospect of a re-escalation due to the global spread of COVID-19 and the U.S. presidential election campaign. The election is scheduled for November 2020. The implementation of further protectionist policies by New Zealand's key trading partners and allies may adversely impact the demand for New Zealand exports and may lead to declines in global growth.

Brexit may adversely affect the business operations of the ANZ New Zealand Group, its customers and counterparties in Europe. The financial, trade and legal implications of Brexit remain uncertain and its impact may be more severe than expected given that the terms of the United Kingdom's future trading relations with the EU are still not known and given the lack of comparable precedent. As a result, the ANZ New Zealand Group is subject to the risk that changes to the structure of its business operations in Europe may be required as a result of the final terms of Brexit.

Political and economic uncertainty has in the past led to declines in market liquidity and activity levels, volatile market conditions, a contraction of available credit, lower or negative interest rates, weaker economic growth and reduced business confidence, each of which may adversely affect the ANZ New Zealand Group's Position. The Monetary Policy Committee has stated that it will hold the Official Cash Rate ("**OCR**") at 0.25 per cent until March 2021, but negative interest rates remain an option in the future. These conditions may also adversely affect the ANZ New Zealand Group's ability to raise medium or long-term funding in the international capital markets.

The economic conditions of New Zealand or other regions with economic connections to New Zealand (in particular, New Zealand's major trading partners, such as Australia or China), may also be affected by geopolitical instability, including potential or actual conflict, occurring around the world, such as the ongoing unrest and conflicts in Ukraine, North Korea, Hong Kong, Syria, Egypt, Afghanistan, Iraq, Iran, Nicaragua and elsewhere, as well as the current high threat of terrorist activities. Geopolitical instability affects global financial markets, general business and economic conditions, and consequently, the ANZ New Zealand Group's Position.

Slower growth and uncertainty regarding global growth in the future may depress global commodity prices, particularly dairy and agricultural prices, and add to financial market uncertainty. A further or sustained slowdown in global economic growth or a decline in commodity prices could depress the volume and price of New Zealand's exports, such as dairy products, with negative flow-on effects for those industries closely tied to the export sector.

Movements in the New Zealand dollar illustrate the potential volatility in, and significance of global economic events to, the value of the New Zealand dollar relative to other currencies. Depreciation of the

New Zealand dollar relative to other currencies would increase the foreign debt servicing obligations in New Zealand dollar terms of unhedged exposures. In contrast, an appreciation in the New Zealand dollar relative to other currencies could negatively impact New Zealand's agricultural exports and international tourism.

Should difficult economic conditions in markets in which the ANZ New Zealand Group or its customers or counterparties operate (which include housing and agriculture) develop or persist, asset values in the housing, commercial or rural property markets could decline, unemployment could rise and corporate and personal incomes could suffer. Deterioration in global markets, including equity, property, currency and other asset markets, may adversely impact the ANZ New Zealand Group's customers and the security the ANZ New Zealand Group holds against loans and other credit exposures, which may impact the ANZ New Zealand Group's ability to recover loans and other credit exposures. In addition, a significant decline in asset values in the New Zealand housing market could materially affect the New Zealand banking sector, including the ANZ New Zealand Group, given the large exposure of the New Zealand banking sector to this market.

The ANZ New Zealand Group's financial performance may also be adversely affected if the ANZ New Zealand Group is unable to adapt cost structures, products, pricing or activities in response to a drop in demand or lower than expected revenues. Similarly, higher than expected costs (including credit and funding costs) could be incurred because of adverse changes in the economy, general business conditions or the operating environment in the countries or regions in which the ANZ New Zealand Group or its customers or counterparties operate.

For current economic conditions impacting the ANZ New Zealand Group and its customers, including changes in the real estate market in New Zealand, see "*—Weakening of the real estate market in New Zealand may adversely affect the ANZ New Zealand Group's Position*". For additional political conditions impacting the ANZ New Zealand Group, see "*—Regulatory changes or a failure to comply with laws, regulations or policies may adversely affect the ANZ New Zealand Group's Position*".

All or any of the negative political, business or economic conditions described above may cause a reduction in demand for the ANZ New Zealand Group's products and services and/or an increase in loan and other credit defaults and bad debts, which may adversely affect the ANZ New Zealand Group's Position.

#### ***Competition in the markets in which the ANZ New Zealand Group operates may adversely affect the ANZ New Zealand Group's Position***

The markets in which the ANZ New Zealand Group operates are highly competitive and could become even more so.

Examples of factors that may affect competition and negatively impact the ANZ New Zealand Group's Position include:

- entities that the ANZ New Zealand Group competes with, including those outside of New Zealand, could be subject to different levels of regulation and regulatory activity. This could allow them to offer more competitive products and services, including because those different levels give them a lower cost base and/or the ability to attract employees that the ANZ New Zealand Group would otherwise seek to employ;
- digital technologies and business models are changing customer behaviour and the competitive environment and emerging competitors are increasingly utilising new technologies and seeking to disrupt existing business models in the financial services sector;
- existing companies from outside of the traditional financial services sector may seek to directly compete with the ANZ New Zealand Group by offering products and services traditionally provided by banks, including by obtaining banking licences and/or by partnering with existing providers;
- consumers and businesses may choose to transact using, or to invest in, new forms of currency (such as cryptocurrencies) in relation to which the ANZ New Zealand Group may choose not to provide financial services; and



- emerging fintechs and banks partnering to develop a framework that provides third-party financial service providers open access to consumer banking, transaction, and other financial data from banks and non-bank financial institutions may lead to increased competition, which could result in weakening the profitability of banks that are slow to adapt to the changing financial system landscape. At the date of this Base Prospectus, there is no regulatory requirement to provide third-party financial service providers open access to consumer banking, transaction, and other financial data held by registered banks in New Zealand. However, in December 2019, the New Zealand Minister of Commerce and Consumer Affairs notified New Zealand banks that he is seeking advice on a possible Consumer Data Right in New Zealand, and indicated that legislative reform could occur in the future.

The impact on the ANZ New Zealand Group of an increase in competitive market conditions or a technological change that puts the ANZ New Zealand Group's business platforms at a competitive disadvantage, especially in the ANZ New Zealand Group's main markets and products, could lead to a material reduction in the ANZ New Zealand Group's market share, customers and margins and adversely affect the ANZ New Zealand Group's Position.

Increased competition for deposits may increase the ANZ New Zealand Group's cost of funding. If the ANZ New Zealand Group is not able to successfully compete for deposits, it would be forced to rely more heavily on other, less stable or more expensive forms of funding, or to reduce lending. This may adversely affect the ANZ New Zealand Group's Position.

The COVID-19 pandemic and future economic disruptions could have a significant impact on competition in the New Zealand financial services sector over the medium-term due to funding cost and provision increases, structurally low interest rates, insufficient liquidity, implementation of business continuity plans, changes to business strategies and temporary regulatory safe harbours. The low-growth environment will likely lead to heightened competitive intensity and margin compression.

Further, the New Zealand Government and its agencies have sought to lower lending and funding costs for both banks and non-banks. These actions may support providers that compete with the ANZ New Zealand Group.

Given the importance of a functioning and competitive banking sector, and the New Zealand Government's current desire to pursue a pro-growth agenda in response to the economic disruption caused by the COVID-19 pandemic, it is anticipated that over the longer-term the level of competition in the New Zealand financial services sector will remain a focus area for the New Zealand Government. Possible future policy reform in this area may result in increased competitive pressure in the ANZ New Zealand Group's key markets which may adversely affect the ANZ New Zealand Group's Position.

***Weakening of the real estate market in New Zealand may adversely affect the ANZ New Zealand Group's Position***

Residential and rural property lending, together with real estate development and investment property finance, constitute important businesses of the ANZ New Zealand Group. Since 2009, the world's major central banks have embarked upon unprecedented monetary policy stimulus. The resulting weight of funds searching for yield continues to be a significant driver underlying property markets in New Zealand. However, the economic impacts of the spread of the COVID-19 pandemic and the related measures in place to control it have the potential to drive a material decline in residential property prices due to, among other things, increased unemployment in New Zealand which, along with a number of other potential factors in the medium term, may result in reductions in house prices.

A continued weakening, potentially compounded by the negative impacts of the COVID-19 pandemic as it unfolds, of the real estate market in New Zealand and other markets where the ANZ New Zealand Group does business could impact the ANZ New Zealand Group in a number of ways. These include:

- declining asset prices could impact customers, counterparties and the value of security (including residential and rural property) the ANZ New Zealand Group holds against these loans, impacting the ANZ New Zealand Group's ability to recover amounts owing if customers or counterparties were to default;

- the price of insurance for properties perceived to be at high risk from earthquake damage or susceptible to climate change risks, such as rising sea levels and coastal inundation, is increasing. An increase in the price of insurance could result in a) the property owner not renewing the policy; or b) additional exclusions from the policy, for example, natural hazard cover. Where either the premium cost is considered prohibitive or a property cannot be insured, this could result in a reduction in the security value of properties that the ANZ New Zealand Group holds as collateral and may give rise to credit related losses due to customers being unable or unwilling to repay debt following damage to their property, which may adversely affect the ANZ New Zealand Group's Position;
- declining demand for the ANZ New Zealand Group's residential lending products due to buyer concerns about decreases in values or concerns about rising interest rates that may make its lending products less attractive to potential homeowners and investors. In the case of residential loans, customers with high levels of leverage could show a higher propensity to default, and in the event of such defaults the decrease in security values, may cause the ANZ New Zealand Group to incur higher credit losses, which may adversely affect the ANZ New Zealand Group's Position; and
- a material decline in residential housing prices may also cause losses in the ANZ New Zealand Group's residential development portfolio if customers who are pre-committed to purchase these dwellings are unable or unwilling to complete their contracts and the ANZ New Zealand Group is forced to re-sell these dwellings at a loss.

The ANZ New Zealand Group's portfolio of commercial property loans may be particularly susceptible to asset price deflation, tenancy risk (comprising of underlying income generation from tenancy mix and vacancy levels), delivery risk and settlement risk, which may result in higher credit losses, refinance risk and deteriorating security values.

A significant decrease in property valuations or a significant slowdown in real estate markets where the ANZ New Zealand Group does business, could result in a decrease in new lending opportunities or lower recovery rates. Furthermore, while there has yet to be a significant downturn of the New Zealand real estate markets due to the impact of COVID-19, it is expected over time that this downturn will occur. At this point, it is unclear as to timing and magnitude of this downturn. It is expected however that the longer the pandemic continues the greater the impact will be. The impacts to the residential, rural and commercial property portfolios described above may cause a reduction in demand for the ANZ New Zealand Group's products and services and/or increased costs through higher credit losses that may in turn materially and adversely impact the ANZ New Zealand Group's Position.

***Sovereign risk events may destabilise global financial markets and may adversely affect the ANZ New Zealand Group's Position***

Sovereign risk is the risk that governments will default on their debt obligations, be unable to refinance their debts as and when they fall due or nationalise parts of their economy. Sovereign risk exists in many economies, including the United States, the United Kingdom, China, Europe, Australia and New Zealand. Should one sovereign default, there could be a cascading effect to other markets and countries, the consequences of which, while difficult to predict, may be similar to or worse than those experienced during the global financial crisis and subsequent sovereign debt crises. Significant uncertainties exist relating to the COVID-19 crisis that is currently unfolding globally. These COVID-19 related uncertainties, combined with pre-existing sovereign risk are significantly destabilising global financial markets, which in turn could adversely affect the ANZ New Zealand Group's Position. For more information on risks relating to the COVID-19 pandemic see the risk factor entitled "*The COVID-19 pandemic has, and future outbreaks of other communicable diseases or pandemics may, materially and adversely affect the ANZ New Zealand Group's Position* " and "*Recent Developments—Regulatory Response to the COVID-19 Pandemic and Other Developments*".

***Market risk events may adversely affect the ANZ New Zealand Group's Position***

Market risk is the risk of loss arising from adverse changes in interest rates, currency exchange rates, credit spreads, or from fluctuations in bond, commodity or equity prices. For purposes of financial risk management, the ANZ New Zealand Group differentiates between traded and non-traded market risks. Traded market risks principally arise from the ANZ New Zealand Group's trading operations in interest

rates, foreign exchange, commodities and securities. The non-traded market risk is predominantly interest rate risk in the banking book. Other non-traded market risks include transactional and structural foreign exchange risk arising from capital investments in offshore operations and non-traded equity risk. Losses arising from the occurrence of such market risk events may adversely affect the ANZ New Zealand Group's Position.

As a result of COVID-19, in March 2020 there was a substantial impact to market liquidity across most asset classes as market volatility significantly increased. Over the past three months, market conditions have improved and volatility has reduced (but still remains above the levels observed during 2019). The future impact of COVID-19 on financial markets does remain uncertain (see the risk factor entitled "*The COVID-19 pandemic has, and future outbreaks of other communicable diseases or pandemics may, materially and adversely affect the ANZ New Zealand Group's Position*").

***Changes in exchange rates may adversely affect the ANZ New Zealand Group's Position***

As the ANZ New Zealand Group conducts business in several different currencies, although mainly in New Zealand dollars, its businesses may be affected by a change in currency exchange rates. Additionally, as the ANZ New Zealand Group's financial statements are prepared and stated in New Zealand dollars, any appreciation in the New Zealand dollar against other currencies in which the ANZ New Zealand Group earns revenues (particularly the New Zealand dollar and U.S. dollar) may adversely affect its reported earnings.

Appreciation in the New Zealand dollar relative to other currencies could have an adverse effect on certain portions of the New Zealand economy, including agricultural exports, international tourism, manufacturers, and import-competing producers, which may adversely affect the ANZ New Zealand Group's Position. Depreciation in the New Zealand dollar relative to other currencies will increase debt servicing obligations in New Zealand dollar terms of unhedged foreign currency exposures.

***The regulation, reform and replacement of benchmark rates could have adverse consequences on the ANZ New Zealand Group's securities issuances and its capital markets and investment activities***

Interest rate, equity, foreign exchange rate and other types of indices which are deemed to be "benchmarks" including those in widespread and long-standing use, have been the subject of ongoing international regulatory scrutiny, and initiatives and proposals for reform. Some of these reforms are already in effect while others are still to be implemented or are under consideration. These reforms may cause benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be fully anticipated.

Any of the benchmark reforms which have been proposed or implemented, or the general increased regulatory scrutiny of benchmarks, could also increase the costs and risks of administering or otherwise participating in the setting of benchmarks and complying with regulations or requirements relating to benchmarks. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain benchmarks, trigger changes in the rules or methodologies used in certain benchmarks or lead to the disappearance of certain benchmarks. Any of these developments, and any future initiatives to regulate, reform or change the administration of benchmarks, could result in adverse consequences to the return on, value of and market for loans, mortgages, securities, derivatives and other financial instruments whose returns are linked to any such benchmark, including those issued, funded or held by the ANZ New Zealand Group.

Various regulators, industry bodies and other market participants globally are engaged in initiatives to develop, introduce and encourage the use of alternative rates to replace certain benchmarks. There is no assurance that these new rates will be accepted or widely used by market participants, or that the characteristics of any of these new rates will be similar to, or produce the economic equivalent of, the benchmarks that they seek to replace. If a particular benchmark were to be discontinued and an alternative rate is not successfully introduced to replace that benchmark, this could result in widespread dislocation in the financial markets, engender volatility in the pricing of securities, derivatives and other instruments, and suppress capital markets activities, all of which could have adverse effects on the ANZ New Zealand Group's Position. In addition, the transition of a particular benchmark to a replacement rate could affect hedge accounting relationships between financial instruments linked to that benchmark and any related derivatives, which could adversely affect the ANZ New Zealand Group's Position.

In July 2017, the FCA, which regulates LIBOR, announced that it will no longer persuade or compel banks to submit rates for the calculation of LIBOR after 2021. There is no certainty as to whether, or on what basis, LIBOR will be calculated and published up to or after 2021. In a subsequent announcement in July 2018, the FCA emphasised the need for market participants to transition away from LIBOR before the end of 2021. Such announcements indicate that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021, and there is a substantial risk that LIBOR will be discontinued or modified by the end of 2021.

Vast amounts of loans, mortgages, securities, derivatives and other financial instruments are linked to the LIBOR benchmark, and any failure by market participants and regulators to successfully introduce benchmark rates to replace LIBOR and implement effective transitional arrangements to address the discontinuation of LIBOR could result in disruption in the financial markets, suppress capital markets activities and give rise to litigation claims, all of which could have a negative impact on the ANZ New Zealand Group's Position and on the value of LIBOR-linked securities or other instruments which are issued, funded or held by the ANZ New Zealand Group.

#### ***Acquisitions and/or divestments may adversely affect the ANZ New Zealand Group's Position***

The ANZ New Zealand Group regularly examines a range of corporate opportunities, including acquisitions and divestments, with a view to determining whether those opportunities will enhance the ANZ New Zealand Group's strategic position and financial performance. For example, in June 2020, ANZ New Zealand announced the sale of UDC Finance limited ("UDC") which has not yet completed.

Integration (or separation) of an acquired (or divested) business can be complex and costly, sometimes including combining (or separating) relevant accounting and data processing systems, and management controls, as well as managing relevant relationships with employees, customers, regulators, counterparties, suppliers and other business partners.

Integration (or separation) efforts could create inconsistencies in standards, controls, procedures and policies, as well as diverting management attention and resources. There is also the risk of counterparties making claims in respect of completed or uncompleted transactions against the ANZ New Zealand Group that could adversely affect the ANZ New Zealand Group's Position. There can also be no assurance that any acquisition (or divestment) would have the anticipated positive results around cost or cost savings, time to integrate and overall performance. All or any of these factors could adversely affect the ANZ New Zealand Group's ability to conduct its business successfully and impact the ANZ New Zealand Group's operations or results. Additionally, there can be no assurance that employees, customers, counterparties, suppliers and other business partners of newly acquired (or retained) businesses will remain post-acquisition (or post-divestment). Further, there is a risk that completion of an agreed transaction may not occur whether in the form originally agreed between the parties or at all, including due to failure of the counterparty to satisfy its completion conditions or because other completion conditions such as obtaining relevant regulatory or other approvals are not satisfied. Should any of these integration or separation risks occur, this could adversely affect the ANZ New Zealand Group's Position.

#### **Risks related to the Issuers' and the Guarantor's financial situation**

##### ***Credit risk may adversely affect the ANZ New Zealand Group's Position***

As a financial institution, the ANZ New Zealand Group is exposed to the risks associated with extending credit to other parties, including incurring credit-related losses that can occur as a result of a counterparty being unable or unwilling to honour its contractual obligations. Credit losses can and have resulted in financial services organisations realising significant losses and in some cases failing altogether.

The risk of credit-related losses may be increased by a number of factors, including deterioration in the financial condition of the economies in which the ANZ New Zealand Group or its customers or counterparties operate, a sustained high level of unemployment in the markets in which the ANZ New Zealand Group or its customers or counterparties operate, more expensive imports into New Zealand due to the reduced strength of the New Zealand dollar relative to other currencies, a deterioration of the financial condition of the ANZ New Zealand Group's customers or counterparties, a reduction in the value of assets the ANZ New Zealand Group holds as collateral, and a reduction in the market value of the counterparty instruments and obligations it holds.

Less favourable business or economic conditions, whether generally or in a specific industry sector or geographic region, as well as the occurrence of events such as natural disasters or pandemics, could cause customers or counterparties to fail to meet their obligations in accordance with agreed terms.

For example, the ANZ New Zealand Group's customers and counterparties in or with exposure to:

- industries impacted by the COVID-19 pandemic and adverse natural events (e.g. earthquakes), particularly: transportation (including airlines, shipping, road and rail); ports, tourism and travel (including accommodation, food and beverage); healthcare; agriculture; education; retail (including e-commerce due to a reduction in logistics activity); property (particularly shopping malls and hotels); construction and contractors; and distribution and logistics;
- segments reliant on consumer discretionary spend in New Zealand that are exposed to a slowdown in spending levels, rising unemployment and a combination of a slowing housing market, low wage growth and high household debt or a potential loss in consumer confidence including in the tourism, specialty retail, travel, leisure and the automotive sectors;
- increased geopolitical risk including the continuation or escalation of the trade conflict between the U.S. and China may impact the outlook for commodity prices due to a growing possibility of declining global growth. A further or sustained slowdown in global economic growth or a decline in commodity prices could depress the volume and price of exports, such as dairy and agricultural prices in New Zealand, with negative flow-on effects for those industries closely tied to the export sector;
- significant variation in the cost structures across New Zealand dairy farms, and some farms may struggle to achieve profitability. As a result, problem loans may increase; and
- segments exposed to the recent volatility of the New Zealand dollar.

The decision by the ANZ New Zealand Group to provide customers impacted by the COVID-19 pandemic the option of suspending or deferring certain mortgage or loan repayments may lead to an increase in the level of credit risk related losses. There can be no guarantee that at the conclusion of this period, customers will be able to recommence their loan repayment obligations, leading to a potential increase in credit risk related losses, which could have a material adverse effect on the ANZ New Zealand Group's Position. See Notes 1, 7 and 11 of the ANZ New Zealand Interim Financial Statements and section B3 of the Half Year Disclosure Statement (which are incorporated by reference into this Base Prospectus) for details on the credit impairment charge.

The ANZ New Zealand Group is also subject to the risk that its rights against third parties may not be enforceable in certain circumstances, which may result in credit losses. Should material credit losses occur to the ANZ New Zealand Group's credit exposures, this may adversely affect the ANZ New Zealand Group's Position.

Credit risk may also arise from certain derivative, clearing and settlement contracts that the ANZ New Zealand Group enters into, and from its dealings with, and holdings of, debt securities issued by other banks, financial institutions, companies, governments and government bodies where the financial conditions of such entities are affected by economic conditions in global financial markets.

In addition, in assessing whether to extend credit or enter into other transactions with customers and/or counterparties, the ANZ New Zealand Group relies on information provided by or on behalf of customers and/or counterparties, including financial statements and other financial information. The ANZ New Zealand Group may also rely on representations of customers and independent consultants as to the accuracy and completeness of that information. The ANZ New Zealand Group's financial performance could be negatively impacted to the extent that it relies on information that is inaccurate or materially misleading.

The ANZ New Zealand Group holds provisions for credit impairment that are determined based on current information and subjective and complex judgements of the impairment within its lending portfolio. If the information upon which the assessment is made proves to be inaccurate or if the ANZ New Zealand Group fails to analyse the information correctly, the provisions made for credit impairment may be insufficient, which may adversely affect the ANZ New Zealand Group's Position.

***Challenges in managing the ANZ New Zealand Group's capital base could give rise to greater volatility in capital ratios, which may adversely affect the ANZ New Zealand Group's Position***

The ANZ New Zealand Group's capital base is critical to the management of its businesses and access to funding. The ANZ New Zealand Group is required by its primary prudential regulator, the RBNZ, to maintain adequate regulatory capital.

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

The ANZ New Zealand Group's capital ratios may be affected by a number of factors, such as (i) lower earnings, (ii) increased asset growth, (iii) changes in the value of the New Zealand dollar against other currencies in which the ANZ New Zealand Group operates (particularly the Australian dollar and U.S. dollar) that impact risk weighted assets ("**RWA**") or the foreign currency translation reserve, (iv) changes in business strategy (including acquisitions, divestments and investments or an increase in capital intensive businesses), and (v) changes in regulatory requirements.

APRA and the RBNZ have implemented prudential standards to accommodate Basel III. Certain other regulators have either implemented or are in the process of implementing regulations, including Basel III, that seek to strengthen, among other things, the liquidity and capital requirements of banks, funds management entities and insurance entities, though there can be no assurance that these regulations have had or will have their intended effect. These regulations, together with risks arising from any regulatory changes (including those arising from the requirements of the Basel Committee on Banking Supervision ("**BCBS**"), the RBNZ's review of capital requirements and the RBNZ's amendments to ANZ New Zealand's Conditions of Registration in response to the COVID-19 pandemic, to (among other things) not permit ANZ New Zealand to make distributions other than discretionary payments payable to holders of Additional Tier 1 ("**AT1**") capital instruments), are described in the risk factor entitled "*Regulatory changes or a failure to comply with laws, regulations or policies may adversely affect the ANZ New Zealand Group's Position*" and "*Regulation and Supervision*". An inability to maintain the ANZ New Zealand Group's regulatory capital may have a material adverse effect on ANZ New Zealand Group's Position.

In December 2019, the RBNZ announced its final decisions from its review of the capital adequacy framework for registered banks in New Zealand. The RBNZ has delayed the commencement date of the increased capital requirements by 12 months in response to the uncertainties caused by the COVID-19 pandemic (with further delays possible if the conditions warrant it in 2021). The new regime is currently expected to be implemented in stages from 1 July 2021, with a transition period of seven years before banks are required to fully comply with the new rules. The RBNZ's capital reforms will result in substantially higher capital requirements for New Zealand incorporated registered banks operating under the Basel Standardised Measurement Approach ("**Standardised approach**") calculated in accordance with the RBNZ's "Capital Adequacy Framework (Standardised Approach) (BS2A)" ("**BS2A**"), and even higher capital requirements for New Zealand incorporated registered banks using Internal Ratings Based ("**IRB**") models (including ANZ New Zealand). The increased capital requirements may also result in changes to affected banks' business objectives and result in changes to competitive behavior across the New Zealand banking industry. For example, there may be increased competition between banks using the IRB approach and banks using the Standardised approach, and between those banks affected by the reforms and offshore banks operating in New Zealand via branches that are not affected by the reforms. The increased capital requirements may also affect the price and volume of bank credit made available to affected banks' customers. This may affect customers' business prospects or creditworthiness, as well as the performance of the New Zealand economy. The RBNZ's reforms will result in a material increase in the level of capital that the ANZ New Zealand Group is required to hold, although the amount of new capital required to meet the RBNZ's announced capital ratio requirements is currently uncertain. ANZ New Zealand's total capital as at 31 March 2020 was NZ\$13,844 million. The reforms could have a material impact on the ANZ New Zealand Group and its business, including on its capital allocation and business planning. Additionally, the changes may require ANZ New Zealand's ultimate parent company,

ANZBGL, to review and reconsider its size, nature and operations in New Zealand, including the total capital invested and business structure. Of the ANZ New Zealand Group's NZ\$1.8 billion net profit after tax for the year ended 30 September 2019, approximately 80 per cent was retained in response to the proposals. Also, no ordinary dividend was paid or declared in the six months to 31 March 2020. See *"Overview—Recent Developments—RBNZ review of capital requirements"* and *"Regulation and Supervision—New Zealand Regulatory Developments—RBNZ review of capital requirements"* for further information".

In August 2019, APRA released an update to APRA Prudential Standard APS 222 "Associations with Related Entities" ("**APS222**"). The proposed implementation date of 1 January 2021 for APS222 has been deferred by APRA to 1 January 2022. Further, in October 2019, APRA released a discussion paper on draft revisions to APRA Prudential Standard APS 111 "Capital Adequacy: Measurement of Capital" ("**APS111**"), which proposes to change the Level 1 capital treatment for Australian ADIs, such as ANZBGL, investing in ADIs (or overseas equivalents such as ANZ New Zealand) and insurance subsidiaries.

The proposed implementation date of 1 January 2021 for these changes is currently under review by APRA in line with their announcement to suspend public consultation on revisions to prudential standards that are currently underway or upcoming, with no plans for recommencement before 30 September 2020.

If implemented, these APS111 changes would reduce ANZBGL's Level 1 Tier 1 capital base and exposure to ANZ New Zealand for the purposes of APS222 reporting. As a result, ANZBGL's expected exposure to ANZ New Zealand at 1 January 2021 would be compliant with the APS222 limits.

However, if the APS111 changes are not implemented and the APS222 changes become effective, it is still possible that the changes outlined in APRA's announcement in connection with APS222 could adversely impact the ANZ New Zealand Group's Position, its credit ratings and its ability to grow its business as ANZBGL's exposure to ANZ New Zealand would be near the limit of 25 per cent of Level 1 Tier 1 capital, although ANZBGL would be able to apply for transition relief. For further information, see *"Regulation and Supervision—Restrictions on ANZBGL's ability to provide financial support"*.

***The ANZ New Zealand Group's credit ratings could change and adversely affect the ANZ New Zealand Group's ability to raise capital and wholesale funding and constrain the volume of new lending, which may adversely affect the ANZ New Zealand Group's Position***

The ANZ New Zealand Group's credit ratings have a significant impact on both its access to, and cost of, capital and wholesale funding. They may also be important to customers or counterparties when evaluating the ANZ New Zealand Group's products and services. Credit ratings and rating outlooks may be withdrawn, qualified, revised or suspended by credit rating agencies at any time. The methodologies used by ratings agencies to determine credit ratings and rating outlooks may be revised in response to legal or regulatory changes, market developments or for any other reason.

The credit ratings or rating outlooks assigned to ANZ New Zealand or its subsidiaries could be negatively affected by the occurrence of one or more of the risks identified in this Base Prospectus, a change in ratings methodologies or by other events. In addition, a reduction in ANZBGL's credit ratings or ratings outlook or New Zealand's or Australia's sovereign credit ratings or ratings outlook could adversely affect the ANZ New Zealand Group's credit ratings or ratings outlook. New Zealand's or Australia's sovereign credit ratings or ratings outlook could be negatively impacted by a variety of factors, including legislation and regulatory changes implemented by the Australian or New Zealand governments. As a result, downgrades in the ANZ New Zealand Group's credit ratings or a change in the ANZ New Zealand Group's ratings outlook could occur that do not reflect changes in the general economic conditions or the ANZ New Zealand Group's financial condition.

In addition, the ratings of individual securities (including, but not limited to, certain Tier 1 capital and Tier 2 capital securities and covered bonds) issued by the ANZ New Zealand Group (and other banks globally) could be impacted from time to time by changes in the regulatory requirements for those instruments as well as the ratings methodologies used by rating agencies.

In light of the COVID-19 pandemic, Fitch and S&P have revised ANZ New Zealand's ratings and/or outlook as described below.

In April 2020, ANZBGL confirmed that Fitch changed its ratings of the Australian major banks (including ANZBGL) and their New Zealand bank subsidiaries (including ANZ New Zealand), resulting in the ANZ New Zealand Group's Long-Term Issuer Default Rating ("**IDR**") decreasing one-notch to A+ from AA-. The outlook on ANZ New Zealand's Long-Term IDR remains Negative. ANZ New Zealand's Short-Term IDR was also downgraded to F1 from F1+.

In April 2020, ANZBGL confirmed that S&P revised the outlook on the long-term issuer credit rating for the Commonwealth of Australia to negative from stable. As a result of the sovereign action, S&P has also revised the credit rating outlook of the Australian major banks and their New Zealand bank subsidiaries (including ANZ New Zealand), to negative from stable. S&P reaffirmed ANZ New Zealand's 'AA-' long-term and 'A-1+' short term issuer credit ratings.

Any future downgrade or potential downgrade to the ANZ New Zealand Group's credit ratings or rating outlooks may reduce access to capital and wholesale debt markets and could lead to an increase in funding costs, which could constrain the volume of new lending and affect the willingness of counterparties to transact with the ANZ New Zealand Group which may adversely affect the ANZ New Zealand Group's Position.

Credit ratings are not a recommendation by the relevant rating agency to invest in securities offered by the ANZ New Zealand Group.

***Liquidity and funding risk events may adversely affect the ANZ New Zealand Group's Position***

Liquidity and funding risk is the risk that ANZ New Zealand Group is unable to meet its payment obligations as they fall due (including repaying depositors or maturing wholesale debt) or that the ANZ New Zealand Group has insufficient capacity to fund increases in assets. Liquidity and funding 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 the ANZ New Zealand Group's borrowings and constrain the volume of new lending which may adversely affect the ANZ New Zealand Group's Position.

Deterioration in market conditions, such as those currently being experienced as the COVID-19 pandemic unfolds, and/or declines in investor confidence in the ANZ New Zealand Group may materially impact its ability to replace maturing liabilities and access funding (in a timely and cost effective manner), which may adversely impact the ANZ New Zealand Group's Position.

The ANZ New Zealand Group raises funding from a variety of sources, including customer deposits and wholesale funding in domestic and in offshore markets to meet its funding requirements and to maintain or grow its business generally. Developments in major markets can adversely affect liquidity in global capital markets. For example, in times of liquidity stress, if there is damage to market confidence in the ANZ New Zealand Group or if funding inside or outside of domestic markets is not available or constrained, the ANZ New Zealand Group's ability to access sources of funding and liquidity may be constrained and it will be exposed to liquidity and funding risk. In such cases, the ANZ New Zealand Group 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, including prevailing market conditions and the ANZ New Zealand Group's credit ratings at that time (which are strongly influenced by New Zealand and Australia's sovereign credit ratings and the credit ratings of the ANZ Group). Even if available, the cost of these funding alternatives may be more expensive or on unfavourable terms that may adversely affect the ANZ New Zealand Group's Position.

***Changes in the valuation of some of the ANZ New Zealand Group's assets and liabilities may adversely affect the ANZ New Zealand Group's earnings and/or equity, and therefore its Position***

The ANZ New Zealand Group applies accounting standards that require that various financial instruments, including derivative instruments, assets and liabilities classified as fair value through other comprehensive income, and certain other assets and liabilities (as per Note 1 of the ANZ New Zealand Interim Financial Statements) are measured at fair value with changes in fair value recognised in earnings or equity.



Generally, in order to establish the fair value of these instruments, the ANZ New Zealand Group relies on quoted market prices or, where the market for a financial instrument is not sufficiently active, fair values are based on present value estimates or other valuation techniques that incorporate the impact of factors that would influence the fair value as determined by a market participant. The fair value of these instruments is impacted by changes in market prices or valuation inputs that may have a material adverse effect on the ANZ New Zealand Group's earnings and/or equity.

In addition, the ANZ New Zealand Group may be exposed to a reduction in the value of non-lending related assets as a result of impairments that are recognised in earnings. The ANZ New Zealand Group is required to test the recoverability of goodwill balances and intangible assets with indefinite useful lives or not yet available for use at least annually and other non-lending related assets including premises and equipment, investment in associates, capitalised software and other intangible assets where there are indicators of impairment.

For the purpose of assessing the recoverability of the goodwill balances, the ANZ New Zealand Group uses a discounted cashflow calculation. Changes in the assumptions upon which the calculation is based, together with changes in earnings, may materially impact this assessment, resulting in the potential write-off of a part or all of the goodwill balances.

As at 31 March 2020, the ANZ New Zealand Group carried a goodwill balance of NZ\$3,160 million. Similarly, as at 31 March 2020, the ANZ New Zealand Group carried capitalised software balances and other intangible assets of NZ\$107 million and the recoverability of these assets is assessed for indicators of impairment semi-annually.

In respect of other non-lending related assets, in the event that an asset is no longer in use, or that the cash flows generated by the asset do not support the carrying value, impairment charges may be recorded. This, in conjunction with the other potential changes above, could impact the ANZ New Zealand Group's Position.

In addition, the impact of COVID-19, and the responses of governments and businesses, is considered in assessments of the carrying values of the ANZ New Zealand Group's assets based on information available at the time. However, the full extent and duration of COVID-19 is uncertain. COVID-19 impacts may affect the assessed recoverability of ANZ New Zealand Group assets in future periods.

#### ***Changes to accounting policies may adversely affect the ANZ New Zealand Group's Position***

The accounting policies that the ANZ New Zealand Group applies are fundamental to how the ANZ New Zealand Group's records and reports its financial position and results of operations. The accounting policies for the ANZ New Zealand Financial Statements as at and for the six months ended 31 March 2020 and as at and for the years ended 30 September 2019 and 30 September 2018 are set forth in Note 1 to the ANZ New Zealand Interim Financial Statements, the ANZ New Zealand 2019 Audited Consolidated Financial Statements and the ANZ New Zealand 2018 Audited Consolidated Financial Statements, respectively. Management must exercise judgement in selecting and applying many of these accounting policies so that they not only comply with the applicable accounting standards or interpretations but that they also reflect the most appropriate manner in which to record and report on the ANZ New Zealand Group's financial position and results of operations. However, these accounting policies may be applied inaccurately, resulting in a misstatement of the ANZ New Zealand Group's financial position. In addition, the application of new or revised accounting standards or interpretations may adversely affect the ANZ New Zealand Group's Position. The impact of new accounting standards effective in the 2019 financial year are outlined in Note 1 to the ANZ New Zealand Interim Financial Statements (which are incorporated by reference into this Base Prospectus).

In some cases, management must select an accounting policy from two or more alternatives, any of which would comply with the relevant accounting standard or the ANZ New Zealand Group's interpretation and be reasonable under the circumstances, yet might result in reporting materially different outcomes than would have been reported under the alternative.

#### **Legal and regulatory risk**

***Regulatory changes or a failure to comply with laws, regulations or policies may adversely affect the ANZ New Zealand Group's Position***

The ANZ New Zealand Group's businesses and operations are highly regulated. The ANZ New Zealand Group is subject to a substantial and increasing number of laws, regulations and policies, including industry self-regulation, in the Relevant Jurisdictions in which it carries on business or obtains funding and is supervised by a number of different authorities in each of these jurisdictions. The volume of, and resources allocated to the regulation and supervision of financial services groups, such as the ANZ New Zealand Group, and the enforcement of laws against them, has increased substantially in recent years, including in response to community concern regarding the conduct of financial services groups in New Zealand and Australia. As a result, the regulation and supervision of, and enforcement against, financial services groups, including the ANZ New Zealand Group has become increasingly extensive, complex and costly across the Relevant Jurisdictions. Such regulation, supervision and enforcement continue to evolve.

The exact ramifications of COVID-19 on the regulation and supervision of, and enforcement against, financial services groups such as the ANZ New Zealand Group are highly uncertain and, as at the date of this Base Prospectus, difficult to predict. There is some evidence of delays and proposed delays to the implementation of regulatory reforms in New Zealand and Australia and a re-ranking of priorities, including enforcement priorities. Governments worldwide have imposed wide-ranging restrictions on, suspensions of, or advice against, travel, events, and meetings and many other normal activities and undertaken substantial and costly interventions to stabilise sovereign nations and financial markets. Governments may in the foreseeable future implement and introduce further measures to contain the pandemic.

The current and ongoing COVID-19 pandemic also has the potential to complicate the ANZ New Zealand Group's dealings with its regulators in a number of ways. In particular, disruptions to the ANZ New Zealand Group's business, operations, third party contractors and suppliers resulting from the COVID-19 pandemic increase the risk that the ANZ New Zealand Group will not be able to satisfy its regulatory obligations or processes and/or address outstanding issues, potentially increasing the prospect of a regulator taking adverse action against the ANZ New Zealand Group.

### **New Zealand Developments**

The New Zealand Government and its agencies, including the RBNZ, the New Zealand Financial Markets Authority ("**FMA**") and the New Zealand Commerce Commission ("**Commerce Commission**"), have supervisory oversight over the ANZ New Zealand Group. Prudential authorities such as the RBNZ have extensive administrative, practical and investigative powers over the ANZ New Zealand Group's business.

There have been a series of regulatory releases from these and other authorities that have proposed, or may result in, significant regulatory changes for financial institutions. For example:

- *Prudential Developments:* The ANZ New Zealand Group continues to expect increased regulatory focus on capital and liquidity requirements (subject to delays due to the COVID-19 pandemic – for more information see "*Recent Developments—Regulatory Response to the COVID-19 Pandemic and Other Developments*"). For example, the RBNZ, APRA, the BCBS and regulators in other jurisdictions have revised standards and released discussion papers, proposals and decisions in regards to strengthening the resilience of the banking sector. Further changes to the RBNZ's prudential standards could increase the level of regulatory capital that the ANZ New Zealand Group is required to maintain, restrict the ANZ New Zealand Group's flexibility, require it to incur substantial costs and/or impact the profitability of one or more of its business lines, any of which may adversely affect the ANZ New Zealand Group's Position. For example, the following RBNZ reviews and policies may have a material impact on ANZ New Zealand's Position.
  - *Review of capital requirements:* See "*Risk Factors—Risks related to the Issuer's and the Guarantor's financial situation— Challenges in managing the ANZ New Zealand Group's capital base could give rise to greater volatility in capital ratios, which may adversely affect the ANZ New Zealand Group's Position*" and "*Regulation and Supervision—New Zealand Regulatory Developments—RBNZ review of capital requirements*" for further discussion.

- *RBNZ Liquidity Policy*: The RBNZ's Liquidity Policy ("**BS13**") sets out the RBNZ's policy on management of liquidity risk by registered banks in New Zealand. The objective of BS13 is to contribute to the effective functioning of the New Zealand financial system by reducing the likelihood of a liquidity problem affecting a registered bank. BS13 requires registered banks to meet a minimum core funding ratio ("**CFR**") of 75 per cent, ensuring that at least a minimum proportion of bank funding is met through customer deposits, term wholesale funding and Tier 1 capital. With effect from 2 April 2020, the RBNZ amended ANZ New Zealand's Conditions of Registration to reduce the minimum requirement for ANZ New Zealand's CFR to 50 per cent in response to the COVID-19 pandemic. The RBNZ has previously stated that it will be reviewing its liquidity policy in light of the BCBS's new liquidity requirements, but it announced in March 2020 that it would defer external-facing work on this initiative for an initial period of six months in response to the COVID-19 pandemic. Future changes to liquidity requirements in New Zealand may adversely affect the ANZ New Zealand Group's Position and may result in it incurring substantial costs in order to comply with such changes.
- *Review of mortgage bond collateral standards*: The RBNZ has undertaken consultation on the terms under which it would be prepared to accept mortgage bonds (such as residential mortgage-backed securities or covered bonds) as collateral for its lending operations in the future, and has proposed a new Residential Mortgage Obligations ("**RMO**") standard. The proposed RMO standard would introduce new requirements that ANZ New Zealand's mortgage bonds would need to comply with in order to be accepted as collateral for the RBNZ's lending operations. Failure to comply with the new requirements would result in ANZ New Zealand's mortgage bonds not being treated as eligible collateral, which may adversely affect the ANZ New Zealand Group's Position. Compliance with the new RMO standard would also involve compliance costs for the ANZ New Zealand Group. See "*Regulation and Supervision—New Zealand Regulatory Developments—RBNZ review of mortgage bond collateral standards*" for further discussion.
- *RBNZ regulatory approach*: The RBNZ announced in June 2019 that it would intensify its supervision of financial institutions (including ANZ New Zealand). The RBNZ indicated that financial institutions could expect more intrusive supervision, including more reviews, a deeper scrutiny of boards and management, and enforcement action in cases of non-compliance. Such changes could result in an increase in the nature and scale of regulatory investigations and reviews, civil and criminal enforcement actions (whether by court action or otherwise), formal and informal inquiries, regulatory supervisory activities and the quantum of fines issued by regulators against financial institutions (such as ANZ New Zealand). The total costs associated with such reviews and possible exposures remain uncertain.
- *Amendments to the Credit Contracts and Consumer Finance Act 2003 ("**CCCFA**")*: In December 2019, the New Zealand Parliament passed legislation amending the CCCFA to better protect vulnerable consumers from irresponsible lending. As at the date of this Base Prospectus, it is uncertain what impact the amendments will have on ANZ New Zealand. However, they could result in increased compliance costs and/or liability in the case of non-compliance, which may adversely affect the ANZ New Zealand Group's Position. See "*Regulation and Supervision—New Zealand Regulatory Developments—Amendments to the Credit Contracts and Consumer Finance Act 2003*" for further discussion.
- *Changes to Conditions of Registration*: ANZ New Zealand is a registered bank under the Reserve Bank Act and is supervised by the RBNZ. As part of its registration, ANZ New Zealand is subject to Conditions of Registration imposed by the RBNZ. For details of ANZ New Zealand's current Conditions of Registration, see "*Regulation and Supervision—Conditions of Registration for ANZ Bank New Zealand Limited*". The Conditions of Registration may be changed by the RBNZ at any time, although the RBNZ is required to give ANZ New Zealand notice and consider submissions made by ANZ New Zealand prior to any such change. The ANZ New Zealand Group disclosed a number of instances of non-compliance with its Conditions of Registration in 2019 and in the Half Year Disclosure Statement. See "*Regulation and Supervision—Non-compliance with Conditions of Registration*". In the event that the RBNZ were to conclude that ANZ New Zealand did not satisfy its Conditions of Registration, sanctions could be imposed on ANZ New Zealand by the RBNZ. This may result in a range of possible

consequences, including changes to ANZ New Zealand's Conditions of Registration. The impact of such consequences may adversely affect the ANZ New Zealand Group's Position.

- *Section 95 Reviews:* In July 2019, the RBNZ gave ANZ New Zealand notice under section 95 of the Reserve Bank Act, requiring ANZ New Zealand to engage an external reviewer to provide reports regarding ANZ New Zealand's compliance with the RBNZ's capital adequacy requirements and the effectiveness of ANZ New Zealand's director attestation and assurance framework. See "*Recent Developments—Section 95 Reviews*" for further information.
- *Changes to IRB accreditation:* ANZ New Zealand has received RBNZ accreditation as an advanced IRB approach bank under the principles laid out by the BCBS in respect of Basel III, except for Operational Risk Capital ("**ORC**"), which is calculated in accordance with BS2A from 31 March 2019. That accreditation is subject to certain requirements which have been incorporated into the current Conditions of Registration. ANZ New Zealand is reviewed by both the RBNZ and APRA in terms of maintaining that accreditation. Changes to ANZ New Zealand's accreditation may adversely affect the ANZ New Zealand Group's Position.
- *Proposed conduct regulations for financial institutions:* Following the establishment of the Australian Royal Commission (as defined below) and the subsequent FMA and RBNZ joint review of conduct and culture in the New Zealand banking sector, the New Zealand Government has introduced a bill to the New Zealand Parliament that would introduce a conduct licensing regime for financial institutions. Under the proposed regime, financial institutions (including registered banks such as ANZ New Zealand) would be licensed by the FMA, and would be required to comply with a fair conduct principle in relation to their customers. Licensed institutions would also be required to establish, implement, maintain and comply with an effective fair conduct programme to operationalise the fair conduct principle. As at the date of this Base Prospectus, it is uncertain what impact the proposals may have on ANZ New Zealand. However, they could result in increased compliance costs and/or liability in the case of non-compliance, which may adversely affect the ANZ New Zealand Group's Position. See "*Regulation and Supervision—New Zealand Regulatory Developments—Proposed conduct regulations for financial institutions*" for further discussion.
- *New Zealand Government's review of the Reserve Bank Act:* The New Zealand Government is currently undertaking the second phase of its review of the Reserve Bank Act. The Government announced in December 2019 that it intends to replace the Reserve Bank Act with two separate pieces of legislation – the "Reserve Bank of New Zealand Act" and the "Deposit Takers Act" – which will implement the decisions from this review. As at the date of this Base Prospectus, it is uncertain what impact the review and subsequent legislative changes may have on the ANZ New Zealand Group. However, changes to the RBNZ's role, powers and supervisory approach, and other changes to the Reserve Bank Act resulting from this review, may impact the ANZ New Zealand Group's Position. See "*Regulation and Supervision—New Zealand Regulatory Developments—Review of the Reserve Bank Act*" for further discussion.
- *RBNZ's revised outsourcing policy ("**BS11**"):* BS11 requires large New Zealand incorporated banks, such as ANZ New Zealand, to have the legal and practical ability to control and execute outsourced functions. BS11 applies to all new outsourcing arrangements entered into from 1 October 2017. Existing outsourcing arrangements have until 1 October 2023, to transition to full compliance with BS11. A formal programme has been established and is responsible for delivering ANZ New Zealand's compliance with BS11, as outlined in its Path-to-Compliance Plan. ANZ New Zealand is incurring substantial costs to comply with the changes. The BS11 requirements form part of ANZ New Zealand's Conditions of Registration. If ANZ New Zealand does not comply with its Conditions of Registration in relation to outsourcing, the RBNZ could take enforcement action. This may result in a range of possible consequences, including imposing further restrictions on ANZ New Zealand's use of outsourcing. The impact of such consequences may adversely affect the ANZ New Zealand Group's Position. See "*Regulation and Supervision—New Zealand Regulatory Developments—RBNZ's revised outsourcing policy*" for further discussion.
- *RBNZ breach disclosure and reporting regime:* A new framework for the reporting and publishing of regulatory breaches by banks was announced by the RBNZ in September 2019. The new policy will require a bank to report promptly to the RBNZ when there is a breach or

possible breach of a regulatory requirement in a material manner, and report all minor breaches every six months. Actual material breaches will then be published on the RBNZ's website. The policy was planned to take effect from 1 April 2020. However, the RBNZ announced in March 2020 that this will be delayed for an initial period of six months in response to the COVID-19 pandemic.

- *Open Banking:* Emerging fintechs and banks partnering to develop a framework that provides third-party financial service providers open access to consumer banking, transaction, and other financial data from banks and non-bank financial institutions in New Zealand may lead to increased competition, which could result in weakening the profitability of banks that are slow to adapt to the changing financial system landscape. At the date of this Base Prospectus, there is no regulatory requirement to provide third-party financial service providers open access to consumer banking, transaction, and other financial data held by registered banks in New Zealand. The New Zealand Ministry of Business, Innovation and Employment ("**MBIE**") is undertaking a consultation on a possible Consumer Data Right in New Zealand, and indicated that legislative reform could occur in the future.

Such changes may adversely affect the ANZ New Zealand Group, potentially impacting its corporate structures, businesses, strategies, capital, liquidity, funding and profitability, cost structures, and the cost and access to credit for its customers and the wider economy. This in turn may adversely affect the ANZ New Zealand Group's Position. For further information, see "*Regulation and Supervision – New Zealand Regulatory Developments*".

In response to COVID-19, the RBNZ announced in March 2020 that it would defer external-facing work on most of its regulatory initiatives for an initial period of six months, and would delay the start date for the increased capital requirements for New Zealand-incorporated banks by 12 months. The RBNZ has also extended the transition period for its revised outsourcing policy by 12 months, and there have been delays to the commencement of the Credit Contracts Legislation Amendment Act 2019 ("**CCLA Act**") and the Financial Services Legislation Amendment Act 2019 (the "**FSLAA**").

The New Zealand Government has determined that the RBNZ, the FMA and New Zealand banks provide an essential service and can continue to operate during the COVID-19 pandemic, but must operate in a way that minimises the risk of COVID-19 transmission. The RBNZ is in regular contact with senior managers of ANZ New Zealand. Primary areas of interest in these discussions include business continuity, liquidity, markets, stress indicators and customer impacts.

### **Australian Developments**

- *Australian Royal Commission:* The Royal Commission into misconduct in the Australian banking, superannuation and financial services industries (the "**Australian Royal Commission**") made 76 recommendations concerning law reform, self-regulatory standards and the operations of the Australian Securities and Investments Commission ("**ASIC**") and APRA. Some recommendations have already been implemented and the Australian Government Treasury has stated that most of the remainder are proposed to be implemented between 2020 and 2022. In addition, the Royal Commission has led or may lead to regulators commencing investigations into various financial services entities, including the ANZ Group. Depending on how the recommendations are implemented by the Australian Government and followed by regulatory agencies, they could result in additional costs and may lead to further exposures, including exposures associated with further regulator activity or potential customer exposures such as class actions, individual claims or customer remediation or compensation activities. The recommendations may also lead to adjustments in the competitive environment of the ANZ Group. The outcomes and total costs associated with these possible exposures and changes remain uncertain and their impact may adversely affect the ANZ Group's Position.
- *Financial support:* In August 2019, APRA released an update to APS222. The proposed implementation date of 1 January 2021 for APS222 has been deferred by APRA to 1 January 2022. Further, in October 2019, APRA released a discussion paper on draft revisions to APS111, which proposes to change the Level 1 capital treatment for Australian ADIs, such as ANZBGL, investing in ADIs (or overseas equivalents such as ANZ New Zealand) and insurance subsidiaries. The proposed implementation date of 1 January 2021 for these changes is currently under review by APRA in line with their announcement to suspend public consultation on

revisions to prudential standards that are currently underway or upcoming, with no plans for recommencement before 30 September 2020. See "*Risk Factors—Risks related to the Issuer's financial situation—Challenges in managing the ANZ New Zealand Group's capital base could give rise to greater volatility in capital ratios, which may adversely affect the ANZ New Zealand Group's Position*" and "*Regulation and Supervision—Restrictions on ANZBGL's ability to provide financial support*".

### **Other Offshore Developments**

Other offshore regulatory developments include changes to financial regulations in the United States (including legislative changes to the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act** ") and potential revision to its Volcker Rule), changes to senior executive accountability in Singapore, Hong Kong, and the UK, changes to UK and European law in connection with Brexit, introduction of greater data protection regulations in Europe, implementation of further phases of the initial margin requirements for uncleared over-the-counter ("**OTC**") derivatives in a number of the Relevant Jurisdictions and the requirement that banks prepare for the reform of EURIBOR and SIBOR, and the discontinuation of LIBOR and other such interbank offered rates by transitioning to risk free rates.

A failure by the ANZ New Zealand Group to comply with laws, regulations or policies in any of the Relevant Jurisdictions could result in regulatory investigations, legal or regulatory sanctions, financial or reputational loss, litigation, fines, penalties, restrictions on the ANZ New Zealand Group's ability to do business, revocation, suspension or variation of conditions of relevant regulatory licences or other enforcement or administrative action or agreements (such as enforceable undertakings) that may adversely affect the ANZ New Zealand Group's Position.

The impact of the COVID-19 pandemic on the ANZ New Zealand Group's operations may result in delays to the implementation of regulatory changes or steps required to address commitments made to regulators or publicly. Any delays will be dependent on how regulators choose to adjust the prioritisation, timing and deployment of their supervisory mandate or legislative change.

Such failures may also result in the ANZ New Zealand Group being exposed to the risk of litigation brought by third parties (including through class action proceedings). The outcome of any litigation (including class action proceedings) may result in the payment of compensation to third parties and/or further remediation activities. For information in relation to the ANZ New Zealand Group's litigation and contingent liabilities, see the risk factor entitled "*Litigation and contingent liabilities may adversely affect the ANZ New Zealand Group's Position*". In jurisdictions where regulatory requirements do not apply directly to the ANZ New Zealand Group, it may nonetheless be indirectly impacted by the regulatory requirements of its ultimate parent company, ANZBGL, or its counterparties that are established in, or otherwise subject to the requirements of, those jurisdictions.

Details regarding any material contingent liabilities for ANZ New Zealand and its subsidiaries as at 31 March 2020, are contained in Note 13 to the ANZ New Zealand Interim Financial Statements. Details regarding any material contingent liabilities for ANZ New Zealand and its subsidiaries as at 30 September 2019, are contained in Note 28 to the ANZ New Zealand 2019 Audited Consolidated Financial Statements.

As at the date of this Base Prospectus, it is uncertain what impact any further developments in these areas may have on the ANZ New Zealand Group. However, heightened scrutiny of the financial services industry in New Zealand and Australia (for example the recent actions taken by New Zealand regulators with respect to certain aspects of the ANZ New Zealand Group's affairs) could lead to enforcement actions and additional costs that could adversely impact the ANZ New Zealand Group's Position.

For more information in relation to the supervision and regulation of ANZ New Zealand, see "*Regulation and Supervision*".

### ***Litigation and contingent liabilities may adversely affect the ANZ New Zealand Group's Position***

From time to time, the ANZ New Zealand Group may be subject to material litigation, regulatory actions, legal or arbitration proceedings and other contingent liabilities that may adversely affect the ANZ New Zealand Group's Position.

Details regarding the ANZ New Zealand Group's material contingent liabilities as at 31 March 2020 are contained in Note 13 to the ANZ New Zealand Interim Financial Statements. Details regarding the ANZ New Zealand Group's material contingent liabilities as at 30 September 2019, are contained in Note 28 to the ANZ New Zealand 2019 Audited Consolidated Financial Statements.

In recent years, there have been significant increases in the nature and scale of regulatory investigations and reviews, civil and criminal enforcement actions (whether by court action or otherwise), formal and informal inquiries, regulatory supervisory activities and the quantum of fines issued by regulators, particularly against financial institutions both in New Zealand and globally. There has also been an increase in the number of matters on which the ANZ New Zealand Group engages with its regulators. The ANZ New Zealand Group has received various notices and requests for information from its regulators as part of both industry-wide and ANZ New Zealand Group-specific reviews and has also made disclosures to its regulators at its own instigation. The nature of these interactions can be wide-ranging and, for example, may include a range of matters including responsible lending practices, regulated lending financial transactions, product suitability and distribution, interest and fees and the entitlement to charge them, customer remediation, wealth advice, insurance distribution, pricing, competition, conduct in financial markets and financial transactions, capital market transactions, anti-money laundering and counter-terrorism financing obligations, reporting and disclosure obligations and product disclosure documentation. 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.

There is a risk that contingent liabilities may be larger than anticipated or that additional litigation, regulatory actions, legal or arbitration proceedings or other contingent liabilities may arise.

***Significant fines and sanctions in the event of breaches of law or regulation relating to anti-money laundering, counter-terrorism financing and sanctions may adversely affect the ANZ New Zealand Group's Position***

Anti-money laundering ("AML"), counter-terrorism financing ("CTF") and sanctions compliance have been the subject of significant regulatory change and enforcement in recent years. The increasingly complicated environment in which the ANZ New Zealand Group operates has heightened these operational and compliance risks. Furthermore, the increased transparency of the outcomes of compliance breaches by financial institutions both domestically and globally and the related fines and settlement sums mean that these risks continue to be an area of focus for the ANZ New Zealand Group.

The RBNZ has stated that its appetite for taking formal enforcement action for breaches of the New Zealand Anti-Money Laundering and Countering Financing of Terrorism Act 2009 has increased, and the propensity for other regulators (including in Asia and the Pacific) to take action for non-compliance with their local AML/CTF laws has increased.

While the COVID-19 pandemic continues to evolve at different paces in many of the jurisdictions in which the ANZ New Zealand Group operates, it is expected that financial crime will increase. Examples of this include potential fraud and scams with criminals targeting vulnerable customers using COVID-19 as a cover, as well as identity theft and false applications for government support. There is a risk that the management of alerts for potential money laundering or terrorism financing activities may also be slowed due to both resource availability and/or changed working arrangements. This, and the likelihood of challenges in accessing customers for information and identification, may warrant discussion with the regulators within the different jurisdictions within which the ANZ New Zealand Group operates, to garner their support for temporary changes to rules or guidance. It is not expected that this will increase the risk of fines or penalties, however the ANZ New Zealand Group will need to ensure adequate arrangements to remain compliant with AML/CTF laws.

The risk of non-compliance with AML/CTF and sanction laws remains high given the scale and complexity of the ANZ New Zealand Group. Emerging technologies, such as virtual currency issuers/exchangers and wallet providers as well as increasingly complex remittance arrangements via fintechs and other disruptors, may limit the ANZ New Zealand Group's ability to track the movement of funds, develop relevant transaction monitoring, and meet reporting obligations. Additionally, the complexity of the ANZ New Zealand Group's technology, and the increasing frequency of changes to systems that play a role in AML/CTF and sanctions compliance puts the ANZ New Zealand Group at

risk of inadvertently failing to identify an impact on the systems and controls in place. A failure to operate a robust programme to report the movement of funds, combat money laundering, terrorism financing, and other serious crimes may have serious financial, legal and reputational consequences for the ANZ New Zealand Group and its employees.

Consequences can include fines, criminal and civil penalties, civil claims, reputational harm and limitations on doing business in certain jurisdictions. These consequences, individually or collectively may adversely affect the ANZ New Zealand Group's Position.

The ANZ Group's foreign operations may place the ANZ Group under increased scrutiny by regulatory authorities, and subject the ANZ Group, including ANZ New Zealand, to increased compliance costs.

***Changes in monetary policies may adversely affect the ANZ New Zealand Group's Position***

Central monetary authorities (including the RBNZ, the Reserve Bank of Australia ("**RBA**"), the United States Federal Reserve, the Bank of England and the monetary authorities in the Asian jurisdictions in which the ANZ New Zealand Group operates) set official interest rates or take other measures to affect the demand for money and credit in their relevant jurisdictions. In addition, in some jurisdictions, currency policy is also used to influence general business conditions and the demand for money and credit. These measures and policies can significantly affect the ANZ New Zealand Group's cost of funds for lending and investing and the return that the ANZ New Zealand Group will earn on those loans and investments. These factors impact the ANZ New Zealand Group's net interest margin and can affect the value of financial instruments it holds, such as debt securities and hedging instruments. The measures and policies of the central monetary authorities can also affect the ANZ New Zealand Group's borrowers, potentially increasing the risk that they may fail to repay loans.

Many central monetary authorities have been actively reducing official interest rates in jurisdictions in which the ANZ New Zealand Group operates and are currently implementing or considering unconventional monetary policies. Central banks worldwide, including the RBNZ, RBA and the U.S. Federal Reserve, cut interest rates during 2019 in response to slowing economic growth and again in early 2020 in response to emerging risks to growth from COVID-19. In March 2020, the RBNZ cut the New Zealand OCR to the historic low rate of 0.25 per cent, in response to the significant effect of the COVID-19 pandemic on the New Zealand economy. Low or negative interest rates would likely put pressure on the ANZ New Zealand Group's interest margins and adversely affect the ANZ New Zealand Group's Position.

The New Zealand Government is in the process of reviewing the Reserve Bank Act. The first phase of the review resulted in the enactment of the Reserve Bank of New Zealand (Monetary Policy) Amendment Act 2018, which came into force on 1 April 2019. This Act made several changes to New Zealand's monetary policy framework, including establishing a Monetary Policy Committee ("**MPC**") to formulate monetary policy, and amending the RBNZ's monetary policy objectives to require consideration of maximum sustainable employment alongside price stability when making monetary policy decisions.

The second phase of the review is currently being carried out, and is likely to result in the replacement of the Reserve Bank Act with two separate pieces of legislation – the "Reserve Bank Act" and the "Deposit Takers Act" – which will implement the decisions from the review. Actions and policies of the RBNZ specified in the Reserve Bank Act and other changes to the Reserve Bank Act may impact the ANZ New Zealand Group's Position. As at the date of this Base Prospectus, it is uncertain what impact the review of the Reserve Bank Act and subsequent legislative reforms may have on the ANZ New Zealand Group. See "*Regulation and Supervision—New Zealand Regulatory Developments—Review of the Reserve Bank Act*" for further discussion.

Changes in interest rates and monetary policy are difficult to predict and may adversely affect the ANZ New Zealand Group's Position.

***Increasing compliance costs, the risk of heightened penalties and ongoing regulatory scrutiny with respect to the significant obligations imposed by global tax reporting regimes (which are still evolving) may adversely affect the ANZ New Zealand Group's Position***

There have been mandatory and substantial changes to, and increasing regulatory focus on, compliance by all global Financial Institutions ("**FIs**"), including the ANZ New Zealand Group, with global tax



transparency reporting regimes, including the U.S. Foreign Account Tax Compliance Act ("FATCA"), the Organization for Economic Co-operation and Development's ("OECD") Common Reporting Standard ("CRS") and similar anti-tax avoidance regimes. This includes enforcement and implementation of detailed global tax reporting rules and frameworks to close down global tax reporting regime circumventions and deter, detect and penalise non-compliance.

As an FI, the ANZ New Zealand Group operates in a high volume and globally interlinked operating environment. In this context, the highly complex and rigid nature of the obligations under the various global tax reporting regimes present heightened operational and compliance risks for the ANZ New Zealand Group. This may be coupled with the current increased regulatory scrutiny of FIs (including the ANZ New Zealand Group), the increasing trend in compliance breaches by FIs and related fines for non-compliance in general. Accordingly, compliance with global tax reporting regimes will continue to be a key area of focus for the ANZ New Zealand Group.

Increasing OECD Government level peer reviews and other regulatory financial institution compliance review requirements are increasing scrutiny on financial institutions, resulting in further tightening of existing obligations and focus on CRS compliance. Each country of adoption is being pushed to ensure its penalty regime is sufficient to deter and penalise non-compliance.

Under FATCA and other U.S. Treasury regulations, the ANZ New Zealand Group could be subject to:

- a 30 per cent withholding tax on certain amounts (including amounts payable to customers), and be required to provide certain information to upstream payers, as well as other adverse consequences, if the ongoing detailed obligations are not adequately met; and
- broader compliance issues, significant withholding exposure, competitive disadvantage and other operational impacts if the FATCA Intergovernmental Agreements between the United States and the applicable jurisdictions in which the ANZ New Zealand Group operates cease to be in effect.

Under the CRS, the ANZ New Zealand Group:

- faces challenges in developing countries where the ANZ Group has operations, such as the Pacific region. The local regulators in these countries are generally assisted by a 'partner' country which may introduce standards that can be challenging to implement;
- must deal with considerable country specific variations in local law and regulatory implementation, with significant local regulatory penalties for non-collection or failed reporting in respect of prescribed customer information; and
- along with other FIs, is under increasingly stringent regulatory scrutiny and measures as regulators turn their focus from the initial establishment of the CRS to its effective implementation. This tightening of the regulatory focus can lead to significant negative experience for affected customers (including unilateral account blocking and closure), may adversely affect the ANZ New Zealand Group's Position and if not similarly implemented by other FIs, may present a significant competitive disadvantage.

The scale and complexity of the ANZ New Zealand Group, like other FIs, means that the risk of inadvertent non-compliance with the FATCA, CRS and other tax reporting regimes is high. A failure to successfully operate the implemented processes could lead to legal, financial and reputational consequences for the ANZ New Zealand Group and its employees. Consequences include fines, criminal and civil penalties, civil claims, reputational harm, competitive disadvantage, loss of business and constraints on doing business.

On a global scale, COVID-19 challenges may result in limited staff access to systems, tools and information, and/or impact on the delivery of regulatory obligations to requisite timeframes, including mandatory customer follow-up strategies, resolution and action of regulatory recommendations, as well as continuous improvement activities to achieve the zero rate of error expected by regulators. The ANZ New Zealand Group's global taxation obligations in relation to the enterprise's own tax lodgements and payments may similarly be impacted. While some level of leniency from global regulators is anticipated,

there is still a risk of associated penalties and reputational ramifications resulting from any deficiencies or delays in meeting regulatory obligations.

These consequences, individually or collectively, may adversely affect the ANZ New Zealand Group's Position.

### **Internal control, operations and reputational risk**

#### ***Operational risk events may adversely affect the ANZ New Zealand Group's Position***

Operational risk is the risk of loss and/or non-compliance with laws resulting from inadequate or failed internal processes, people and systems, or from external events. This definition includes legal risk, and the risk of reputational loss or damage arising from inadequate or failed internal processes, people and/or systems, but excludes strategic risk.

Operational risk events include:

- internal fraud (for example, involving employees or contractors);
- external fraud (for example, fraudulent loan applications or ATM skimming);
- employment practices, loss of key staff, inadequate workplace safety and failure to effectively implement employment policies;
- impacts on clients, products and business practices (for example, misuse of customer data or anti-competitive behaviour);
- business disruption (including systems failures);
- damage to physical assets; and
- execution, delivery and process management (for example, processing errors or data management failures).

Loss from operational risk events may adversely affect the ANZ New Zealand Group's Position. Such losses can include fines, penalties, loss or theft of funds or assets, legal costs, customer compensation, loss of shareholder value, reputation loss, loss of life or injury to people, and loss of property and/or information.

COVID-19 challenges have resulted in a number of changes in terms of how the ANZ New Zealand Group is undertaking its operations. The ANZ New Zealand Group's focus was to enable a work from home capability to allow all functions to continue to operate normally. However, no assurance can be given that the steps being taken will be adequate, nor can the ANZ New Zealand Group predict the level of disruption that may occur. The decision to move the majority of staff to work from home required some updates to existing systems to support a significantly higher volume of users than had previously been planned. The number of staff working from home continues to vary in line with changing circumstances and associated government restrictions.

Other challenges that the ANZ New Zealand Group may face include:

- limited staff access to systems, tools and information, and/or impact on the delivery of customer services and regulatory obligations to requisite timeframes, including the day to day operations of the institution, financial reporting, management and oversight of internal controls, and resolution and action of regulatory recommendations; and
- ensuring ongoing availability of staff to undertake their requisite activities that may result from loss of physical access to branches or offices or due to health related issues.

All or any of the impacts described above may cause a reduction in productivity or delays in completing important activities, which could subsequently result in customer remediation activities, or fines, all of which may adversely affect the ANZ New Zealand Group's Position.

***Reputational risk events as well as operational failures and regulatory compliance failures may give rise to reputational risk, which may adversely affect the ANZ New Zealand Group's Position***

Reputational risk may arise as a result of an external event or the ANZ New Zealand Group's own actions, which include operational and regulatory compliance failures. The occurrence of such events may adversely affect perceptions about the ANZ New Zealand Group held by the public (including the ANZ New Zealand Group's customers), shareholders, investors, regulators or rating agencies. The impact of a risk event on the ANZ New Zealand Group's reputation may exceed any direct cost of the risk event itself and may adversely impact the ANZ New Zealand Group's Position.

The ANZ New Zealand Group may incur reputational damage where one of its practices fails to meet community expectations. As these expectations may exceed the standard required in order to comply with applicable law, the ANZ New Zealand Group may incur reputational damage even where it has met its legal obligations. A divergence between community expectations and the ANZ New Zealand Group's practices could arise in a number of ways, including in relation to its product and services disclosure practices, pricing policies and use of data. Further, the ANZ New Zealand Group's reputation may also be adversely affected by community perception of the broader financial services industry.

While the extent of the impacts of COVID-19 are yet to be fully realised, it is possible there may be unintended consequences from the ANZ New Zealand Group's actions which may give rise to negative perceptions about the ANZ New Zealand Group.

Additionally, certain operational and regulatory compliance failures may give rise to reputational risk. Such operational and regulatory compliance failures include, but are not limited to:

- failure to comply with the ANZ New Zealand Group's Conditions of Registration (for example, see *"Recent Developments— Non-compliance with Conditions of Registration"*);
- failures related to fulfilment of identification obligations;
- failures related to new product development;
- failures related to ongoing product monitoring activities;
- failures related to suitability requirements when products are sold outside of the target market;
- market manipulation or anti-competitive behaviour;
- failure to comply with disclosure obligations;
- inappropriate crisis management/response to a crisis event;
- inappropriate handling of customer complaints;
- inappropriate third party arrangements;
- privacy breaches; and
- unexpected risks (e.g. credit, market, operational or compliance).

Damage to the ANZ New Zealand Group's reputation may have wide-ranging impacts, including adverse effects on its profitability, capacity and cost of funding, increased regulatory scrutiny and availability of new business opportunities. The ANZ New Zealand Group's ability to attract and retain customers could also be adversely affected if its reputation is damaged, which may adversely affect the ANZ New Zealand Group's Position.

***Contagion and reputational risk events may adversely affect the ANZ New Zealand Group's Position and ability to access the capital markets on favorable terms***

As the ANZ New Zealand Group is part of a larger business group, the ANZ New Zealand Group is vulnerable to financial and reputational damage by virtue of its association with other members of the ANZ Group, any of which may suffer the occurrence of a risk event. In the case of the ANZ New Zealand

Group, the damage may be financial and may materially impact its results if financial resources are withdrawn by ANZBGL to support the ANZ New Zealand Group or another member of the ANZ Group. Reputational risk may also arise as a result of a contagion event or as a result of the ANZ New Zealand Group's own actions. The reputational consequences (including damage to the ANZ Group franchise) of the occurrence of a risk event, for example, a major operational failure or litigation, may exceed the direct cost of the risk event itself and may have a material impact on the ANZ New Zealand Group's Position.

In June 2018, the Commonwealth Director of Public Prosecutions (the "CDPP") commenced criminal proceedings in Australia against ANZBGL and a senior employee alleging that they were knowingly concerned in cartel conduct by the joint lead managers of ANZBGL's August 2015 underwritten institutional equity placement of approximately 80.8 million ordinary shares. The matter is at an early stage. ANZBGL and its senior employee are defending the allegations.

In September 2018, ASIC commenced civil penalty proceedings against ANZBGL alleging failure to comply with continuous disclosure obligations in connection with ANZBGL's August 2015 underwritten institutional equity placement. ASIC alleges ANZBGL should have advised the market that the joint lead managers took up approximately 25.5 million ordinary shares of the placement. The matter is at an early stage. ANZBGL is defending the allegations.

As a member of the ANZ Group, any impact on the ANZ Group that arises as a result of the CDPP or the ASIC proceedings, including any negative impact on the ANZ Group's credit ratings, may adversely affect the ANZ New Zealand Group's credit ratings, the ANZ New Zealand Group's Position and its ability to access the capital markets on favourable terms.

***Conduct-related risk events or behaviours may adversely affect the ANZ New Zealand Group's Position***

The ANZ New Zealand Group defines conduct-related risk as the risk of loss or damage arising from the failure of the ANZ New Zealand Group, its employees or agents to appropriately consider the interests of consumers, the integrity of the financial markets, and the expectations of the community in conducting the ANZ New Zealand Group's business activities.

Conduct-related risks can result from:

- the provision of unsuitable or inappropriate advice to customers;
- the representation of, or disclosure about, a product or service which is inaccurate, or does not provide adequate information about risks and benefits to customers;
- a failure to deliver product features and benefits in accordance with terms, disclosures, recommendations and/or advice;
- a failure to appropriately avoid or manage conflicts of interest;
- sales and/or promotion processes (including incentives and remuneration for staff engaged in promotion, sales and/or the provision of advice);
- the provision of credit, outside of the ANZ New Zealand Group's policies and standards; and
- trading activities in financial markets, outside of the ANZ New Zealand Group's policies and standards.

There has been an increasing regulatory and community focus on conduct-related risk globally and in particular, New Zealand and Australia. For example, the ANZ New Zealand Group is currently undertaking a variety of customer remediation programmes, of which some relate to conduct issues that have been identified from reviews to date and these reviews remain on-going. Conduct-related risk events may expose the ANZ New Zealand Group to regulatory actions, restrictions or conditions on banking licences and/or reputational consequences that may adversely affect the ANZ New Zealand Group's Position. Remediation programmes may not be implemented appropriately or may lead to further remediation work being required, resulting in litigation, regulatory action and/or increasing cost to the ANZ New Zealand Group, all of which may adversely affect the ANZ New Zealand Group's Position.

The COVID-19 pandemic has led to rapid changes to employees working remotely which may impact employee behaviour and / or ANZ New Zealand Group systems and processes, which in turn may result in customer detriment, impact market integrity, or cause the ANZ New Zealand Group to fail to live up to community expectations.

For further discussion of the increasing regulatory focus on conduct-related risk, see the risk factors entitled "*Regulatory changes or a failure to comply with laws, regulations or policies may adversely affect the ANZ New Zealand Group's Position*", "*—Litigation and contingent liabilities may adversely affect the ANZ New Zealand Group's Position*" and "*Regulation and Supervision—New Zealand Regulatory Developments—FMA and RBNZ conduct and culture review*".

***Disruption of information technology systems or failure to successfully implement new technology systems could significantly interrupt the ANZ New Zealand Group's business, which may adversely affect the ANZ New Zealand Group's Position***

The ANZ New Zealand Group's day-to-day activities and its service offerings (including digital banking) are highly dependent on information technology systems. Therefore, there is a risk that disruption of information technology systems, or the services the ANZ New Zealand Group uses or is dependent upon, will result in the ANZ New Zealand Group failing to meet customers' banking requirements and its compliance obligations.

Threats to information technology systems are continuously evolving and cyber threats and the risk of attacks are increasing. The attacks against organisations can range from simple attacks up to state owned attacks, which are generally much more sophisticated. The ANZ New Zealand Group may not be able to anticipate or implement effective measures to prevent or minimise disruptions caused by cyber threats due to the techniques used being highly sophisticated and those perpetrating the attacks being well-resourced.

The ANZ New Zealand Group has an ongoing obligation to maintain its information technology systems, to identify, assess and respond to risk exposures caused by the use of technology including information technology asset lifecycle, information technology asset project delivery, technology resilience, technology security, use of third parties, data retention/restoration or business rules and automation. Inadequate responses to these risk exposures could lead to unstable or insecure systems or a decrease in the ANZ New Zealand Group's ability to service its customers, increased costs, and non-compliance with regulatory requirements, which may adversely affect the ANZ New Zealand Group's Position. As an example, in response to the COVID-19 pandemic, more of the ANZ New Zealand Group's staff and third party contractors are required to work remotely or from alternative work sites, which has put additional stress on the ANZ New Zealand Group's productivity and remote access to systems.

The ANZ New Zealand Group has disaster recovery and business continuity measures in place to ensure that critical information technology systems will continue to operate during both short-lived and prolonged disruption events. The recent COVID-19 pandemic event has highlighted that these arrangements must cater for vast and improbable events, like a global pandemic, and ensure critical information systems can be supported and accessed by a large number of multi-jurisdictional technology and business users for an extended period. If such measures cannot be effectively implemented, then this may adversely affect the ANZ New Zealand Group's Position.

In addition, ANZ New Zealand Group relies on ANZBGL to provide a number of information technology systems. A failure of the ANZ Group's systems may affect the ANZ New Zealand Group, which may in turn, adversely affect the ANZ Group's Position.

***Risks associated with information security including cyber-attacks, may adversely affect the ANZ New Zealand Group's Position***

The primary focus of information security is to protect information and technology systems from disruptions to confidentiality, integrity or availability. As a bank, the ANZ New Zealand Group handles a considerable amount of personal and confidential information about its customers and its own internal operations, from across multiple geographies that the ANZ New Zealand Group operates. This information is processed and stored on both internal and third party hosted environments. Any failure of security controls operated by the ANZ New Zealand Group or its third parties could adversely affect the ANZ New Zealand Group's business.

The risks to systems and information are inherently higher in certain countries where, for example, political threats or targeted cyber-attacks by terrorist or criminal organisations are greater.

The ANZ New Zealand Group is conscious that cyber threats, such as advanced persistent threats, distributed denial of service, malware and ransomware, are continuously evolving, becoming more sophisticated and increasing in volume. The COVID-19 pandemic has increased the number of staff working offsite for an extended period, which may increase information security risks to the ANZ New Zealand Group. Cyber criminals may attempt to take advantage through pursuing exploits in end point security, spreading malware, and increasing phishing attempts.

Any failure in the ANZ Group's cybersecurity policies, procedures or controls, may result in major business disruption, an inability to deliver customer services, or loss of data or other sensitive information (including as a result of an outage) and may cause associated reputational damage. Any of these events could result in significant financial losses (including costs relating to notification of, or compensation for customers), regulatory investigations or sanctions or may affect the ANZ New Zealand Group's ability to retain and attract customers, and thus may adversely affect the ANZ New Zealand Group's Position.

### **Environmental, social and governance risks**

#### ***Risks associated with lending to customers that could be directly or indirectly impacted by climate risk may adversely affect the ANZ New Zealand Group's Position***

The risks associated with climate change are subject to increasing regulatory, political and societal focus. Embedding climate change risk into the ANZ New Zealand Group's risk management framework in line with expectations, and adapting its operation and business strategy to address both the risks and opportunities posed by climate change and the transition to a low carbon economy, could have a significant impact on the ANZ New Zealand Group.

The ANZ New Zealand Group's most material climate-related risks result from its lending to business and retail customers, including credit-related losses incurred as a result of a customer being unable or unwilling to repay debt, or impacting the value and liquidity of collateral.

The risk to the ANZ New Zealand Group through credit-related issues with its customers could result directly from climate-related events, and indirectly from changes to laws, regulations, or other policies such as carbon pricing and climate risk adaptation or mitigation policies, which may impact the customer's supply chain. This may result in credit-related losses as a result of the customer being unable or unwilling to repay debt, which may adversely affect the ANZ New Zealand Group's Position.

#### ***Impact of future climate events, geological events, plant, animal and human diseases, and other extrinsic events may adversely affect the ANZ New Zealand Group's Position***

The ANZ New Zealand Group and its customers are exposed to climate-related events. These events include severe storms, drought, fires, cyclones, hurricanes, floods and rising sea levels. The ANZ New Zealand Group and its customers may also be exposed to other events such as geological events (including volcanic or seismic activity or tsunamis), plant, animal and human diseases or a pandemic such as COVID-19, which is causing significant impacts on the ANZ New Zealand Group's operations and its customers. The COVID-19 pandemic has resulted in a widespread health crisis that could continue to adversely affect the economies and financial markets of many countries, including New Zealand, resulting in an economic downturn that could affect the ANZ New Zealand Group and its customers. See "*The COVID-19 pandemic has, and future outbreaks of other communicable diseases or pandemics may, materially and adversely affect the ANZ New Zealand Group's Position*" for further details regarding the different impacts from COVID-19.

Examples of geological events are the major earthquakes in the Canterbury (September 2010 and February 2011) and Kaikoura (November 2016) areas. A reduction in the value of New Zealand residential and commercial property (including the ability to insure property that could result in a reduction in the security values) as a result of geological events could increase provisioning and lending losses which would adversely affect the ANZ New Zealand Group's Position.

Depending on their severity, these extrinsic events may continue to interrupt or restrict the provision of some local services such as the ANZ New Zealand branches or business centres, and may also adversely

affect the ANZ New Zealand Group's financial condition or collateral position in relation to credit facilities extended to customers, which in turn may adversely affect the ANZ New Zealand Group's Position.

***The ANZ New Zealand Group's risk management framework may fail to manage all existing risks appropriately or detect new and emerging risks fast enough, which could adversely affect the ANZ New Zealand Group's Position***

Risk management is an integral part of all of the ANZ New Zealand Group's activities and includes the identification and monitoring of the ANZ New Zealand Group's risk appetite and reporting on the ANZ New Zealand Group's risk exposure and effectiveness of identified controls. However, there can be no assurance that the ANZ New Zealand Group's risk management framework will be effective in all instances including in respect of existing risks, or new and emerging risks that the ANZ New Zealand Group has not anticipated or identified, and for which its controls may not be effective. Failure to manage risks effectively could adversely impact the ANZ New Zealand Group's reputation or compliance with regulatory obligations.

The effectiveness of the ANZ New Zealand Group's risk management framework is also connected to the establishment and maintenance of a sound risk management culture, which is supported by appropriate remuneration structures. If the remuneration structures are not designed or implemented effectively, then this could have an adverse impact on the ANZ New Zealand Group's risk culture and effectiveness of the ANZ New Zealand Group's risk management frameworks.

The ANZ New Zealand Group seeks to continuously improve its risk management framework. It has implemented, and regularly reviews, its risk management policies and allocates additional resources across the ANZ New Zealand Group to manage and mitigate risks (including conduct risk). However, such efforts may not insulate the ANZ New Zealand Group from future instances of misconduct and no assurance can be given that the ANZ New Zealand Group's risk management framework will be effective. A failure in the ANZ New Zealand Group's risk management processes or governance could result in the ANZ New Zealand Group suffering unexpected losses and reputation damage, and failing to comply with regulatory obligations, which could adversely affect the ANZ New Zealand Group's Position.

While these principles still continue to underpin the ANZ New Zealand Group's risk management framework, the ongoing COVID-19 pandemic requires the ANZ New Zealand Group to continue to maintain good practices and a robust risk management framework as its operational activities continue to evolve to manage the impacts of the pandemic both to its workforce and customers. In these circumstances, a failure in the ANZ New Zealand Group's risk management processes or governance could adversely affect the ANZ New Zealand Group's Position.

#### **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**

##### **Risks related to the Secured Property and to the structure and terms of the Covered Bond Guarantee**

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

The Covered Bond Guarantor's ability to meet its obligations under the Covered Bond Guarantee will depend on (a) the realisable value of Selected Housing Loans in the Housing Loan Portfolio, (b) the amount of Housing Loan Revenue Receipts and Housing Loan Principal Receipts generated by the Housing Loan Portfolio and the timing thereof, (c) the 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 Relevant Issuer and the Guarantor (in the case of Covered Bonds issued by ANZNIL) for the shortfall. There is no guarantee that the Issuers or the Guarantor (if applicable) will have sufficient funds to pay that shortfall.

While 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), 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*", "*Credit Structure – Asset Coverage Test*", "*Summary of Principal Documents – Establishment Deed – Amortisation Test*", "*Credit Structure – Amortisation Test*", "*Summary of the Principal Documents – Servicing Agreement – Interest Rate Shortfall Test and Yield Shortfall Test*", "*Summary of the Principal Documents – Establishment Deed – Pre-Maturity Test*" and "*Credit Structure – Pre-Maturity Test*"). Where there is a shortfall in the value of the Assets required to make such payments, Covered Bondholders may not receive payment of all amounts due in respect of the Covered Bonds and the market value of the Covered Bonds may be adversely impacted.

#### ***Limited description of the Housing Loans in the Housing Loan Portfolio***

Covered Bondholders may not receive detailed statistics or information in relation to the Housing Loans in the Housing Loan Portfolio because it is expected that the constitution of the Housing Loan Portfolio will frequently change due to, *inter alia*, the sale of additional Housing Loans and the Related Security (or Housing Loans of New Product Types and the Related Security) to the Covered Bond Guarantor; payments by the Borrowers on those Housing Loans; and the Seller repurchasing Housing Loans and the Related Security in accordance with the Mortgage Sale Agreement.

There is no assurance that the characteristics of the New Housing Loans sold to the Covered Bond Guarantor on any Transfer Date will be the same as those of the other Housing Loans in the Housing Loan Portfolio as at the relevant Transfer Date. Although at the time of sale of a Housing Loan to the Covered Bond Guarantor, it will be required to be a Qualifying Housing 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 Housing Loans and Related Security*"), the criteria for Qualifying Housing Loans and Representations and Warranties may change in certain circumstances (see "*The Bond Trustee and the Security Trustee may agree to modifications to the Programme Documents without, respectively, the Covered Bondholders' or Secured Creditors' prior consent*").

In addition, the Servicing Procedures may be amended or revised by ANZ New Zealand from time to time. If any Housing Loans have been originated under amended or revised Servicing Procedures and the Housing 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 Housing 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.

#### ***Sale of Selected Housing Loans and the Related Security if the Pre-Maturity Test is breached***

The Establishment Deed provides for the sale of Selected Housing Loans and the Related Security in circumstances where the Pre-Maturity Test has been breached in relation to a Series of Hard Bullet Covered Bonds. The Pre-Maturity Test will be breached in relation to a Series of Hard Bullet Covered Bonds if ANZ New Zealand's short-term credit rating from Moody's falls to P-2 (or lower) or from Fitch falls to F1 (or lower) during the period commencing on the day 12 months prior to the Final Maturity Date of the Series of Hard Bullet Covered Bonds. If the Pre-Maturity Test is breached, 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 Housing Loans and the Related Security



in order to enable the Covered Bond Guarantor to pay the NZ dollar Equivalent of the Required Redemption Amount on each affected 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 by a specified time, an Issuer Event of Default will occur.

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

***Sale of Selected Housing Loans and the Related Security following the occurrence of certain events***

Following the Demand Loan Provider making demand that the Demand Loan (or part of it) be repaid (subject to the Asset Coverage Test being met) or the service of an Asset Coverage Test Breach Notice on the Covered Bond Guarantor or a breach of the Pre-Maturity Test or the service of a Notice to Pay on the Covered Bond Guarantor, but prior to service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor, the Issuers and the Guarantor and/or the commencement of winding up proceedings against the Trust and/or the realisation of the Security, the Covered Bond Guarantor, or the Trust Manager on its behalf, shall sell Selected Housing Loans (selected on a basis that is representative of the Housing Loans in the Housing Loan Portfolio as a whole), and if a Housing Loan is selected for sale, its Related Security is also selected, unless the Related Security also secures a Housing Loan in the Housing Loan Portfolio that is not also a Selected Housing Loan. 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 Housing Loans*").

There is no guarantee the Covered Bond Guarantor will, where the Covered Bond Guarantor is obliged to sell Selected Housing Loans, find a buyer to buy Selected Housing Loans and the Related Security at the times required and there can be no guarantee or assurance as to the price which may be able to be obtained, which may adversely affect the ability of the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee. The Covered Bond Guarantor will offer the Selected Housing Loans and the 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 Housing Loans may not be sold by the Covered Bond Guarantor for an amount less than the Current Principal Balance of the Selected Housing 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 Housing 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 Housing Loans have not been sold (in whole or in part) 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 Housing Loans and the Related Security for sale for the best price reasonably available notwithstanding that such amount may be less than the Adjusted Required Redemption Amount.

If Selected Housing Loans and the Related Security 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.

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 Housing Loans and the Related Security to the extent that such proceeds comprise Accrued Interest or Arrears of Interest (if any) that have been, or are to be, on the immediately following Trust Payment Date, credited to the Revenue Ledger on the GIC Account. Available Principal Receipts will include the sale proceeds of Selected Housing Loans and the Related Security and all principal repayments received on the Housing Loans in the Housing Loan Portfolio

generally. This may adversely affect repayment of later maturing Series of Covered Bonds if the Selected Housing Loans and the Related Security 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 Housing Loan Portfolio (such as Housing Loan Principal Receipts) to redeem that earlier maturing Series of Covered Bonds.

***Certain factors may affect the realisable value of the Housing Loan Portfolio or any part thereof or the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee***

The realisable value of Selected Housing Loans and the Related Security comprising the Housing Loan Portfolio may be adversely impacted by a wide range of factors including but not limited to:

- restrictions in the Programme Documents on the ability of the Covered Bond Guarantor to provide representations or warranties on the sale of Selected Housing Loans and the Related Security unless expressly agreed by the Security Trustee or otherwise agreed with the Seller;
- a failure by Borrowers to comply with insurance covenants in Housing Loan Conditions related to Housing Loans in the Housing Loan Portfolio;
- a decline in property values which may adversely affect the value of the Housing Loan Portfolio or any part thereof;
- default by Borrowers of amounts due on their Housing Loans;
- changes to the Servicing Procedures of the Seller;
- the Covered Bond Guarantor not having legal title to the Housing Loans in the Housing Loan Portfolio;
- risks in relation to some types of Housing Loans which may adversely affect the value of the Housing Loan Portfolio or any part thereof;
- changes in interest rates which may adversely affect the value of fixed rate Housing Loans;
- limited recourse to the Seller;
- possible regulatory changes by the Commerce Commission in New Zealand and other regulatory authorities;
- regulations in New Zealand that could lead to some terms of the Housing Loans being unenforceable;
- restrictions on the disposal of All Moneys Mortgages which are subject to an All Moneys Mortgage Trust (see "*Summary of the Principal Documents – Mortgage Sale Agreement – All Moneys Mortgage Trust*"); and
- other issues which impact on the enforceability of the Housing Loans.

Any reduction in the realisable value of Selected Housing Loans and the Related Security may result in the Covered Bond Guarantor having insufficient funds to meet its obligations under the Covered Bond Guarantee.

***Realisation of the Charged Property following the occurrence of a Covered Bond Guarantor Event of Default and/or the commencement of winding up proceedings against the Covered Bond Guarantor***

If a Covered Bond Guarantor Event of Default occurs and a Covered Bond Guarantee Acceleration Notice is served on the Covered Bond Guarantor, the Issuers and the Guarantor, 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, the Issuers and the Guarantor, then the Covered Bonds may be repaid sooner or later than expected or not at all.

#### ***Value of the Housing 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 Housing Loan Portfolio. Since the economic value of the Housing 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 Issuers, the Guarantor 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 Housing Loan or at any other time. The value of the Housing 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 Housing Loan Portfolio. This, ultimately, may result in losses to the Covered Bondholders if such security is required to be enforced.

#### ***Geographic concentration of Housing 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 Housing Loans in such a region may be expected to exacerbate any or all of the risks relating to the Housing 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 Housing Loans in the Housing 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 Housing Loans***

Borrowers may default on their obligations due under the Housing Loans. Defaults may occur for a variety of reasons. The Housing 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 Housing Loans. These factors include changes in the national, regional or international economic climate such as: volatility in interest rates; lack of liquidity in wholesale funding markets in periods of stressed economic conditions, economic or political crisis; 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 Housing Loans. Loss of earnings, illness, separation, divorce or widespread health crises or the fear of such crises (including, but not limited to, COVID-19 (or any strain of the foregoing), or other epidemic and/or pandemic diseases) and other similar factors such as bankruptcies of Borrowers, may lead to an increase in delinquencies, and could ultimately have an adverse impact on the ability of Borrowers to repay the Housing Loans. In addition, governmental action or inaction in respect of, or responses to, any widespread health crises or potential crises (such as those mentioned previously), whether in New Zealand or in any other jurisdiction, may lead to a deterioration of economic conditions both globally and also within New Zealand. Given the unpredictable effect such factors may have on the local, national or global economy, no assurance can be given as to the impact of any of the matters described in this paragraph and, in particular, no assurance can be given that such matters would not adversely affect the ability of Borrowers to repay the Housing Loans.

In addition, the ability of a Borrower to sell a property charged by a Mortgage which secures a Housing Loan at a price sufficient to repay the amounts outstanding under that Housing 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 previously had, and could continue to have, a negative effect on the housing market.

Further, the Housing Loan market in New Zealand is highly competitive. This competitive environment may affect the rate at which the Seller originates new Housing Loans and may also affect the repayment rate of existing Housing Loans.

Climate-related events, geological events (volcanic, seismic or tsunamis) or other extrinsic events could have a negative effect on a Borrower's ability to pay interest or repay principal on his or her Housing Loan. The most recent examples of this are the major earthquakes in the Canterbury (September 2010 and February 2011) and Kaikoura (November 2016) areas.

The New Zealand Government and the RBNZ have implemented a financial support package for homeowners affected by the economic impacts of COVID-19, in which ANZ New Zealand, agreed to participate. The package includes a loan repayment deferral scheme for residential mortgage customers. The deferral scheme is available to eligible ANZ New Zealand customers who are impacted by COVID-19. Under the scheme, repayments can be deferred for any period up to 12 months, as agreed between the bank and the borrower. The period of a repayment deferral under the scheme will not be treated as a period in arrears, and the granting of a repayment deferral will not be treated as a distressed restructuring. The number of Borrowers who may seek to participate in the scheme, and therefore the impact of the scheme on the performance of the Housing Loans, is not known as at the date of this Base Prospectus. Nor can there be any assurance that the RBNZ, or other New Zealand government or regulatory bodies, may not take further steps in response to the COVID-19 pandemic in New Zealand which may impact the performance of the Housing Loans. For further information on the regulatory response to COVID-19 see "*Recent Developments—Regulatory Response to the COVID-19 Pandemic and Other Developments*" in this Base Prospectus.

If the timing of payments, as well as the quantum of such payments, in respect of the Housing Loans is adversely affected by any of the risks described above, the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee could be reduced or delayed.

#### ***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 Housing 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 Housing 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 Housing Loan in the Housing Loan Portfolio and/or the Related Security as at the date on which such Representation and Warranty is given or deemed to have been given (having regard to, among other things, whether a loss is likely to be incurred in respect of the Housing Loan to which the breach relates after taking into account the likelihood of recoverability or otherwise of any sums under any applicable Insurance Policies), and further provided that (a) the Covered Bond Guarantor (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 Housing Loan Repurchase Notice whereupon the Covered Bond Guarantor will be required to sell and the Seller will be required to repurchase the relevant Housing Loan and the Related Security, unless the Related Security also secures another Housing Loan in the Housing Loan Portfolio, together for the Repurchase Price payable as at the Repurchase Date.

There can be no assurance that the Seller, in the future, will have the financial resources to repurchase from the Covered Bond Guarantor a Housing Loan or Housing Loans and the Related Security. However,

if the Seller does not repurchase those Housing Loans and the Related Security which are in material breach of the Representations and Warranties as at the date on which such Representation and Warranty is given, then the LVR Adjusted Housing Loan Balance Amount or the Asset Percentage Adjusted Housing Loan Balance Amount of those Housing Loans (as applicable) will be deducted from the calculation of the Adjusted Aggregate Housing Loan Amount in the calculation of the Asset Coverage Test. There is no further recourse to the Seller in respect of a material breach of a Representation or Warranty.

***Covered Bondholders must act through the Bond Trustee or the Security Trustee***

Only the Bond Trustee may enforce the provisions of the Bond Trust Deed. No Covered Bondholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Relevant Issuer, the Guarantor (in the case of Covered Bonds issued by ANZNIL) or the Covered Bond Guarantor to enforce the performance of any of the provisions of the Bond Trust Deed or to directly enforce the provisions of any other Programme Document unless the Bond Trustee, having become bound to so proceed, fails to do so within a reasonable time and such failure is continuing, in which event any Covered Bondholder, Receiptholder or Couponholder may, himself or herself institute such proceedings and/or prove in the winding up, administration or liquidation of the Relevant Issuer, the Guarantor (in the case of Covered Bonds issued by ANZNIL) 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, Receipts and Coupons and/or the Bond Trust Deed).

Further, only the Security Trustee may enforce the Security Deed and the Security. No Secured Creditor is entitled to enforce the Security or the provisions of the Security Deed or to appoint or cause to be appointed a receiver, manager or receiver and manager to any of the Charged Property or otherwise to exercise any power conferred by the terms of any applicable law on charges except as provided in the Security Deed.

There can be no assurance that the actions, or the failure to act, by the Bond Trustee or the Security Trustee, as the case may be, will not adversely affect any Covered Bondholders.

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

Following the occurrence of 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, serve an Issuer Acceleration Notice on the Relevant Issuer and the Guarantor (in the case of Covered Bonds issued by ANZNIL) to the effect that as against the Issuers and the Guarantor (in the case of Covered Bonds issued by ANZNIL) (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 Issuers and the Guarantor (in the case of Covered Bonds issued by ANZNIL), 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 Relevant Issuer or the Guarantor (in the case of Covered Bonds issued by ANZNIL) 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 Issuers and the Guarantor.

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

to pay any additional amounts as a consequence. 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. 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 Issuers or the Guarantor (in the case of Covered Bonds issued by ANZNIL) under Condition 7 (*Taxation*). Prior to service on the Covered Bond Guarantor of a Covered Bond Guarantee Acceleration Notice, the Covered Bond Guarantor will not be obliged to make payment in respect of any additional amounts relating to prepayments, early redemption, broken funding indemnities, penalties, premiums, default interest or interest upon interest which may accrue on or in respect of the Covered Bonds.

Subject to any grace period, if the Covered Bond Guarantor fails to make a payment when Due for Payment under the Covered Bond Guarantee or any other Covered Bond Guarantor Event of Default occurs, 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*)), although in such circumstances the Covered Bond Guarantor will not be obliged to gross up in respect of any withholding which may be required in respect of any payment. Following service of a Covered Bond Guarantee Acceleration Notice, the Security Trustee may enforce the Security over the Charged Property. 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.

#### **Risks related to the Covered Bond Guarantor, service providers and counterparties**

##### ***Insolvency of the Covered Bond Guarantor likely to adversely affect the Covered Bonds***

If one or more insolvency related events occurred in respect of the Covered Bond Guarantor, then this would constitute a Covered Bond Guarantor Event of Default, which is likely to adversely affect the Covered Bonds. For instance, all of the Covered Bonds will become capable of being declared immediately due and payable, the ratings of the Covered Bonds are likely to be adversely affected, the trading price and liquidity of the Covered Bonds in the secondary market is likely to be adversely affected and the price at which Selected Housing Loans can be sold or the value of the Housing Loans in the cover pool may be adversely affected.

##### ***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 including, without limitation the Servicer, the Trust Manager, the Calculation Manager, the Asset Monitor and the Account Bank (see "*Summary of the Principal Documents*").

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 Housing Loan Portfolio and other assets in the Asset Pool or any part thereof or pending such realisation (if the Housing 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.

Following the occurrence and during the continuance of a Servicer Termination Event, subject to the terms of the Programme Documents, the appointment of the Servicer may be terminated. While following such termination, the Covered Bond Guarantor will use reasonable endeavours to appoint a substitute servicer, there can be no assurance that either (a) a substitute servicer with sufficient experience of administering mortgages of residential properties would be found who would be willing and able to service the Housing Loans in the Housing Loan Portfolio on the terms of the Servicing Agreement, or (b) that a Rating Affirmation Notice could be delivered by the Trust Manager in respect of such substitute

servicer. The ability of a replacement servicer to perform fully the required services would depend, among other things, on the information, software and records available at the time of the appointment. Any delay or inability to appoint a replacement servicer may affect payments on the Housing Loans in the Housing Loan Portfolio, the realisable value of such Housing Loans and/or the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee.

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

The Servicer is required to act as collecting agent for the Covered Bond Guarantor in respect of all payments in respect of the Housing Loans in the Housing Loan Portfolio (including, without limitation, a Housing Loan Scheduled Payment). If the Servicer receives, during a Collection Period, any money whatsoever arising from the Housing Loans in the Housing 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.

In addition, following the occurrence of a Trust Manager Termination Event or a Calculation Manager Termination Event the appointment of the Trust Manager or the Calculation Manager, as applicable may be terminated. 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.

In addition, there can be no assurance that a substitute calculation manager would be found who would be willing and able to provide the Calculation Management Services or Asset Registry 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 the Calculation Manager or to monitor or supervise the performance by the Calculation Manager (or any substitute calculation manager) of its obligations.

Any delay or inability to appoint a substitute trust manager or calculation manager may affect payments to and from the Transaction Accounts in accordance with the terms of the Programme Documents, and/or the provision of the Asset Coverage Reports and other information to, *inter alia*, the Rating Agencies, the Security Trustee and the Covered Bond Guarantor and/or the maintenance of the Asset Registry 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.

Upon the occurrence of certain events, the appointment of the Account Bank may, or in the case of the occurrence of an Insolvency Event in relation to the Account Bank or if the Account Bank ceases to be a Qualified Institution and does not obtain a guarantee from a Qualified Institution of its obligations under the Account Bank Agreement within 30 Local Business Days must, be terminated. Following such a termination, there can be no assurance that a replacement bank will be found within a particular period or that any replacement bank will be a Qualified Institution. In the event that a transfer of accounts does not occur before the Account Bank becomes insolvent, then the Covered Bond Guarantor would only have a claim as an unsecured creditor of the Account Bank. Accordingly, there is a potential risk of loss of the Covered Bond Guarantor's funds held with the Account Bank if the Account Bank has insufficient funds to meet all the claims of its unsecured creditors.

### ***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. The occurrence of either of these factors may adversely affect the ratings assigned to the Covered Bonds or the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee.

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 Housing Loans and amounts payable by the Covered Bond Guarantor under the Intercompany Loan Agreement and/or the Demand Loan Agreement to ANZ New Zealand 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 in circumstances when sufficient funds had been made available to the Covered Bond Guarantor for that purpose in accordance with the applicable Priority of Payments, then it will have defaulted under that Swap Agreement and such Swap Agreement may be terminated. Further, a Covered Bond Swap Provider is only obliged to make payments to the Covered Bond Guarantor if the Covered Bond Guarantor has not defaulted under the relevant Covered Bond 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 credit ratings as may be required by any of the Rating Agencies and which agrees to enter into a replacement swap agreement on similar commercial terms.

If the Covered Bond Guarantor is obliged to pay a termination payment under any Swap Agreement, any such termination payment in respect of:

- the Interest Rate Swap will rank ahead of amounts due on the Covered Bonds; and
- the Covered Bond Swap will rank *pari passu* with amounts due on the Covered Bonds,

except where default by 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.



### ***Rating Affirmation Notice in respect of Covered Bonds***

The terms 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 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 credit 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 credit rating of the Covered Bonds from that Rating Agency will not be downgraded or withdrawn by such Rating Agency as a result of such event or circumstance. The Trust Manager may exercise its judgment in this regard that a proposed event or action will not cause a downgrade or withdrawal and that judgment may subsequently turn out to be wrong in that a downgrade or withdrawal is the consequence of such event or action. Such a decision may adversely affect Covered Bondholders.

### ***Conflicts of Interest***

The Trust Manager is a subsidiary of ANZBGL and members of the board of the Trust Manager are currently employed by ANZBGL in senior positions. ANZBGL is the ultimate parent company of the Issuers. The Programme Documents contain undertakings of the Trust Manager and under the Programme Documents the Trust Manager will need to give directions to the Covered Bond Guarantor in relation to many matters where the interests of the Covered Bond Guarantor and the Trust Manager on the one hand and the interest of the Issuers on the other hand, may conflict. For instance (but without limiting the generality of the foregoing), the Covered Bond Guarantor (at the direction of the Trust Manager) may need to make claims against ANZ New Zealand under the Mortgage Sale Agreement if there has been a breach of a representation by ANZ New Zealand. Neither the Trust Manager nor the Issuers are required to ensure that no actual or potential conflicts of interest of the sort described in this paragraph arises and Covered Bondholders are taken to acknowledge that actual and potential conflicts of interest may exist in connection with the roles of ANZ New Zealand (in various capacities) and the Trust Manager.

The exercise by the Trust Manager of its powers and certain actions or claims by the Trustee under the Programme Documents may be undertaken or performed in a way that favours the interests of a party that any of Trust Manager or the Trustee respectively, are affiliated or associated with, and as a result, the interests of the Covered Bondholders may be adversely affected.

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

Subject to the terms of the relevant Covered Bond Swap Agreement, the Covered Bond Guarantor may be required, following service of a Notice to Pay on the Covered Bond Guarantor, to 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. In such circumstances, 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 adversely affect the Covered Bond Guarantor's ability to meet its obligations under the Covered Bond Guarantee.

### **Legal and Regulatory Risks related to the Covered Bond Guarantee and Guarantor**

#### ***Insolvency proceedings and subordination***

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 (the so-called "**flip clause**"). In particular, recent cases have focused on provisions involving the subordination of a hedging counterparty's payment rights in respect of certain termination payments upon the occurrence of insolvency proceedings on the part of such counterparty. Such provisions are similar in effect to the terms which are included in the Programme Documents (in particular the Establishment Deed and the Security Deed) relating to the subordination of Excluded Swap Termination Amounts.

The Supreme Court of the United Kingdom has held that a flip clause is valid under English law. It is likely (but not certain) that a New Zealand court would consider such a subordination provision to be valid under New Zealand law. Contrary to this, the U.S. Bankruptcy Court for the Southern District of New York has held that such a subordination provision is unenforceable under U.S. bankruptcy law and that any action to enforce such provision would violate the automatic stay which applies under such law in the case of a U.S. bankruptcy of the counterparty. However, in a subsequent decision in relation to a similar matter, the U.S. Bankruptcy Court for the Southern District of New York held that such a subordination provision can be enforceable in certain circumstances. The outcome of these decisions is that U.S. law is unsettled.

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 enforce the subordination provisions of the relevant Priority of Payments which refer to the ranking of the Swap Provider's payment rights in respect of Excluded Swap Termination Amounts. In particular, based on the decision of the U.S. Bankruptcy Court referred to above, there is a risk that such subordination provisions would not be upheld under U.S. bankruptcy laws. Such laws may be relevant in certain circumstances with respect to a range of entities which may act as Swap Provider, including U.S. established entities and certain non-U.S. established entities with assets or operations in the U.S. (although the scope of any such proceedings may be limited if the relevant non-U.S. entity is a bank with a licensed branch in a U.S. state). Currently ANZ New Zealand is the only Swap Provider.

Lastly, given the general relevance of the issues under discussion in the judgments referred to above and that the Programme Documents will include terms providing for the subordination of Excluded Swap Termination Amounts, there is a risk that the final outcome of the dispute in such judgments (including any recognition action by the 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 decline.

If a subordination provision included in the Programme Documents was successfully challenged under the insolvency laws of any relevant jurisdiction outside New Zealand, it is not clear whether the relevant foreign judgment or order would be recognised by the courts in New Zealand. The New Zealand courts would be unlikely to apply a law other than the law of New Zealand to the priority of distribution in respect of Excluded Swap Termination Amounts under the Establishment Deed.

### ***Issues affecting the Covered Bond Guarantor's title to the Housing Loan Portfolio***

Each sale by the Seller to the Covered Bond Guarantor of the benefit of the Housing 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 Housing Loans, all the remedies of the Seller in relation to the Housing 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 Housing 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 Housing 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 Housing Loan before the Borrower receives actual notice of the assignment discharges the liability of the Borrower to the extent of the payment. The registration of a financing statement on the PPSR in relation to the transfer of Housing Loans under the Mortgage Sale Agreement does not constitute notice of the assignment to the relevant Borrowers.

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 Housing Loans in the Housing 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 – Perfection of title to the Housing Loans to the Covered Bond Guarantor*" and until such right arises, the Covered Bond Guarantor will not give notice of the sale of the Housing 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:

- 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 Housing 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 Housing 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;
- 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 Housing Loans directly to the Seller; and
- thirdly, unless the Covered Bond Guarantor 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 the bullet points above were to occur, then the realisable value of the Housing 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.

Where an entity becomes subject to statutory management under either the Reserve Bank Act, the CIM Act or the Insurance (Prudential Supervision) Act 2010, a moratorium will apply and, among other things, it is an offence for any person, without the consent of the statutory manager, to sell or transfer any property of the entity in statutory management. If the Seller became subject to statutory management, it is uncertain whether the legal title to the Mortgages (which the Seller holds on bare trust for the Covered Bond Guarantor) would constitute "property" of the Seller and consent of the statutory manager would therefore be required for the Seller to transfer the legal title to the Mortgages to the Covered Bond Guarantor. The moratorium also prohibits any person from acting as the agent of an entity in statutory management. However, provided that the Covered Bond Programme is registered, a moratorium in respect of the Seller would not prevent the Covered Bond Guarantor from acting as the Seller's attorney under the Seller Power of Attorney for the purposes of transferring the legal title to the Mortgages to the Covered Bond Guarantor. If the Seller was to become subject to statutory management, it is likely that the statutory manager would be appointed under the Reserve Bank Act. Under the Reserve Bank Act, in exercising its powers the statutory manager must have regard to the advice of the RBNZ.

See also "*Risk Factors – Regulatory changes or a failure to comply with laws, regulations or policies may adversely affect the ANZ New Zealand Group's Position*".

## **RISK FACTORS RELATING TO THE COVER POOL**

### ***The RBNZ regulatory limit on Covered Bonds could constrain the ability of the Seller to sell Housing Loans to the Covered Bond Guarantor***

The RBNZ imposes a regulatory limit on the issuance of covered bonds by New Zealand banks. Under Conditions of Registration imposed on ANZ New Zealand, no more than 10 per cent of its total assets may be beneficially owned by a special purpose vehicle for the purpose of guaranteeing covered bonds (see "*Regulation and Supervision*" for the full text of this Condition of Registration). At the date of this Base Prospectus, the limit is unchanged. This regulatory limit could constrain the ability of the Seller to sell Housing Loans to the Covered Bond Guarantor which may adversely affect the Covered Bond Guarantor's ability to comply with its obligations under the Programme.

### ***Changes in the New Zealand Housing Market may affect the quality of the Housing Loan Portfolio, the rate at which the Seller originates new Housing Loans and the level of attrition of the Seller's existing Borrowers***

ANZ New Zealand's business includes mortgage lending in New Zealand with loans secured against residential property. Any 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 Housing 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.

The current New Zealand economic environment may affect the rate at which the Seller originates new Housing 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.

### ***Changes to the Servicing Procedures***

Each of the Housing Loans in the Mortgage Portfolio originated by the Seller will have been originated in accordance with the Seller's Servicing Procedures applicable at the time of origination. The Seller's Servicing Procedures 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 Housing 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 Housing Loans and the Related Security were originated in accordance with the Seller's Servicing Procedures then applicable at the time of the origination of such new Housing Loans. However, the Seller retains the right to amend or revise its Servicing Procedures as determined from time to time.

If any new Housing Loans which have been originated under revised Servicing Procedures are then sold to the Covered Bond Guarantor pursuant to the terms of the Mortgage Sale Agreement, the characteristics of the Housing Loan Portfolio could at such time change. This could have an adverse effect on the ability of the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee.

## **LEGAL AND OTHER CONSIDERATIONS**

### ***Because 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 Relevant Issuer and/or the Guarantor***

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 depository or common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or deposited with 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 Relevant Issuer and the Guarantor will discharge their payment obligations under the Covered Bonds by making payments to the Principal Paying Agent who will make payments to 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 Issuers and the Guarantor have 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. For further information see the risk factor entitled "*Covered Bondholders will not have a direct right to vote or take enforcement action*".

***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***

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

***Risks relating to exchange rate movements and controls***

The Issuers and the Guarantor (in the case of Covered Bonds issued by ANZNIL), as the case may be, 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 (1) the Investor's Currency-equivalent yield on the Covered Bonds, (2) the Investor's Currency-equivalent value of the principal payable on the Covered Bonds and (3) 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.

***Risks relating to changes of law, regulatory, accounting and/or administrative practices***

The structure of the issue of the Covered Bonds and the credit ratings which are to be assigned to them are based on (amongst other things) New Zealand law, regulatory, accounting and administrative practice in effect as at the date of this Base Prospectus, and having due regard to the expected tax treatment of all relevant entities under United Kingdom tax law and the published practice of HM Revenue & Customs in force or applied in the United Kingdom and New Zealand tax law and the published practice of the

IRD in force or applied in New Zealand as at the date of this Base 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 the United Kingdom or to New Zealand tax law, or the interpretation or administration thereof, or to the published practice of HM Revenue & Customs as applied in the United Kingdom or the IRD as applied in New Zealand after the date of this Base Prospectus. Investors should be aware that the introduction of any changes may adversely affect the ability of the Issuers and/or the Guarantor 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.

For instance, 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 Housing Loans). Any such action or developments or compliance costs may have a material adverse effect on the Housing Loan Portfolio, the Seller, the Covered Bond Guarantor, ANZ New Zealand and/or the Servicer and their respective businesses and operations. This may adversely affect the Covered Bond Guarantor's ability to make payments in relation to the Covered Bond Guarantee when due.

***Revisions to the Basel Capital Accord may adversely affect the risk-weighting of the Covered Bonds for investors who are subject to capital adequacy requirements***

The Basel Committee on Banking Supervision (the "BCBS") approved significant changes to the Basel II regulatory capital and liquidity framework in 2011 (such changes are referred to as "Basel III"). In particular, Basel III provides for a substantial strengthening of existing capital rules, including new capital and liquidity requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a minimum leverage ratio for financial institutions and certain minimum liquidity standards (referred to as the Liquidity Coverage Ratio and the Net Stable Funding Ratio). The BCBS published a package of further revisions to Basel III in December 2017 which included changes to the Standardised approach for credit risk, the internal ratings based approaches for credit risk, the credit valuation adjustment risk framework, the operational risk framework, the leverage ratio framework, and a revised output floor. The BCBS expects these changes to be implemented from January 2022, with transitional arrangements up to January 2027.

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

Investors should consult their own advisers as to the consequences to, and effect on, them of the application of the Basel framework and any relevant implementing measures. There can be no certainty as to the precise effects of these or of any changes to the Basel framework on any investor or otherwise.

***U.S. Foreign Account Tax Compliance Act ("FATCA") withholding may apply to payments on the Covered Bonds, including as a result of the failure of a holder or a holder's bank or broker to provide information to taxing authorities or withholding agents***

A withholding tax as high as 30 per cent may be imposed on payments made with respect to the Covered Bonds, but such withholding will not apply to payments made with respect to the Covered Bonds before the date that is two years after the date on which final regulations defining the term "foreign passthru payment" are enacted, and only with respect to the Covered Bonds, issued or modified at least six months after the date on which final regulations implementing the rules for calculating the amount of such withholding tax are published in final form. The withholding tax, when it applies, may be imposed at any point in a series of payments unless the relevant payee (including a bank, broker or individual) at each point complies with information reporting, certification and related requirements. Accordingly, a Covered Bondholder that holds Covered Bonds through a bank or broker could be subject to withholding if, for example, its bank or broker is subject to withholding because the bank or broker fails to comply with these requirements even though the Covered Bondholder itself might not otherwise have been subject to withholding. If a payment on the Covered Bonds is subject to this withholding tax, no

additional amounts will be paid, and a Covered Bondholder will receive less than the expected amount of the payment.

Prospective investors should consult their tax advisers and their banks or brokers regarding the possibility of this withholding. For more information, see "*Regulation and Supervision – FATCA*".

## 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 Base 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 Base Prospectus shall have the same meanings in this summary. A glossary of certain defined terms is contained at the end of this Base Prospectus.*

### The Parties

<b>Issuers</b> .....	ANZ New Zealand, incorporated as a company under the NZ Companies Act with company number 35976 and having its registered office at ANZ Centre, Ground Floor, 23-29 Albert Street, Auckland 1010, New Zealand.
	ANZNIL, incorporated as a company under the NZ Companies Act with company number 328154 and having its registered office at ANZ Centre, Ground Floor, 23-29 Albert Street, Auckland 1010, New Zealand.
	For a more detailed description of the Issuers see "ANZ Bank New Zealand Limited" and "ANZ New Zealand (Int'l) Limited".
<b>Guarantor</b> .....	ANZ New Zealand (in respect of Covered Bonds issued by ANZNIL only)
	For a more detailed description of the Guarantor see "ANZ Bank New Zealand Limited".
<b>Covered Bond Guarantor</b> .....	ANZNZ Covered Bond Trust Limited, incorporated as a company under the NZ Companies Act with company number 3220967 and having its registered office at Level 9, 34 Shortland Street, Auckland, 1010, New Zealand as trustee of the ANZNZ Covered Bond Trust.
<b>The Trust</b> .....	ANZNZ Covered Bond Trust.
<b>The Beneficiaries</b> .....	The ANZ Staff Foundation.
<b>Trust Manager</b> .....	ANZ Capel Court Limited.
<b>Seller</b> .....	ANZ New Zealand.
<b>Calculation Manager / Servicer / Interest Rate Swap Provider / Covered Bond Swap Provider / Account Bank / Intercompany Loan Provider / Demand Loan Provider</b> .....	ANZ New Zealand.
<b>Bond Trustee</b> .....	Deutsche Trustee Company Limited.
<b>Security Trustee</b> .....	New Zealand Permanent Trustees Limited.
<b>Asset Monitor</b> .....	KPMG.
<b>Arrangers</b> .....	ANZ New Zealand and Barclays Bank PLC.



<b>Dealers</b> .....	Australia and New Zealand Banking Group Limited and Barclays Bank PLC.
<b>Principal Paying Agent</b> .....	Deutsche Bank AG, London Branch.
<b>Registrar</b> .....	Deutsche Bank Luxembourg S.A.
<b>Transfer Agent</b> .....	Deutsche Bank Luxembourg S.A.
<b>Rating Agencies</b> .....	Fitch Australia Pty Ltd and Moody's Investors Service Pty Ltd.

***The Covered Bonds***

**Programme Size**..... Up to €8,000,000,000 (or its equivalent in other currencies determined as described in the Programme Agreement) outstanding at any time. The Issuers 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*" 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 Relevant Issuer, the Guarantor (if ANZNIL is 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*").

**Issue Price** ..... Covered Bonds may be issued at par or at a premium or discount to par on a fully-paid basis (as set out in the 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, Floating Rate Covered Bonds or Zero Coupon Covered Bonds and may be Instalment Covered Bonds or Hard Bullet Covered Bonds, depending on 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 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 among the Relevant Issuer, the Guarantor (if ANZNIL is 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 Relevant Issuer, the Guarantor (if ANZNIL is 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:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions; or
- (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service,

in each case as set out in the applicable Final Terms.

The Margin (if any) relating to such floating rate will be agreed among the Relevant Issuer, the Guarantor (if ANZNIL is the Issuer) and the Relevant Dealer(s) for each issue of Floating Rate Covered Bonds (as set out in the applicable Final Terms).

**Zero Coupon Covered Bonds .....** Zero Coupon Covered Bonds, bearing no interest, may be offered under the Programme.

**Instalment Covered Bonds .....** Instalment Covered Bonds may be offered under the Programme and will be redeemable in two or more instalments of such amounts and on such dates as specified in the applicable Final Terms.

**Hard Bullet Covered Bonds.....** Hard Bullet Covered Bonds may be offered under the Programme and will be subject to a Pre-Maturity Test. The intention of the Pre-Maturity Test is 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.

**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 among the Relevant Issuer, the Guarantor (if

ANZNIL is 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 in specified instalments, if applicable, or 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 Relevant 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 Relevant 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 Relevant 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.

The applicable Final Terms may provide that Covered Bonds may be redeemable in two or more instalments of such amounts and on such dates as are indicated 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.

**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 (i) the Relevant Issuer and the Guarantor (if ANZNIL is 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 (ii) 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 (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 (in each case subject to any grace period) and (b) 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 to the Extended Due for Payment Date (and a Covered Bond Guarantor Event of Default shall not occur as a result of such failure). The Issuer may pay any amount representing the Final Redemption Amount on any Interest Payment Date thereafter up to and including the Extended Due for Payment Date (after providing for liabilities ranking in priority thereto or *pari passu* therewith subject to and in accordance with the Guarantee Priority of Payments). 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 4 (*Interest and other Calculations*).

**Denomination of Covered Bonds .....** The Covered Bonds will be issued under the Programme Agreement in such denominations as may be agreed between the Relevant Issuer and the Relevant Dealer(s) and set out in the applicable Final Terms save that, except in limited circumstances, the minimum denomination of each Covered Bond will be €100,000 and integral multiples of €1,000 in excess thereof (or, if the Covered Bonds are denominated in a currency other than Euro, the equivalent amount in such currency) or such other higher amount.

**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*).

Where ANZNIL is the Issuer, if any such deduction or withholding is made by ANZNIL (or the Guarantor), ANZNIL or the Guarantor (as the case may be) 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 the Terms and Conditions of the Covered Bonds.

Where ANZ New Zealand is the Issuer, if any such deduction or withholding is made by ANZ New Zealand, ANZ New Zealand will not be obliged to pay any additional amounts as a consequence under Condition 7 (*Taxation*) however, it shall be obliged to pay additional amounts arising as a result of the non-resident withholding tax rules in the Tax Act and intends to pay the approved issuer levy.

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*).

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.

**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 Relevant 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 Relevant Issuer, from time to time outstanding.

**Status of the Guarantee .....** Only Covered Bonds issued by ANZNIL will be guaranteed by the Guarantor under the Guarantee. The Guarantee will constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and will rank (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 Guarantor from time to time outstanding. The Guarantee is unsecured.

**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 (i) an Issuer Event of Default has occurred, an Issuer Acceleration Notice is served on the Relevant Issuer and, if applicable, the Guarantor and a Notice to Pay is served on the Covered Bond Guarantor, or (ii) a Covered Bond Guarantor Event of Default has occurred and a Covered Bond Guarantee Acceleration Notice is served on the Covered Bond Guarantor, the Issuers and the Guarantor. Subject to its obligation to deliver a Notice to Pay, the Bond Trustee is entitled to enforce

the Covered Bond Guarantee following an Issuer Event of Default without first proceeding against the Guarantor. The obligations of the Covered Bond Guarantor under the Covered Bond Guarantee will accelerate against the Covered Bond Guarantor and the Guaranteed Amounts will become immediately due and payable upon the service of a Covered Bond Guarantee Acceleration Notice. The obligations of the Covered Bond Guarantor under the Covered Bond Guarantee constitute direct obligations of the Covered Bond Guarantor secured against the assets from time to time of the Covered Bond Guarantor 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.

The credit ratings of certain Series of Covered Bonds to be issued under the Programme may be specified in the applicable Final Terms.

In general, investors regulated in the European Union and in the United Kingdom are restricted from using a credit rating for regulatory purposes if such credit rating is not issued by a credit rating agency established in the European Union or in the United Kingdom and registered under the CRA Regulation or issued by a credit rating agency established in a third country but whose credit ratings are endorsed by the credit rating agency established in the European Union and registered under the CRA Regulation (and such registration has not been withdrawn or suspended).

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, 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.

A credit rating is an assessment of the likelihood of default, and a measure of recovery given default (Fitch) and expected loss (Moody's) and does not address other matters that may be of relevance to Covered Bondholders, including, whether any action proposed to be taken by the Relevant Issuer, the Covered Bond Guarantor 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.

**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 Base Prospectus, the Official List and to the London Stock Exchange and for such Covered Bonds to be admitted to trading on the regulated market of the London Stock Exchange.

**Governing Law .....** The Covered Bonds, the Bond Trust Deed, the Interest Rate 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 Delegation 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*").

## ANZ BANK NEW ZEALAND LIMITED

ANZ New Zealand was incorporated under the New Zealand Companies Act 1955 on 23 October 1979, was re-registered under the NZ Companies Act on 13 June 1997 and is a private company limited by shares. ANZ New Zealand's registered office is located at Ground Floor, ANZ Centre, 23-29 Albert Street, Auckland 1010, New Zealand. Its New Zealand company number is 35976 and its telephone number is +64 (9) 252 2974.

ANZ New Zealand is an indirect wholly-owned subsidiary of ANZBGL. ANZ New Zealand is a registered bank under the Reserve Bank Act. Its website is <https://www.anz.co.nz/about-us/our-company/>. No information on that website forms part of or is incorporated by reference in this Base Prospectus.

The ANZ New Zealand Group is the largest full-service banking group in New Zealand, according to the KPMG Financial Institutions Performance Survey Review of 2019, released by KPMG New Zealand in February 2020.

As at 31 March 2020, the ANZ New Zealand Group had total assets of NZ\$183,060 million, and held the largest market share measured by total assets as at 31 March 2020, compared to other registered banks in New Zealand.<sup>1</sup>

As at 31 March 2020, ANZ New Zealand held approximately 29 per cent and the New Zealand Branch of ANZBGL held less than 1 per cent of the total assets held by registered banks in New Zealand.<sup>2</sup> ANZ New Zealand is supported by 150 branches with a customer base of over 2 million customers.

### Competitive Strengths

ANZ New Zealand considers that its competitive strengths are that it:

- is New Zealand's largest bank, with more customers than any other New Zealand bank;
- has a leading market share in New Zealand in all major business segments, a diverse business mix reflecting the makeup of the economy;
- has multiple well-respected brands and a combined customer base of over 2 million;
- maintains strong local corporate governance and New Zealand-based management; and
- benefits from the international connectivity of the ANZ Group.

### ANZ New Zealand's Strategy

ANZ New Zealand aspires to be New Zealand's best bank by helping New Zealanders become more successful and improving the financial wellbeing of its customers. To that end ANZ New Zealand has four strategic priorities:

- Deliver a better experience for customers by creating a simpler, better balanced bank.
- Become a leading digital bank for its customers and people through process automation and making use of its data.
- Attract, develop and retain world class service and sales teams.
- Improve its connections between frontline channels to support customer interactions.

### Recent Developments

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<sup>1</sup> Source: Reserve Bank of New Zealand Bank Financial Strength Dashboard (<https://bankdashboard.rbnz.govt.nz/summary>) for the quarter ending 31 March 2020.

<sup>2</sup> Source: "S10 Banks: Balance Sheet for registered banks" published by the RBNZ as of 31 March 2020.



## **COVID-19**

The COVID-19 pandemic has materially and adversely affected the ANZ New Zealand Group.

Due to COVID-19, governments worldwide, including in New Zealand, have imposed wide-ranging restrictions on, suspensions of, or advice against, travel, events, and meetings and many other normal activities and undertaken substantial and costly monetary and fiscal interventions designed to stabilise sovereign nations and financial markets.

New Zealand is operating under a four-level COVID-19 alert system that is determined by the New Zealand Government. The varying alert levels specify the public health and social measures that must be undertaken by New Zealand communities. Alert level 1 is the least restrictive and alert level 4 the most restrictive. New Zealand has moved through the alert levels (including a nationwide lockdown and restrictions such as border controls, physical distancing and gathering size limits) since 21 March 2020 based on the extent and risk of COVID-19 transmission across the country.

There are no restrictions on businesses in New Zealand under level 1. All businesses can open but must adhere to a range of physical distancing and other public health restrictions under levels 2 and 3. Only businesses that are deemed essential are able to remain open under alert level 4. As a result many businesses, including some of the ANZ New Zealand Group's customers, have been required to close, or restrict their operations at certain times. The New Zealand Government determined that the RBNZ, the FMA and New Zealand banks (including ANZ New Zealand) provide an essential service and can continue to operate under all four alert levels, but are required to operate in a way that minimises the risk of COVID-19 transmission.

Major disruptions to economic activity are having wide-ranging negative effects across most business sectors in New Zealand and globally, which has reduced demand for the ANZ New Zealand Group's products and services and resulted in a deterioration of the quality of ANZ New Zealand's credit portfolio. ANZ New Zealand's credit impairment charge for the six months ended 31 March 2020 was NZ\$233 million, an increase of NZ\$199 million relative to 31 March 2019, reflecting COVID-19 developments. This includes a collective provision charge of NZ\$189 million, taking the collective provision ("**CP**") balance to NZ\$675 million as at 31 March 2020, compared to a CP balance of NZ\$486 million as at 30 September 2019, NZ\$455 million as at 31 March 2019 and NZ\$382 million before the adoption of NZ IFRS 9 *Financial Instruments* as at 30 September 2018. The increase in CP over the six months ended 31 March 2020 was attributable to changes in economic outlook of NZ\$168 million and changes in portfolio composition and risk of NZ\$21 million. The individually assessed provision charge, net of write-backs and recoveries, of NZ\$44 million, increased NZ\$11 million compared to the six months ended 31 March 2019. Further information on the specific judgements and assumptions applied in the calculation of expected credit losses ("**ECL**"), movements in ECL and credit quality, is included in Notes 1, 7 and 11 of the ANZ New Zealand Interim Financial Statements and section B3 of the Half Year Disclosure Statement for details on the credit impairment charge.

On 19 August 2020, ANZ New Zealand announced a net profit after tax for the ANZ New Zealand Group for the three months ended 30 June 2020 of NZ\$351 million. This included an aggregate credit impairment charge of NZ\$79 million. Depending on the continued impact of the COVID-19 pandemic, further credit impairment charges may be incurred in future periods.

Many of ANZ New Zealand's borrowers have been negatively impacted by the COVID-19 pandemic. In response to the COVID-19 pandemic, ANZ New Zealand has established a range of accommodations and measures designed to assist its customers. ANZ New Zealand has launched support packages for its customers that include:

- the option of an up to six-month loan payment deferral;
- the option of deferring mortgage principal payments and moving to interest only;
- providing extensions on mortgages to reduce payments;

- becoming a participant bank in the Business Finance Guarantee Scheme ("**BFGS**"). See "*Regulatory Response to the COVID-19 Pandemic and Other Developments*" for further information about the BFGS;
- reducing customer fees, charges and interest rates across a range of products including home loan, credit card, personal loan and overdraft rates; and
- other operational support for customers such as increased availability and reduced costs related to contactless payment services.

On 19 August 2020 the ANZ New Zealand Group announced that in response to the COVID-19 pandemic, between 23 March 2020 and 31 July 2020 the ANZ New Zealand Group had provided financial support to more than 39,000 personal, home and business loan customers through:

- loan deferrals, adjustments and restructures impacting approximately NZ\$27 billion of the ANZ New Zealand Group's lending portfolio. This included deferring repayments on home and personal loans for more than 15,000 customers impacting approximately NZ\$5.6 billion of the the ANZ New Zealand Group's lending portfolio;
- granting more than 2,600 temporary overdraft facilities to businesses needing more working capital, worth around NZ\$46 million.

As these measures were introduced from late March 2020, they did not significantly affect the ANZ New Zealand Group's results for the six months ended 31 March, 2020. The longer-term impact of offering these support packages on the ANZ New Zealand Group's results is uncertain.

ANZ New Zealand has been working closely with the New Zealand Government and regulators to help its customers manage their finances during a time of severely curtailed economic and business activity. The RBNZ is in regular contact with senior managers of ANZ New Zealand. Primary areas of interest in these discussions include business continuity, liquidity, markets, stress indicators and customer impacts.

Actions taken by regulators and the New Zealand Government in response to the COVID-19 pandemic have impacted, and may continue to impact the ANZ New Zealand Group. For further information on the regulatory response see "*Recent Developments—Regulatory Response to the COVID-19 Pandemic and Other Developments*" in this Base Prospectus.

COVID-19 has affected, and can be expected to continue to impact, the ANZ New Zealand Group's ability to continue its operations without interruption or delays due to closure of or restricted access to premises, contagion management and travel restrictions.

The ANZ New Zealand Group has moved employees to work-at-home arrangements, split teams and introduced greater distance between those employees working in the office. The number of employees working from home continues to vary in line with changing circumstances and associated government restrictions. Measures have been introduced for employees who come to work, including protective equipment and social distancing in bank branches.

The ramifications of COVID-19 are highly uncertain and, as at the date of this Base Prospectus, it is difficult to predict the spread or duration of the COVID-19 pandemic.

For further information on the actual and potential impacts of COVID-19, see "*Risk Factors—The COVID-19 pandemic has, and future outbreaks of other communicable diseases or pandemics may, materially and adversely affect the ANZ New Zealand Group's Position*".

### ***Regulatory Response to the COVID-19 Pandemic and Other Developments***

The exact ramifications of COVID-19 on the regulation and supervision of financial services groups such as the ANZ New Zealand Group are highly uncertain and, as at the date of this Base Prospectus, difficult to predict.

In response to the COVID-19 pandemic, the RBNZ and the New Zealand Government have implemented a broad range of measures to promote financial stability and ensure foreign exchange, debt and money markets continue operating efficiently and at low cost, many of which affect the ANZ New Zealand Group. As at the date of this Base Prospectus, it is unclear what the full impact of these measures will be on the ANZ New Zealand Group.

The RBNZ announced in March 2020 that it would defer external-facing work on most of its regulatory initiatives for an initial period of six months, and would delay the start date for the increased capital requirements for New Zealand-incorporated banks by 12 months. The RBNZ has also extended the transition period for its revised outsourcing policy by 12 months, and there have been delays to the commencement of some upcoming amendments to the CCCFA and upcoming amendments to New Zealand's financial advice framework. The RBNZ has advised banks operating in New Zealand to ensure their non-retail systems and processes are prepared to function in a scenario where the OCR is zero or negative by 1 December, 2020. For further information, see "*Regulation and Supervision—New Zealand Regulatory Developments*".

The RBNZ has amended ANZ New Zealand's Conditions of Registration in response to the COVID-19 pandemic, as follows:

- Effective from 1 May 2020, the RBNZ has removed LVR restrictions for residential mortgage lending for a period of 12 months. The previous LVR restrictions required New Zealand registered banks to restrict new non-property investment residential mortgage lending over 80 per cent LVR to no more than 20 per cent of the dollar value of a bank's new "non-property investment residential mortgage lending" (which is a standard residential mortgage loan secured over only owner-occupied residential property), and restrict "property investment residential mortgage" (which is a standard residential mortgage loan that is not a non-property-investment residential mortgage loan) lending over 70 per cent LVR to no more than 5 per cent of the dollar value of a bank's new property investment residential mortgage lending. The RBNZ will monitor lending activity and feedback from retail banks over a 12 month period, and then decide whether to reinstate the restrictions.
- Effective from 2 April 2020, various changes were made, including:
  - the addition of condition 1D, restricting ANZ New Zealand from paying dividends or other distributions, other than discretionary payments payable to holders of AT1 capital instruments;
  - the reduction of the minimum requirement for ANZ New Zealand's CFR from 75 per cent to 50 per cent; and
  - updates to refer to the revised version of BS11 dated April 2020 and to reflect the extension of the transition period for existing outsourcing arrangements under BS11 to 1 October 2023.

The RBNZ has stated that the restrictions on dividends will remain in place until further notice, with the aim of relaxing them when the New Zealand economic outlook has sufficiently recovered. ANZ New Zealand's updated Conditions of Registration are set out in the section entitled "*Regulation and Supervision—Conditions of registration for ANZ Bank New Zealand Limited*" in this Base Prospectus.

The RBNZ has also informed New Zealand-incorporated registered banks (including ANZ New Zealand) that they should not redeem capital instruments at this time to further support the stability of the banking financial system. Accordingly, ANZ New Zealand was not permitted to redeem its NZ\$500 million of mandatory convertible perpetual subordinated securities ("**Capital Notes**") in May 2020, although ANZ New Zealand may continue making interest payments on those Capital Notes (subject to certain conditions). Further, ANZ New Zealand did not exercise its option to convert the Capital Notes into a variable number of ANZBGL ordinary shares in May 2020. The terms of the Capital Notes provide for their conversion into a variable number of ANZBGL ordinary shares in May 2022 (subject to certain conditions).

The New Zealand Government and the RBNZ have implemented a financial support package for homeowners (the "**Mortgage Repayment Deferral Scheme**") and businesses affected by the economic impacts of COVID-19, in which ANZ New Zealand, along with other New Zealand banks, agreed to participate. The package includes a Mortgage Repayment Deferral Scheme for residential mortgage,

agriculture and small to medium-sized business customers. The Mortgage Repayment Deferral Scheme is available to eligible ANZ New Zealand customers who are impacted by COVID-19. Under the Mortgage Repayment Deferral Scheme, repayments can be deferred for any period up to six months, as agreed between the bank and the borrower. The period of a repayment deferral under the Mortgage Repayment Deferral Scheme will not be treated as a period in arrears, and the granting of a repayment deferral will not be treated as a distressed restructuring. ANZ New Zealand will follow its usual processes for capitalising interest on loans under the Mortgage Repayment Deferral Scheme. On 17 August 2020, the RBNZ announced an extension to the scheme from 27 September 2020 to 31 March 2021. As with previous guidance the extension allows banks to treat loans deferred as performing during the period of the deferral, until 31 March 2021. The key change to the revised guidance is that any new or extension to an existing deferral should not be a default option and the RBNZ expects lenders to only approve an extension or a new loan deferral where there is a need and benefit to the borrower, and when the lender assesses that there is a reasonable prospect of the customer resuming payments when the deferral period ends. As a result of the RBNZ announcement, some borrowers who may be eligible for an extension could have a deferral for up to 12 months.

The financial support package also includes a Wage Subsidy Scheme to help some employers adversely affected by COVID-19 to continue to pay their staff. The subsidy was paid to employers as a lump sum for an initial 12-week period, for which applications closed in June 2020. The Wage Subsidy Scheme has since been extended, with two smaller lump sum payments available to employers that meet certain more restrictive criteria.

The New Zealand Government and certain New Zealand banks (including ANZ New Zealand) have implemented the BFGS to assist with the provision of credit to businesses for the purpose of managing liquidity needs as a result of COVID 19 and to help them to position themselves for the subsequent economic recovery. All businesses with annual revenues of up to NZ\$200 million and who meet required criteria set by the Treasury are eligible. A limit of NZ\$5,000,000 per loan will apply and the loans will have a maximum term of five years. The New Zealand Government will take on 80 per cent of the credit risk of each loan, with the other 20 per cent to be retained by the banks.

The New Zealand Government has also implemented a Small Business Cashflow Loan Scheme, under which the New Zealand Inland Revenue Department ("**IRD**") provides loans of up to NZ\$100,000 to assist small businesses impacted by the COVID-19 pandemic. The loans are interest free for the first year, and thereafter the interest rate will be 3 per cent per annum. The maximum term of the loans is five years, and businesses are not required to make repayments for the first two years. The scheme applies the same eligibility criteria as the Wage Subsidy Scheme. Businesses also have to declare that they are a viable business and that they will use the money for core business operating costs.

The RBNZ has announced a Term Lending Facility ("**TLF**"), a new longer-term funding scheme for the banking system, designed to support bank lending under the BFGS. BFGS participant banks, including ANZ New Zealand, are able to access collateralised funding equivalent to the amount of drawn down loans that those participant banks have extended under the BFGS for a term of up to five years at a fixed rate of the RBNZ OCR. The RBNZ launched its first TLF operation in May 2020.

In March 2020, the RBNZ announced a new weekly Corporate Open Market Operation ("**Corporate OMO**") auction to provide liquidity in exchange for eligible corporate and asset-backed securities. This facility is intended to provide another channel for banks to continue funding corporate clients and to support market functioning. The weekly Corporate OMO is seen as temporary, and the RBNZ will review its operation after 12 months or sooner if demand diminishes.

The RBNZ also began offering collateralised term funding through a Term Auction Facility ("**TAF**") auction from March 2020. The TAF operates daily in a similar manner to the Corporate OMO and is intended to support banking system liquidity. The RBNZ can alter the minimum interest rate, volume and maturity dates offered at its discretion and will review this facility after 12 months or sooner if demand diminishes.

The RBNZ has implemented an up to NZ\$100 billion Large Scale Asset Purchase ("**LSAP**") programme, under which it will purchase New Zealand Government bonds, New Zealand Government Inflation-Indexed Bonds and Local Government Funding Agency bonds, on the secondary market and inject cash into the banking system. The LSAP programme aims to provide further support to the New Zealand economy, build confidence, and keep interest rates low. The LSAP programme increases the amount of

money circulating in the New Zealand banking system available to banks, including ANZ New Zealand, as deposits. The RBNZ will monitor the effectiveness of the LSAP programme and make further adjustments and additions if needed. The RBNZ is actively preparing additional monetary instruments that could be deployed in the future including a package of a negative OCR supported by funding banks directly at near the OCR and purchasing foreign assets.

The Companies Act 1993 and other legislation have been amended to help businesses facing insolvency due to COVID-19 to remain viable, including by introducing a COVID-19 Business Debt Hibernation ("**BDH**") regime. Under the regime, eligible entities (including companies, partnerships, incorporated societies, and other bodies) are able to submit a proposal to their creditors for putting their business debts into "hibernation". Creditors will have one month from the date the entity notifies the Registrar of Companies of its intention to enter into BDH to vote on the proposal, and the proposal will take effect if 50 per cent of creditors (by number and value) agree. There will be a moratorium on the enforcement of debts during the initial one-month period following notification to the Registrar of Companies, and a further six-month moratorium if the proposal is agreed to. The proposal, if agreed to, will be subject to any conditions agreed with creditors. The BDH regime does not limit enforcement action by creditors with security over the whole, or substantially the whole, of an entity's property, and certain debts (including debts owed to employees) are excluded from the regime entirely.

The New Zealand Government has also made a number of tax reforms to provide relief to businesses. These include a temporary loss carry-back scheme (which will be replaced in time by a permanent scheme), under which businesses expecting to make a loss in either of the 2019-2020 or 2020-2021 income years can offset that loss against income from the preceding income year, and receive a refund of some or all of the tax paid for that preceding year. Several changes have been made to assist medium and smaller businesses, including raising the provisional tax threshold from NZ\$2,500 to NZ\$5,000 in order to lower compliance costs.

The New Zealand Government announced its 2020 Budget in May 2020. The Budget established a NZ\$50 billion COVID-19 Response and Recovery Fund to support the economy and kick-start recovery. NZ\$13.9 billion of this fund had already been allocated to previously announced initiatives, including the Wage Subsidy Scheme and the BFGS. NZ\$15.9 billion of new initiatives were announced with the Budget, including an extension of the Wage Subsidy Scheme, support for the tourism sector, a training package for trades and apprenticeships, an environmental jobs package and a programme to build more state housing. A further NZ\$6 billion of new initiatives have been announced or allocated since. The remaining NZ\$14 billion was put aside for future investment.

### ***Sale of UDC***

In June, 2020, ANZ New Zealand announced that it has agreed to sell its asset finance business, UDC, for NZ\$762 million to Shinsei Bank Limited ("**Shinsei Bank**"). The sale follows a strategic review of UDC previously announced by ANZ New Zealand, and is in line with the ANZ New Zealand Group's strategy to simplify its business.

The sale will release over NZ\$2 billion of funding provided by ANZ New Zealand, further strengthening the ANZ New Zealand Group's balance sheet position.

The UDC sale is expected in the second half of the 2020 calendar year.

### ***ANZIS stops new investment in Bonus Bonds and moves to wind up Scheme***

In August 2020, ANZ Investment Services (New Zealand) Limited ("**ANZIS**") announced it would stop accepting new investment into the Bonus Bonds scheme with immediate effect, as low interest rates continue to reduce the prize pool.

ANZIS intends to start winding up the Bonus Bonds scheme no later than the end of October 2020. ANZIS is a wholly owned subsidiary of ANZ New Zealand, and is the manager of the Bonus Bonds scheme.

### ***RBNZ review of capital requirements***

The RBNZ has completed a comprehensive review of the capital adequacy framework for registered banks in New Zealand.

The RBNZ released its final decisions on key components of the capital review in December 2019.

The key changes to the RBNZ's final capital requirements relative to the consultation paper are set out below:

- An extension of the transition period from five to seven years.
- No change in Tier 1 capital required for the ANZ New Zealand Group of 16 per cent.
- However a greater proportion can be AT1 capital (2.5 per cent compared to the initial proposal of 1.5 per cent), decreasing the amount of Common Equity Tier 1 ("CET1") capital required.
- Redeemable preference shares will be allowable as AT1 capital. It is anticipated that the ANZ New Zealand Group will be able to refinance existing internal AT1 securities (issued to other entities within the ANZ Group) to external counterparties.

The RBNZ's reforms will result in a material increase in the level of capital that the ANZ New Zealand Group is required to hold, although the amount of new capital required to meet the RBNZ's announced capital ratio requirements is currently uncertain. ANZ New Zealand's total capital as at 31 March 2020 was NZ\$13,844 million. The reforms could have a material impact on the ANZ New Zealand Group and its business, including on its capital allocation and business planning. Additionally, the changes may require ANZ New Zealand's ultimate parent company, ANZBGL, to review and reconsider its size, nature and operations in New Zealand, including the total capital invested and business structure.

The ANZ New Zealand Group has begun preparing for the changes. Of the ANZ New Zealand Group's NZ\$1.8 billion net profit after tax for the year ended 30 September 2019, approximately 80 per cent was retained in response to the proposals. Also, no ordinary dividend was paid or declared in the six months to 31 March 2020.

The new regime is expected to be implemented in stages, with a transition period of seven years before banks are required to fully comply with the new rules. In response to the COVID-19 pandemic, the RBNZ delayed the start date of the seven year transition period by 12 months to 1 July 2021 in order to support credit availability (with further delays possible if the conditions warrant in 2021).

For further information, see "*New Zealand Regulatory Developments—RBNZ review of capital requirements*".

#### ***Non-compliance with Conditions of Registration***

Set out below are outstanding and recent instances of non-compliance by the ANZ New Zealand Group with its Conditions of Registration that were disclosed in the Half Year Disclosure Statement.

#### ***Condition of Registration 1B – compliance with the RBNZ's Capital Adequacy Framework (Internal Models Based Approach) ("BS2B")***

The report completed under section 95 of the Reserve Bank Act regarding the ANZ New Zealand Group's compliance with the RBNZ's capital adequacy requirements was completed in April 2020. ANZ New Zealand has accepted the findings of this review, and is working with the RBNZ to rectify the issues identified. The RBNZ has stated that it is confident the ANZ New Zealand Group will resolve this matter without issue, and has emphasised that the ANZ New Zealand Group remains sound and well capitalised.

As reported in the 2019 Disclosure Statement, ANZ New Zealand has not complied with condition of registration 1B in relation to the implementation of changes to rating models and processes that were not approved by the RBNZ. Applying the last RBNZ-approved methodologies to the affected exposures as at 30 September 2019 would have decreased RWA by NZ\$47 million (0.05 per cent) in aggregate, which was not sufficient to affect the reported capital ratios.

Affected models and the initial dates of non-compliance are:

- Commercial Property Model Suite (Single Investment, Multi Investment, Hotel Investment, Special Purpose Asset Investment, Single Residential Development, Commercial Development, Englobo Land Pre Development) - 2011;
- Non-Bank Financial Institutions Model Suite (Life Insurance, Non-life Insurance, Insurance Holding Company, Finance Companies, Financial Services Companies, Real Money Funds) - 2009;
- Project and Structured Finance - 2009; and
- Bank, Country & Sovereigns - 2008.

ANZ New Zealand's model compendium required under section 1.3B of BS2B is non-compliant as it includes these unapproved model changes.

Further to the above, in May 2020 ANZ New Zealand identified that its approach to enhancing wholesale risk grades in the presence of a guarantee is not compliant with BS2B. The estimated impact as at 31 March 2020 is an understatement of RWA of NZ\$26 million (0.03 per cent), which is not sufficient to affect the reported capital ratios. ANZ New Zealand is working with the RBNZ to resolve this issue.

*Condition of Registration 5 - Exposures to connected persons not on more favourable terms (BS8)*

As reported in the 2019 Disclosure Statement, from time-to-time, ANZ New Zealand provides a guarantee or standby letter of credit to a third party in respect of an obligation of a customer of ANZBGL. ANZBGL provides a counter-guarantee or standby letter of credit to ANZ New Zealand, giving ANZ New Zealand recourse directly to ANZBGL if the guarantee or standby letter of credit ANZ New Zealand provides in respect of the customer's obligations is called upon. ANZ New Zealand charges ANZBGL a fee for this service. However, through an internal review, ANZ New Zealand identified that since January 2014 this fee had been lower than the fee charged for this same service provided to unrelated banks and, as a result, ANZ New Zealand has not complied with Condition of Registration 5. ANZ New Zealand has implemented a revised pricing methodology for all new transactions entered into from 1 January 2020. As at 31 December 2019, the value of the exposure under the previous pricing arrangements was NZ\$374 million across 232 individual transactions.

*Condition of Registration 13 - Liquidity ratios (BS13)*

The following matters of non-compliance with BS13 were reported in the 2019 Disclosure Statement. These errors were not sufficient to affect the reported liquidity ratios and processes have been updated with effect from 31 January 2020 to ensure the calculations comply with BS13.

- ANZ New Zealand calculated the next cash inflow on variable-rate housing loans based on a current wholesale rate plus the existing margin rather than using the current interest rate to calculate the inflow. This calculation error had existed since 2010.
- The liquidity ratio calculation system and the system of record for certain bond liabilities and certain swaps calculate future cash flows differently. The difference had been known since 2017.

*Condition of Registration 24 – Outsourcing (BS11 dated September 2017)*

BS11 requires ANZ New Zealand to apply specified risk mitigants against each outsourcing arrangement.

- During the year ended 30 September 2019, ANZ New Zealand outsourced two arrangements to the worldwide operations of ANZBGL including its controlled entities without the required prescribed contractual terms. These arrangements were remediated in December 2019.
- During the six months ended 31 March 2020, one of ANZ New Zealand's independent third party contracts expired nine days before a replacement contract was entered into. During those nine days the relevant outsourcing arrangement did not include the prescribed contractual terms.

BS11 requires ANZ New Zealand to have a compendium of information about outsourcing arrangements in place from 1 October 2019.

- In November 2019, ANZ New Zealand informed the RBNZ that minor data discrepancies had been identified for certain information entered in the compendium during the year ended 30 September 2019. The discrepancies were corrected in December 2019.
- Since the Half Year Disclosure Statement, additional minor data discrepancies and instances of potentially incomplete or incorrect information have been identified during the nine months ended 30 June 2020, which have been investigated and will be corrected by 30 September 2020.

#### *Other matters*

ANZ New Zealand has identified one counterparty that had been misclassified as sovereign, inconsistent with the definition in BS2B paragraph 4.5, since December 2017. The estimated impact as at 31 March 2020, is an understatement of RWA of NZ\$383 million (0.38 per cent), and an overstatement of the ANZ New Zealand Group's capital ratios of 0.05 per cent. This did not result in non-compliance with the ANZ New Zealand's Conditions of Registration over the six months ended 31 March 2020. However, until 31 December 2018, Condition of Registration 1B required compliance with all aspects of BS2B and, as a result, ANZ New Zealand had not complied with Condition of Registration 1B in respect of this matter between December 2017 and 31 December 2018. ANZ New Zealand is working with the RBNZ to resolve this issue.

There are several matters under review, including the calculation of the market risk capital requirement (under BS2B) and liquidity ratios (under BS13 and BS13A), where there may be more than one valid interpretation of the respective policy wording or requirement. Where there may be some uncertainty about the interpretation that ANZ New Zealand has applied, where appropriate, it will seek further guidance from the RBNZ on these matters. In ANZ New Zealand's current view, the potential impact of the application of other interpretations is immaterial to reported ratios.

For further information on instances of non-compliance by the ANZ New Zealand Group with its Conditions of Registration that were disclosed in December 2019, see section "*B1 - Non-compliance with conditions of registration*" of the 2019 Disclosure Statement.

#### **Section 95 Reviews**

In July 2019, the RBNZ gave ANZ New Zealand notice under section 95 of the Reserve Bank Act, requiring ANZ New Zealand to engage an external reviewer to provide reports regarding:

- the effectiveness of ANZ New Zealand's director attestation and assurance framework; and
- ANZ New Zealand's compliance with the RBNZ's capital adequacy requirements.

(together, the "*Section 95 Reviews*").

#### *Review of ANZ New Zealand's director attestation and assurance framework*

The report regarding ANZ New Zealand's director attestation and assurance framework was completed in December 2019. It included four case studies covering: non-compliance with Condition of Registration 1B due to ANZ New Zealand not using an approved model for the calculation of its operational risk capital ("ORC"); mischaracterisation of the former CEO's expenses; transactions relating to the 2017 sale of a residential property to the wife of the former CEO (and earlier acquisition in 2010); and non-compliance with Conditions of Registration 1 and 1B relating to the treatment of commitments jointly held with ANZBGL.

The external reviewer's view was that three of the four case studies did not represent systemic failures in ANZ New Zealand's directors' attestation and assurance framework. The exception was the critical failures that led to the case study about the non-compliance with Condition of Registration 1B due to ANZ New Zealand not using an approved model for the calculation of its ORC. The external reviewer's



view was that ANZ New Zealand's directors' attestation practices, while functioning adequately, require improvement to become fully effective. The external reviewer made a number of recommendations to improve the ANZ New Zealand's directors' attestation and assurance framework, including: (1) addressing the immediate structural weaknesses within the directors' attestation framework; (2) establishing a strategic programme of improvement that is led by ANZ New Zealand's board of directors; (3) enhancing and completing the accountability matrix; (4) establishing a programme to address the identified cultural issues; and (5) strengthening assurance and developing an integrated assurance plan.

ANZ New Zealand has accepted the findings of this review, and is committed to implementing the recommendations identified and addressing the issues raised. In December 2019, the RBNZ issued a further notice under section 95 of the Reserve Bank Act, requiring ANZ New Zealand to obtain an external review of the improvements made to its directors' attestation and assurance framework. Due to the impacts of the COVID-19 pandemic, in May 2020, the RBNZ agreed to extend the time period for addressing the directors' attestation recommendations, subject to ANZ New Zealand obtaining an external interim review, assessed as at March 2021, with a final review of ANZ New Zealand's directors' attestation and assurance framework being assessed as at September 2021.

#### *Review of compliance with capital adequacy requirements*

The report regarding ANZ New Zealand's compliance with the RBNZ's capital adequacy requirements was completed in April 2020. This report identified instances of both current and historical non-compliance with capital adequacy requirements. Areas of current non-compliance included the use of credit risk models and an ORC model that had not been approved by the RBNZ. The report also found that ANZ New Zealand failed to maintain its compendium of approved models in accordance with BS2B, and treated a minor portfolio of assets as standardised without RBNZ approval. These issues were reported in the 2019 Disclosure Statement, see "*Regulation and Supervision—Non-compliance with Conditions of Registration*" for further details.

ANZ New Zealand has accepted the findings of this review, and is working with the RBNZ to rectify the issues identified. The RBNZ has stated that it is confident that ANZ New Zealand will resolve this matter without issue.

The FMA and the RBNZ, following their review of ANZ New Zealand's conduct and culture plan, informed ANZ New Zealand that the outcomes of the Section 95 Reviews may result in ANZ New Zealand needing to amend its conduct and culture plan. ANZ New Zealand has reviewed its conduct and culture plan in light of the findings of the first Section 95 Review. Following the recent release of the second Section 95 Review, ANZ New Zealand is considering these findings and will incorporate any relevant findings into its conduct and culture plan.

For further information, see "*Regulation and Supervision—New Zealand Regulatory Developments—FMA and RBNZ conduct and culture review*" and "*Recent Developments—Non-compliance with Conditions of Registration*".

#### *Loan calculator remediation*

In June 2017, ANZ New Zealand self-reported a problem with a loan calculator to the Commerce Commission. The problem affected some of ANZ New Zealand's customers' loans that were varied between May 2015 and May 2016. The loan calculator was used to calculate customer repayments and loan terms when customers asked for changes to their home, personal and business loans. The problem resulted in some customers paying less than they should have on affected loans. ANZ New Zealand fixed the calculator in May 2016. ANZ New Zealand has previously credited approximately NZ\$8.4 million to affected customers to put the affected loans back into the position they would have been in had the error not occurred. In March 2020, the Commerce Commission announced it had agreed with ANZ New Zealand that ANZ New Zealand would pay some customers affected by the issue a further NZ\$29.4 million. These payments have commenced.

#### *Calculation of capital adequacy*

Following the conclusion of a benchmarking project undertaken by the RBNZ, effective 30 June 2019, ANZ New Zealand's Conditions of Registration were amended to include a supervisory adjustment to

the ANZ New Zealand Group's capital adequacy calculations. This supervisory adjustment introduced minimum pre-scalar risk weightings for residential mortgage exposures and corporate farm lending exposures and, based on 30 June 2019 exposures, resulted in an increase in RWA of NZ\$10.5 billion. The benchmarking project assessed the conservatism of housing and rural credit risk models used by banks accredited to model their own credit risk capital requirements.

#### ***Financial Markets Authority review of related party transactions***

In November 2010, a subsidiary of ANZ New Zealand, Arawata Assets Limited, purchased a residential property for NZ\$7.55 million. The property was leased to the then CEO of ANZ New Zealand, Mr. David Hisco, as part of a relocation package arrangement.

On 31 March 2017, the property was sold to Mr. Hisco's wife for NZ\$6.9 million. At the time, Mr. Hisco was the CEO of ANZ New Zealand. The transaction was not separately disclosed in the disclosure statement of the ANZ New Zealand Group for the financial year ended 30 September 2017 (the "**2017 Disclosure Statement**").

Following consultation with the FMA and the RBNZ, ANZ New Zealand provided relevant information regarding its reporting of related party transactions in its financial statements to the FMA. ANZ New Zealand also provided that information to the external reviewer who considered the transaction as part of the Section 95 Reviews. See "*Recent Developments—Section 95 Reviews*" for further information.

In the Section 95 Review report completed in December 2019, the external reviewer found that the purchase of the residential property in 2010 and its sale in 2017 were conducted at arm's length and the prices were based on independent valuations using appropriate standards.

In August 2019, the FMA announced that it had determined that the ANZ New Zealand Group should have disclosed the sale as a related party transaction in its 2017 Disclosure Statement. In the FMA's view, the disclosure was material for financial reporting purposes given the nature of the transaction. The FMA also informed the RBNZ and the ASIC of its determination.

The ANZ New Zealand Group acknowledges the decision of the FMA that it should have disclosed the March 2017 sale as a related party transaction in its 2017 Disclosure Statement.

#### ***S&P credit rating and outlook revisions***

In October 2019, S&P announced that it had increased the stand-alone credit profiles of the major Australian banks, including ANZBGL, by one notch from 'a-' to 'a'. As a result, ANZ New Zealand's Capital Notes have been upgraded from BB+ to BBB- as this rating is based on ANZBGL's stand-alone credit profile.

In light of the COVID-19 pandemic, in April 2020, S&P revised the outlook on the long-term issuer credit rating for the Commonwealth of Australia from stable to negative. As a result of this change in credit rating, S&P has also revised the credit rating outlook of the Australian major banks, including ANZBGL, and their New Zealand bank subsidiaries, including ANZ New Zealand, from stable to negative. S&P reaffirmed ANZ New Zealand's 'AA-' long-term and 'A-1+' short term issuer credit ratings. S&P also reaffirmed all the ratings on debt issued by ANZ New Zealand, including senior and AT1 capital instruments.

#### ***Fitch ratings revision***

In light of the COVID-19 pandemic, in April 2020, Fitch changed the ratings of the four Australian major banks (including ANZBGL) and their New Zealand bank subsidiaries (including ANZ New Zealand). As a result, ANZ New Zealand's Long-Term Issuer Default Rating ("**IDR**") decreased by one notch from AA- to A+. The outlook on ANZ New Zealand's Long-Term IDR remains Negative. ANZ New Zealand's Short-Term IDR also decreased by one notch from F1+ to F1.

#### **ANZ New Zealand organisational structure**

##### ***Business lines and executive team***

The ANZ New Zealand Group's business is organised into the following three major business segments: (1) Retail (including the personal and Business Banking businesses and Wealth), (2) Commercial (including the CommAgri business and UDC) and (3) Institutional. These segments are supported by centralised back office and corporate functions. Fund management products are developed and procured through ANZ New Zealand's wholly-owned subsidiaries, ANZ New Zealand Investments Limited and ANZIS. Life insurance and funds management products are distributed through the Retail segment.

### ***Retail***

Retail provides a full range of banking products and wealth management services to consumer, private banking and small business banking customers. The ANZ New Zealand Group delivers its services via its internet and app-based digital solutions and network of branches, specialist channels (which include mortgages and funds management adviser distribution), relationship managers and contact centres.

As at 31 March 2020, Retail had a network of 150 branches and 564 ATMs, which included 8 mobile ATMs. Customers have access to phone and mobile phone banking and on-line banking services.

### ***Commercial***

Commercial provides a full range of banking services including traditional relationship banking and sophisticated financial solutions (including asset financing) through dedicated managers focusing on privately-owned medium to large enterprises and the agriculture business segment.

In June, 2020, ANZ New Zealand announced that it has agreed to sell UDC to Shinsei Bank. For further information, see "*Recent Developments—Sale of UDC Finance*".

### ***Institutional***

The Institutional division services global institutional and business customers across three product sets: Transaction Banking, Loans & Specialised Finance and Markets.

- Transaction Banking provides working capital and liquidity solutions including documentary trade, supply chain financing as well as cash management solutions, deposits, payments and clearing.
- Loans & Specialised Finance provides loan products, loan syndication, specialised loan structuring and execution, project and export finance, debt structuring and acquisition finance, structured trade and asset finance, and corporate advisory.
- Markets provide risk management services on foreign exchange, interest rates, credit, commodities, debt capital markets and wealth solutions in addition to managing the ANZ New Zealand Group's interest rate exposure and liquidity position.

### ***Other***

Other includes treasury and back office support functions, none of which constitutes a separately reportable segment.

### **Executive Team**

As at the date of this Base Prospectus, the ANZ New Zealand executive team is comprised of the following roles:

- Chief Executive Officer;
- Managing Director, Retail & Business Banking;
- Managing Director, Wealth & Private Banking;
- Managing Director, CommAgri;
- Managing Director, Institutional;

- Chief Information Officer;
- Chief Financial Officer;
- Chief Risk Officer;
- Acting General Manager, Talent & Culture;
- General Counsel & Company Secretary;
- Head of Corporate Affairs; and
- Head of Marketing & Data.

### **Leadership changes at ANZ New Zealand**

- In October 2019, ANZ New Zealand appointed Ms Alison Gerry to its Board of Directors. Ms Gerry is an experienced director with significant commercial, governance and strategic experience in the Trans-Tasman, Asian and British financial services and infrastructure sectors.
- In December 2019, ANZ New Zealand confirmed the appointment of Ms Antonia Watson as Chief Executive Officer ("**CEO**") and director of ANZ New Zealand. Ms Watson had been Acting CEO of ANZ New Zealand since May 2019, following the departure of Mr David Hisco. Mr Hisco's departure followed ongoing health issues as well as the Board of Directors of ANZ New Zealand's concern about the characterisation of certain transactions following an internal review of personal expenses. Prior to her appointment as Acting CEO, Ms Watson was Managing Director, Retail & Business Banking of ANZ New Zealand.
- In January 2020, ANZ New Zealand announced the appointment of Mr Grant Knuckey as its Chief Risk Officer ("**CRO**") effective from February 2020. Mr Knuckey replaced Mr Bruce Macintyre who retired in December 2019. Mr Knuckey has worked in various international roles for the ANZ Group for more than 20 years, including as CEO Americas, based in New York, and CEO for Japan and Korea, based in Tokyo.
- In February 2020, ANZ New Zealand confirmed the appointment of Mr Ben Kelleher as Managing Director, Retail & Business Banking. Mr Kelleher had been Acting Managing Director, Retail and Business Banking since June 2019 following Ms Watson's appointment as Acting CEO. Prior to his appointment, Mr Kelleher was General Manager, Auckland and Northland for ANZ New Zealand.
- In February 2020, ANZ New Zealand announced that Mr. Paul Goodwin, the Managing Director, Institutional of ANZ New Zealand, had been appointed as the United States Country Head for the ANZ Group based in New York, subject to regulatory approval. In June 2020, ANZ New Zealand confirmed the appointment of Mr Stuart McKinnon as Managing Director, Institutional. Mr McKinnon had been Acting Managing Director, Institutional since March 2020. Prior to his appointment, Mr McKinnon was Head of Institutional Relationships for ANZ New Zealand.
- In February 2020, ANZ New Zealand announced that Mr Tim Horgan would become Acting Head of Talent & Culture when Ms Michelle Russell went on parental leave for six months in April. Mr Horgan was confirmed as starting in the role of Acting Head of Talent & Culture in April 2020. Mr Horgan's previous role was ANZ New Zealand Business Partner Talent & Culture.
- In March 2020, ANZ New Zealand announced the appointment of its Chief Operating Officer Mr Mike Bullock to the newly created role of Chief Information Officer. The change saw ANZ New Zealand's Digital and Technology teams merge and report to Mr Bullock. Ms Liz Maguire, previously Head of Digital and Transformation, left ANZ New Zealand in March 2020.

### **Branding Strategy**

The Retail, Commercial and Institutional segments all operate under the ANZ brand except in specialised markets.

In specialised markets, the ANZ New Zealand Group is further represented by the following brands:

- UDC (asset finance);
- ANZ Investments (superannuation and investment products); and
- Bonus Bonds.

### **Credit Rating**

At the date of this Base Prospectus, ANZ New Zealand has the following debt ratings for long-term unsubordinated unsecured obligations under the Programme:

- S&P Global Australia Pty Ltd: AA-;
- Moody's Investors Service Pty Limited: (P)A1; and
- Fitch Australia Pty Ltd: A+.

### **Significant Subsidiaries**

ANZNIL is ANZ New Zealand's only significant subsidiary. It is incorporated in New Zealand and is 100 per cent owned directly by ANZ New Zealand.

As at 31 March 2020, ANZNIL did not account for 10 per cent or more of any of the ANZ New Zealand Group's investments, operating surplus or assets for the most recent fiscal period, but it was considered by management to be of importance to ANZ New Zealand. In addition, as at 31 March 2020, ANZNIL accounted for more than 10 per cent of ANZ New Zealand Group's consolidated total liabilities.

## MANAGEMENT

### Board of Directors of ANZ New Zealand

#### *Composition of Board of Directors*

At the date of this Base Prospectus, the members of ANZ New Zealand's Board and their principal outside activities, where significant, are as follows:

<u>Name of Director</u>	<u>Position</u>	<u>Principal Outside Activities</u>
Ms Antonia Margaret Watson	Director and Chief Executive Officer, ANZ New Zealand	Group Executive, ANZBGL. Director, ANZ Holdings (New Zealand) Limited.
Sir John Phillip Key GNZMA	Independent Non-Executive Director and Chair	Director, ANZBGL and Palo Alto Networks Inc.
Mr Shayne Cary Elliott	Non-Executive Director	Chief Executive Officer and Director, ANZBGL. Director, Financial Markets Foundation for Children. Member, Business Council of Australia and Australian Banking Association Council.
Ms Michelle Nicole Jablko	Non-Executive Director	Chief Financial Officer, ANZBGL. Director, ANZ Holdings (New Zealand) Limited. Member, Australian Government Takeovers Panel.
Mr Antony John Carter	Independent Non-Executive Director	Director, Datacom Group Limited and Vector Limited.
Mrs Joan Withers	Independent Non-Executive Director	Chair, The Warehouse Group Limited. Director, On Being Bold Limited and Sky Network Television Limited.
Mr Mark John Verbiest	Independent Non-Executive Director	Chair, Freightways Limited, Willis Bond Capital Partners Limited, Willis Bond General Partner Limited and Meridian Energy Limited. Member, New Zealand Treasury Board.
Ms Alison Rosemary Gerry	Independent Non-Executive Director	Chair, Sharesies Limited. Director, Infratil Limited, Vero Insurance New Zealand Limited, Asteron Life Limited, Wellington International Airport Limited and On Being Bold Limited.

For the purposes of this Base Prospectus, the business address of each member of the Board is Ground Floor, ANZ Centre, 23-29 Albert Street, Auckland 1010, New Zealand.

As at the date of this Base Prospectus, no conflicts of interest and, other than in respect of any dealings between ANZ New Zealand and any of the companies listed above under "Principal Outside Activities" which may arise in the future and be referred to the board of directors of ANZ New Zealand, no potential conflicts of interest exist between any duties owed to ANZ New Zealand by members of its board of directors listed above and their private interests and/or other duties. In respect of potential conflicts of interest that may arise in the future, ANZ New Zealand has processes for the management of such conflicts.

## Board of Directors of ANZNIL

At the date of this Base Prospectus, the members of ANZNIL's Board of Directors were as follows:

<b>Name of Director</b>	<b>Position</b>	<b>Principal Outside Activities</b>
Mr Stewart Ian Taylor	Director	Chief Financial Officer, ANZ New Zealand and Director, ANZ Holdings (New Zealand) Limited.
Mrs Penelope Lorraine Dell	Director	Managing Director, New Zealand Branch of ANZBGL. Head of Asset and Liability Management, ANZ New Zealand.

For the purposes of this Base Prospectus, the business address of each member of the Board of Directors of ANZNIL is Ground Floor, ANZ Centre, 23-29 Albert Street, Auckland 1010, New Zealand.

As at the date of this Base Prospectus, no conflicts of interest and, other than in respect of any dealings between ANZNIL and any of the companies listed above under "Principal Outside Activities" which may arise in the future and be referred to the board of directors of ANZNIL, no potential conflicts of interest exist between any duties owed to ANZNIL by members of its board of directors listed above and their private interests and/or other duties. In respect of potential conflicts of interest that may arise in the future, ANZNIL has processes for the management of such conflicts.

## **ANZ NEW ZEALAND (INT'L) LIMITED**

ANZNIL was incorporated under the New Zealand Companies Act 1955 on 8 December 1986, was re-registered under the NZ Companies Act on 27 May 1996 and is a private company limited by shares. The registered office of ANZNIL is located at Ground Floor, ANZ Centre, 23-29 Albert Street, Auckland 1010, New Zealand and ANZNIL's company number is 328154. ANZNIL's London branch is located at 28th Floor, 40 Bank Street, Canary Wharf, London E14 5EJ, United Kingdom. Its website is <https://www.anz.co.nz/about-us/media-centre/investor-information/anz-nz-limited/>. No information on that website forms part of or is incorporated by reference in this Base Prospectus.

ANZNIL is a wholly-owned subsidiary of ANZ New Zealand (see the section entitled "*ANZ Bank New Zealand Limited*" above for details on ANZ New Zealand).

The principal activities of ANZNIL include the provision of funding facilities and wholesale financing to the ANZ New Zealand Group, including issuance of U.S. Commercial Paper, Euro-Commercial Paper, Covered Bonds, U.S. Medium-Term Notes and Euro Medium-Term Notes.

ANZNIL's overseas activities, including the issue of Covered Bonds, are conducted through its London branch.

ANZNIL has no subsidiary companies. ANZNIL is largely dependent on its parent, ANZ New Zealand, as ANZ New Zealand fully guarantees all obligations under ANZNIL's funding programmes.



## ANZ BANK NEW ZEALAND LIMITED'S MORTGAGE BUSINESS

### Introduction

The Seller offers home loans, secured by mortgage over residential property. These loans have a range of repayment and interest rate options.

The Seller can offer new types of home loans that are not described in this Base Prospectus at any time. Borrowers whose loans have been sold to the Covered Bond Guarantor can choose to switch to these new loans. See the section "*Summary of the Principal Documents – Mortgage Sale Agreement – Product Switches, Further Advances and Cash Redraws*" for more information about the impact of product switches.

All home loans are secured by registered first ranking mortgages over owner-occupied, or non-owner occupied, residential property in New Zealand. Residential property includes detached individual units, apartments, townhouses, terrace houses, duplexes and other attached buildings.

The Seller offers home loans with:

- *variable interest rates* – an interest rate, per annum, that the Seller can move up or down from time to time, as often as daily, by giving notice to the borrower.
- *fixed interest rates* – an interest rate, per annum, for a fixed period, usually 6 months, 18 months, one, two, three, four or five years. Other fixed periods may be offered from time to time, for example a 30 month fixed rate. At the end of the fixed period, the interest rate will change to a variable interest rate, or, the borrower can arrange a new fixed interest rate period.

See the section "*ANZ Bank New Zealand Limited's Mortgage business – The Seller's Product Types – Features of the Home Loans*" for more information.

The Seller may offer fee and interest rate discounts to some borrowers, subject to certain criteria.

Borrowers may repay some or all of the home loan at any time, change to a different interest rate option, or change their repayments or loan term. However, the borrower may in some cases be charged an early repayment recovery.

Generally, where the borrower is increasing his or her borrowing, moving to or extending an interest-only period (as defined below), or extending the term of the loan, a new credit assessment will be made (except where the increase in borrowing or extension of the term results from a Loan Repayment Deferral (described below), or an interest-only period or loan term extension is granted as a result of COVID-19 – see "*Changes to mortgage lending in response to COVID-19*" below for further details). Otherwise, the changes are made to the home loan without a new credit assessment being made.

The home loans the Seller offers differ from loans offered by lenders in other jurisdictions. Some of the main differences are:

- Variable interest rates are not tied to an index, such as LIBOR, but are set by the Seller.
- The Seller does not generally offer home loans with an interest rate that is fixed for the full term of the loan (10, 25 or 30 years). Instead, as described above, the Seller offers a fixed interest rate for a maximum period of five years.
- New Zealand borrowers frequently split the total amount borrowed into more than one loan. This allows the borrower to choose a mix of variable and fixed interest rates, different repayment options or loan terms. The mix of loans chosen by borrowers reflects their personal circumstances, and can change over time as borrowers react to changes in their circumstances, interest rate movements or other market conditions.

### The Seller's Product Types

#### *Term home loans*

The Seller offers home loans that must be repaid in full by a date that is set at the beginning of the loan.

The Seller offers home loans with variable interest rates – an interest rate, per annum, that the Seller can move up or down from time to time, as often as daily, by giving notice to the borrower.

The Seller also offers home loans with fixed interest rates – an interest rate, per annum, for a fixed period, usually six months, 18 months, one, two, three, four or five years. Other fixed periods may be offered from time to time, for example a 30 month fixed rate. At the end of the fixed period, the interest rate will change to a variable interest rate, or the borrower can arrange a further fixed rate period. The Seller may agree to discount the interest rate for particular customers from time to time.

### ***Flexible home loan***

The Seller also offers 'flexible' home loans that operate as a line of credit and do not have to be repaid in full by a set date. However, the Seller can require full repayment or reduce the approved credit limit at any time. The borrower can draw funds up to an approved credit limit. The borrower can repay some or the entire loan amount and then redraw it again at any time.

The flexible home loan has a variable interest rate that the Seller can move up or down at any time, similar to a standard variable interest rate. However, the interest rate on these loans is not linked to the standard variable interest rate. The Seller may agree to discount the interest rate for particular customers from time to time.

These flexible home loans are not included in the Housing Loan Portfolio. However, a Mortgage that secures a Housing Loan that forms part of the Housing Loan Portfolio may also secure a flexible home loan provided by the Seller. Where this occurs, the Seller has agreed that any sums owed to it by the Borrower under the flexible home loan and which are secured by the Mortgage which also secures a Housing Loan in the Housing Loan Portfolio, will be subject and subordinated to any sums owed to the Covered Bond Guarantor.

### **Features of the home loans**

Each home loan will have some or all of the features set out below.

- All home loans will have either a variable or a fixed interest rate.
- The borrower may repay some or the entire home loan at any time. If the home loan has a variable interest rate, the borrower can repay the entire loan without paying an early repayment recovery or fee. If the home loan has a fixed interest rate, the borrower may make one prepayment of up to 5 per cent of the balance outstanding on the loan each year of the fixed rate period without paying an early repayment recovery. Early repayment may be by a lump sum, or by increasing the regular repayments or by reducing the loan term. This right is not cumulative. For example, if the borrower has not made an early repayment in the first year of the fixed rate period, he or she does not have the right to pay up to 10 per cent in the next year. If the borrower wishes to repay more than 5 per cent of the balance owing on his or her loan, he or she may be charged an early repayment recovery.
- Where the borrower makes a lump sum repayment against the home loan through a staff assisted channel, the borrower can elect to maintain the same payment and shorten the term; keep the maturity date and reduce payments; or increase payments and shorten the term. Where the borrower makes a lump sum repayment against the home loan through online channels, the payments will be maintained and the term shortened.
- The borrower may change the residential property offered as security for the home loan if it meets the Seller's security criteria. For example, if the borrower sells the house, and buys another, the Seller may agree to take a mortgage over the new house as security for the borrower's existing home loan. Any increase to the borrower's lending as part of the change of security is assessed under credit criteria and will be documented as a new home loan.
- The borrower may choose to split the total loan amount into multiple loans. More than one loan can be secured by the mortgage over the same residential property. Likewise, a home loan may be secured by mortgages over more than one residential property.

- The borrower may apply or receive an offer from the Seller to borrow more money above the originally approved loan amount. This will be subject to the Seller's credit criteria. If approved, either a new home loan is created, which includes both the original loan amount and the new amount being borrowed, or a separate home loan is created for the new amount being borrowed only. The Seller may allow a borrower to borrow more money above the originally approved loan amount without requiring the borrower to sign a new loan agreement. A Loan Variation Letter is sent to the borrower confirming the new level of borrowing.

### **Repayment Options**

The borrower may choose from the following types of repayment structures:

- "Table" or principal and interest payments: The Seller divides the total amount of principal and interest payable into equal repayments to be made over the loan term.
- "Straight-line" payments: The Seller divides the loan principal into equal amounts to be paid over the loan term. The Seller then charges interest on the amount owing on the loan at the time each regular payment is made. The amount of interest payable reduces as the principal amount owing reduces.
- "Interest-only" payments: The borrower pays only interest on the principal amount of the loan. At the end of the term of the loan, the borrower usually repays the principal amount in full.

### **Loan renewals and modifications**

Subject to the Seller's approval, borrowers may apply to change the terms of their home loan, for example, payments may be changed from weekly to fortnightly, or a variable interest rate may be changed to a fixed interest rate.

If approved, either a new loan will be established, or the terms of the existing loan will be varied. If a new loan is established, it will be used to repay the existing loan in the Seller's records. Subject to eligibility criteria being met, any new home loans made to a Borrower whose Housing Loan already forms part of the Housing Loan Portfolio will be sold into the Asset Pool. The new home loan will be subject to the same verification and scrutiny as the loans already in the Asset Pool.

### **Loan Variations**

The Seller, in its discretion, may agree with a borrower from time to time to vary the terms and conditions of a loan without following the underwriting procedures described in this section. Such loan variations include changes to the interest rate and reductions in the term of the loan. See "*Summary of the Principal Documents – Mortgage Sale Agreement – Product Switches, Further Advances and Cash Redraws*" for more information in relation to the impact of certain variations to loans.

### **Interest-only periods**

A borrower may apply for an interest-only loan of usually up to 5 years for residential investment property or 2 years for owner occupied. At the end of the interest-only period, the borrower is expected to repay the loan in full. Subject to the Seller's approval, the borrower may apply to transfer the loan into a "table" or "straight-line" loan or may apply for a further interest-only loan.

In response to the COVID-19 pandemic, the Seller has also given borrowers affected by COVID-19 the option to switch their home loan to interest-only for an agreed period. See "*Changes to mortgage lending in response to COVID-19*" below for further details.

### **Additional features**

The Seller may offer new types of home loans at any time that are not described in this Base Prospectus. The Seller may also change, remove or add to the features, terms or fees of a home loan at any time.

The Seller may offer interest rate discount specials, from time to time, subject to the borrower meeting certain criteria defined by the Seller. For example, the borrower may be required to have a loan-to-value ratio less than a level defined by the Seller.

The Seller may allow the Borrower to modify certain terms and amounts of their loan online, subject to the Borrower meeting certain criteria defined by the Seller.

### **Changes to mortgage lending in response to COVID-19**

As discussed in "ANZ Bank New Zealand Limited—Recent Developments—Regulatory Response to the COVID-19 Pandemic", as part of the New Zealand Government's financial support package for homeowners the Seller is offering a range of options to assist home loan customers facing financial pressure due to COVID-19:

- "Loan Repayment Deferrals" – customers can defer their scheduled home loan repayments for up to twelve months, as agreed with the Seller. Loans will continue to be charged interest on amounts outstanding during the deferral period, and these amounts will be added to the outstanding balance. For loans with 'table' repayments, the loan terms are renegotiated, with the customer given the option of higher repayments after the deferral period or extending the maturity to repay the remaining balance.
- "Interest-only" – customers can choose to temporarily reduce repayments by continuing to pay interest but not principal on their home loan. This is a standard offering to eligible customers. Depending on a customer's circumstances, the interest-only period could be for up to 5 years.
- "Reducing Repayments" – the term of the home loan can be extended to reduce repayments.

On 19 August 2020 the ANZ New Zealand Group announced that in response to the COVID-19 pandemic, between 23 March 2020 and 31 July 2020 the ANZ New Zealand Group had provided financial support to more than 39,000 personal, home and business loan customers through loan deferrals, adjustments and restructures impacting approximately NZ\$27 billion of the ANZ New Zealand Group's lending portfolio. This included deferring repayments on home and personal loans for more than 15,000 customers impacting approximately NZ\$5.6 billion of the ANZ New Zealand Group's lending portfolio

The Asset Pool contains Housing Loans that are subject to one or more of the above options, and the Seller does not intend to repurchase those Housing Loans as a result of this. In accordance with RBNZ guidance, the period of a Loan Repayment Deferral will not be treated as a period in arrears and the granting of a loan repayment deferral will not be treated as a distressed restructuring, and therefore a Housing Loan will not cease to be a Qualifying Housing Loan if it is subject to a loan repayment deferral (see "*Summary of the Principal Documents—Mortgage Sale Agreement—Qualifying Mortgage Loans*" for more information about Qualifying Housing Loans).

### **Origination process**

The Asset Pool includes a portfolio of home loans with fixed or variable interest rates, originated by the Seller to both new and existing borrowers.

The Seller originates home loans in the following ways:

- Through its own established distribution network, including branches, business relationship managers, mobile managers and contact centres.
- Through approved mortgage advisers. The mortgage advisers must meet the Seller's selection criteria and accreditation process before they are able to promote and initiate home loan applications on behalf of the Seller. Each mortgage adviser must be registered as a financial service provider under the Financial Service Providers (Registration and Dispute Resolution) Act 2008. All applications referred by mortgage advisers must meet the Seller's credit criteria and processes, and are managed by the Seller directly once the loan has been drawn down.

### **Approval and underwriting process**

Applications for new home loans are processed in accordance with the Seller's credit approval policies and security requirements. This includes the requirement that any residential property must be insured by the owner of the property for an amount not less than the full reinstatement value of the security (the

"sum insured"), without any material exclusion, in order to cover the total re-build costs of the security. Insurance policy contracts must be renewed annually. These approval policies may be amended or reviewed by the Seller at any time.

The Seller may charge a different interest rate, higher or lower, on home loans depending on the borrower's loan-to-value ratio. A low equity premium fee may be charged where the loan-to-value ratio is greater than 80 per cent. However, all borrowers must meet the Seller's credit approval criteria set out in this section.

Home loans secured by residential property may be used for any legal purpose.

Home loans secured by bare land only are not included in the Asset Pool. Home loans to build a residential dwelling are not included in the Asset Pool until the dwelling has been completed.

There is no minimum amount that may be borrowed under a home loan. There is no maximum amount that may be borrowed, provided the borrower meets the Seller's credit criteria, including their ability to repay the lending and the suitability of any security.

Unless specified in this Base Prospectus, home loans sold into the Asset Pool will have an outstanding balance no greater than NZ\$2,000,000.

The type of residential property and its tenure and occupancy status, will determine the maximum loan-to-value ratio. The Seller, against a defined standard residential property, that is owner occupied, currently generally lends up to a maximum of 90 per cent of the market value of the property including capitalised amounts. For residential investment properties the Seller lends up to a maximum of 80 per cent of the market value of the property.

The minimum term for a home loan is one month.

The maximum term for a term home loan is 30 years.

### **Process for verification of application details**

The Seller:

- Verifies the identity of the borrower and any application details.
- Assesses the borrower's ability to repay the loan, and the suitability of the home loan for the use the borrower intends.
- Determines the value of the residential property offered as security for the home loan.

Borrowers provide proof of identity and evidence of employment and income.

For an employed applicant, the Seller confirms employment and income levels by obtaining recent payslips or confirmation of salary being credited to a bank account.

For a self-employed applicant, or a business applicant, the Seller checks both annual accounts and tax assessments.

For first time borrowers, the Seller checks savings history.

Where applicants are refinancing borrowing with another financial institution, the Seller checks the last three months' loan statements with that other financial institution to ensure the applicant has been regularly making loan repayments.

The Seller also checks the credit history of any existing borrowing from the Seller.

The Seller completes external credit checks on the borrower to determine whether there are any loan defaults by that borrower with other parties.

### **Assessing ability to repay**

Once the applicant's details have been verified, the Seller assesses his or her ability to repay the proposed home loan. The applicant's income must be sufficient to cover all commitments, including the proposed home loan, along with any risk factors identified in the applicant's income, savings or credit history. This includes the application of a servicing sensitivity rate to ensure that the applicant's income remains sufficient to cover all commitments should interest rates increase.

A credit decision is made using one of the following processes:

- **Mortgage application scorecard:** A "mortgage application scorecard" system developed by the Seller applies the Seller's credit assessment policy. The mortgage application scorecard returns a decision either to approve, reject or refer for further assessment. An application is referred to the customer lending assessment team if certain risk factors, including loan size or ability to repay, indicate that further assessment is required. The internal score determined by this system is based on historical performance data from the Seller's home loan portfolio, being applied to the application.
- **Credit approval discretion:** Home loan applications that are referred by the credit scorecard or through a manual escalation process are assessed by a credit manager in the customer lending assessment team. Each credit manager is allocated a credit approval discretion based on their level of experience and past performance. Loans that have certain characteristics, such as a large loan size, are assessed or verified by more experienced credit managers.
- **Retail Risk assessment:** Where a home loan application is outside of the credit approval discretion of the customer lending assessment team, it is formally escalated to the Retail Risk team for a decision to approve or reject. The Retail Risk team also assess applications rejected by the credit scorecard system.

The Seller monitors the quality of all lending decisions and approvals.

### **Valuation of residential property**

As part of the credit decision process a loan-to-value ratio is calculated. The loan-to-value ratio is the ratio of the loan amount to the value of the residential property offered as security. The maximum loan-to-value ratio permitted for any home loan is determined under the Seller's credit policy and depends on the size of the proposed loan and the nature and location of the residential property. In most cases, where the residential property is owner occupied it will not currently exceed 90 per cent, however, in limited circumstances where approved by the Seller, it may exceed 90 per cent. For new standalone residential investment properties it will not exceed 80 per cent.

Where more than one property is offered as security for a home loan, and one of these properties occupancy status is a residential investment, the sum of the valuations for all the properties is assessed against the sum of all housing debt secured by those properties. The maximum loan-to-value ratio the Seller can secure is based on the sum of 80 per cent of the market value of the owner occupied property and 80 per cent of the market value of the residential investment property.

The valuation methods used by the Seller to calculate the loan-to-value ratio of the residential property offered as security are as follows and depend on the valuation type being suitable for the loan-to-value ratio range and the age of the valuation:

- Valuation of the residential property by a qualified professional registered valuer who has been instructed by the bank. The Seller requires a valuation by a qualified professional registered valuer:
  - where the nature of the property is of a type defined in the Seller's credit policy as requiring a valuation by a qualified professional registered valuer;
  - if the loan-to-value ratio exceeds 80 per cent. The requirement for a qualified professional registered valuer valuation may be waived in the case of a 'top up' loan; or

- in circumstances where, although the loan-to-value ratio is less than 80 per cent, the purchase price specified in the contract of sale for a property may exceed thresholds set by the Seller for the region where the property is situated ("**Regional Threshold**").
- Contract of sale: by using the value specified in the contract of sale (as validated against the automated valuation model) for the residential property. This method is used where the loan-to-value ratio is less than 80 per cent, excluding specific property types as defined in the Seller's credit policy.
- Automated valuation model: by using the value obtained from an automated valuation model operated by Core Logic (NZ) Limited which uses the property's address and key features and provides a statistically driven valuation. This method is used where the loan-to-value ratio is less than 80 per cent, excluding specific property types as defined in the Seller's credit policy.

An offer of finance is then made and is subject to any loan conditions being met. The amount of the home loan offered will depend on that applicant's ability to repay and the loan-to-value ratio.

## **Servicing**

### *The Servicer*

ANZ New Zealand (the Servicer) will be responsible for servicing the Housing Loans in the Housing Loan Portfolio on behalf of the Covered Bond Guarantor.

### *General*

The Servicer is contractually obligated to administer and service the Housing Loans in the Housing Loan Portfolio:

- in such a manner and with the same level of skill, care and diligence as would a Prudent Mortgage Lender; and
- in accordance with the Servicing Procedures.

Servicing procedures include: managing and servicing the features and facilities available under the Housing Loans in the Housing Loan Portfolio, the management of delinquent mortgage loans, responding to customer inquiries, and compliance with consumer regulations. See "*Legal Aspects of the Housing Loan Portfolio – Consumer Legislation*" for more information in relation to the Credit Contracts and Consumer Finance Legislation.

See "*Summary of the Principal Documents – Servicing Agreement*" for a more detailed description of the undertakings, remuneration and removal or resignation of the Servicer.

### *Delegation by the Servicer*

The Servicer has the power to delegate or subcontract the performance of all or any of its powers and obligations under the Servicing Agreement to third parties. References to the Servicer servicing the Housing Loans in the Housing Loan Portfolio should be construed accordingly. Despite any delegation, the Servicer remains responsible and liable for the performance of its obligations under the Servicing Agreement.

### *Collection, recoveries and enforcement procedures*

Borrowers must make the minimum payment due under the terms and conditions of the loans on each scheduled instalment due date. A borrower may elect to make his or her repayments weekly, bi-weekly or monthly. Payment is typically made by direct debit from a nominated ANZ New Zealand bank account.

A loan is subject to action (as described below) in relation to delinquent payment whenever the repayment is not paid on the instalment due date.

Borrowers whose loans are in arrears will receive reminders via text messaging, Interactive Voice Response, direct phone contact and by letter. The frequency of these delinquency reminders will vary according to the number of days the loan is delinquent and the risk grading allocated to the relevant loan.

Each borrower is given a customer level risk grade. The grading process considers product level performance including factors such as previous arrears history, utilisation and payment behaviours.

The Servicer's collections system identifies loan accounts which are delinquent and allocates overdue loans to collection officers for action.

Actions taken by the Servicer in relation to delinquent accounts will be determined according to a number of factors, including:

- delinquency history;
- equity in the property;
- past repayment history;
- prior arrangements made with the borrower to meet overdue repayments; and
- the reason for arrears (e.g., illness, unemployment, over-commitment).

The Servicer may make a special arrangement with a borrower to temporarily modify the borrower's repayment schedule. In considering such an arrangement, the Servicer consults the borrower and considers the causes of missed repayments with the objective of returning the loan to the original repayment schedule at the earliest opportunity.

If the borrower is unwilling or unable to satisfy the arrears, a letter of demand is sent to the customer requiring payment of the outstanding debt owing to the Servicer within 10 working days from date of issue.

If the demand expires unsatisfied, to recover the money owing, the Servicer may look to enforce the security it holds over the property owned by the borrower or call upon a guarantee.

If satisfactory arrangements cannot be made to rectify a delinquent loan, legal notices are issued and recovery action is initiated by the Servicer. Recovery action is arranged by recoveries staff in conjunction with internal or external legal advisers. Recovery actions include:

- voluntary sale by the borrower;
- a mortgagee sale; and
- legal action against borrowers, including summary judgment, order of examination, and bankruptcy.

On expiry of the demand notice period, the Servicer must serve on the current mortgagor (who is usually also the borrower) a notice under section 119 of the Property Law Act 2007 ("**Notice**") before it can exercise any of its powers under the mortgage. If the Servicer is proposing to recover any outstanding balance after the sale from a third party (most commonly a guarantor) they must also serve a notice under section 122 of the Property Law Act 2007 ("**Notice**") on that person before exercising the power of sale. The Notice(s) must outline the nature and extent of the default (usually, the failure by the borrower to pay the agreed loan instalments), the actions required to remedy the default (usually, payment of the loan arrears, interest and costs) and the consequences that will occur if the debtor fails to comply with the Notice (usually, acceleration of the loan and sale of the mortgaged property by the Servicer).

By law, the Servicer must allow 40 working days for the debtor to remedy the default from the date of service of the Notice.

If, on expiry of the Notice, the default has not been remedied, the Servicer may then exercise its power of sale to recover all amounts owed under the loan. The recoveries officer will instruct solicitors to conduct the mortgage sale process on the Servicer's behalf in accordance with its standard procedures.



The Servicer's solicitors will seek proposals for the marketing of the property. A registered valuation will be ordered by the recoveries officer in order to set a reserve for sale of the property by way of auction or private sale.

The Servicer may be willing to cooperate with the debtor to allow the borrower to sell the property by his or her self. Whether the Servicer is willing to delay mortgagee sale action to allow a debtor initiated sale is dependent on a number of factors, including the amount of the debt, the age of the arrears, amount of equity in the property, and the reputational risk to the Servicer.

On completion of a sale, proceeds from the sale (whether by debtor initiated sale or mortgagee sale) are paid out in a specific order. First, all expenses incurred in selling the property must be paid. These expenses include legal fees and real estate agent fees. Secondly, each mortgagee must be paid the amount owing under its mortgage according to the order in which each mortgage is registered over the title. Finally, if there is any surplus remaining, this must be paid to the mortgagor.

If the proceeds from the sale do not repay the debt to the Servicer in full and the debtor is unable or unwilling to enter into a repayment arrangement for the shortfall debt, the Servicer may elect to commence court proceedings against the debtor. A shortfall demand will be issued after settlement of the property has taken place. Court proceedings against the debtor will be commenced after demand calling up the shortfall debt in full has expired. The debtor is given 10 working days to satisfy the demand.

If the demand expires unsatisfied, the recoveries officer may instruct a solicitor to obtain a Court order that the debtor owes the debt to the Servicer, usually by summary judgment. Provided the debtor does not defend the Court action, once the order has been obtained, the Servicer can seek to enforce the judgment through a number of means. These include an order for examination, a charging order, an attachment order, a garnishee order, a distress warrant, and bankruptcy.

The Servicer is subject to "lender responsibility principles" (discussed further at page 276) which generally require lenders to exercise the care, diligence and skill of a responsible lender when dealing with borrowers and guarantors.

### **Bankruptcy**

Once judgment has been obtained, the Servicer can proceed to bankrupt the debtor. The Servicer will instruct its solicitors to commence bankruptcy proceedings. The Servicer's solicitors will apply to the Court to issue a bankruptcy notice.

The bankruptcy notice must be served on the debtor within one month from the date on which it is issued by the Court and requires the debtor to pay the specified debt within ten working days. Failure by the debtor to comply with the notice (that is, to make payment of the debt within the allotted time) will constitute an act of bankruptcy.

The commencement date of bankruptcy is the date and time that the Court pronounces the customer bankrupt.

The Servicer's collection and enforcement procedures may change from time to time in accordance with business judgment, internal policy and changes to legislation and guidelines established by the relevant regulatory bodies.

## FORM OF THE COVERED BONDS

The Covered Bonds of each Series will be in either bearer form, with or without receipts, interest coupons and/or talons attached, or registered form, without receipts, interest coupons and/or talons attached.

### **Bearer Covered Bonds**

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

- if the Bearer Global Covered Bonds (as defined below) are issued in new global covered bond ("**NGCB**") form, be delivered on or prior to the issue date of the relevant Tranche to a common safekeeper (the "**Common Safekeeper**") (which, in respect of NGCBs that are not Eurosystem-eligible, will be the Principal Paying Agent) for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"); and
- if the Bearer Global Covered Bonds are not issued in NGCB form, be delivered on or prior to the issue date of the relevant Tranche to a common depository (the "**Common Depository**") for Euroclear and Clearstream, Luxembourg.

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

Whilst any Bearer Covered Bond is represented by a Temporary Global Covered Bond, payments of principal, interest (if any) and any other amount payable in respect of the Bearer Covered Bonds due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Covered Bond if the Temporary Global Covered Bond is not issued in NGCB form) only outside the United States and its possessions and to the extent that certification (in a form to be provided by Euroclear and/or Clearstream, Luxembourg) 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 receipts and interest coupons attached (a "**Permanent Global Covered Bond**" and, together with the Temporary Global Covered Bonds, the "**Bearer Global Covered Bonds**" and each a "**Bearer Global Covered Bond**") of the same Series or (b) Bearer Definitive Covered Bonds of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of Bearer Definitive Covered Bonds, to such notice period as is specified in the applicable Final Terms), in each case against certification of non-U.S. beneficial ownership as described above unless such certification has already been given. Purchasers in the United States and certain U.S. persons will not be able to receive Bearer Definitive Covered Bonds or interests in the Permanent Global Covered Bond. The holder of a Temporary Global Covered Bond will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Covered Bond for an interest in a Permanent Global Covered Bond or for Bearer Definitive Covered Bonds is improperly withheld or refused. Bearer Covered Bonds will be subject to certain restrictions on transfer set forth therein or will bear a legend regarding such restrictions.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Covered Bond will be made outside the United States and its possessions and through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Global Covered Bond (if the Permanent Global Covered Bond is not issued in NGCB form) without any requirement for certification.

Interests in a Permanent Global Covered Bond will be exchanged (free of charge) by the Issuer, in whole but not in part, only at the option of the holder of such Permanent Global Covered Bond, for Definitive Covered Bonds and/or (in the case of a Series comprising both Bearer Covered Bonds and Registered

Covered Bonds and if so specified in the applicable Final Terms) Registered Covered Bonds: (a) upon not less than 60 days' written notice being given to the Principal Paying Agent by Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in this Permanent Bearer Global Covered Bond), or (b) upon the occurrence of an Exchange Event. An "**Exchange Event**" means the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, whether statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available.

The Issuer will promptly give notice to Covered Bondholders of each Series of Permanent Global Covered Bond in accordance with Condition 14 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear, Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Covered Bond) or the Bond Trustee may give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The exchange 'upon not less than 60 days' written notice' option as described in paragraph (a) above should not be expressed to be applicable if the Covered Bonds are issued in denominations comprising a minimum Specified Denomination (such as EUR 100,000 (or its equivalent in any other currency)) plus one or more higher integral multiples of another smaller amount (such as EUR 1,000 (or its equivalent in another currency)). Furthermore, such denomination construction is not permitted in relation to any issue of Covered Bonds which is to be represented on issue by a Temporary Bearer Global Covered Bond exchangeable for Bearer Definitive Covered Bonds, as described above.

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

The following legend will appear on all Bearer Covered Bonds that have an original maturity of more than one year and on all receipts, talons and interest coupons relating to such Bearer Covered Bonds:

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

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

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

Euroclear or Clearstream, Luxembourg, as the case may be, will be notified whether or not each NGCB or Registered Covered Bond to be held via the new safekeeping structure is intended to be held in a manner which would allow Eurosystem eligibility. Note that the designation that securities are "intended to be held in a manner which would allow Eurosystem eligibility" simply means that the securities are intended upon issue to be deposited with one of Euroclear or Clearstream, Luxembourg as common safekeeper and does not necessarily mean that the securities will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

### **Registered Covered Bonds**

The Registered Covered Bonds of each Tranche, which will be sold to non U.S. persons outside the United States in reliance on Regulation S, will initially be represented by a global covered bond in registered form (a "**Registered Global Covered Bond**"). Prior to expiry of the Distribution Compliance Period applicable to each Tranche of Covered Bonds, beneficial interests in a Registered Global Covered Bond may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise

provided in Condition 1 (*Form, Denomination and Title*) and may not be held otherwise than through Euroclear or Clearstream, Luxembourg, and such Registered Global Covered Bond will bear a legend regarding such restrictions on transfer (see "*Subscription and Sale*").

Registered Global Covered Bonds will either (i) in the case of a Registered Global Covered Bond which is not intended to be held under the NSS, be deposited with a common depository for, and registered in the name of a nominee of, Euroclear and/or Clearstream, Luxembourg; or (ii) in the case of a Registered Global Covered Bond which is intended to be held under the NSS, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg, in each case as specified in the applicable Final Terms. Persons holding beneficial interests in the Registered Global Covered Bonds will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Definitive Covered Bonds in fully registered form.

Payments of principal, interest and any other amount in respect of the Registered Global Covered Bonds will, in the absence of any provision to the contrary, be made to the person shown on the Register as the registered holder of the Registered Global Covered Bonds. None of the Issuers, the Guarantor, 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 any provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 6(e) (*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 receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. The Issuer will promptly give notice to Covered Bondholders of each Series of Registered Global Covered Bonds in accordance with Condition 14 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear, 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.

### **Transfer of Interests**

Interests in a Registered Covered Bond may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in a Registered Global Covered Bond. No beneficial owner of an interest in a Registered Global Covered Bond will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. Registered Covered Bonds are also subject to the restrictions on transfer set forth herein and will bear a legend regarding such restrictions (see "*Subscription and Sale*").

### **General**

Pursuant to the Principal Agency Agreement (as defined under "*Terms and Conditions of the Covered Bonds*"), 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 which are different from the common code and ISIN assigned to Covered Bonds of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S) applicable to the Covered Bonds of such Tranche.

Any reference herein to 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 Relevant Issuer, the Principal Paying Agent and the Bond Trustee.

No Covered Bondholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuers, the Guarantor 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 AND 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 European Economic Area ("EEA") or 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 (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. 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 or in the UK will be prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

**[MiFID II product governance / Professional investors and eligible counterparties only target market –** Solely for the purposes of [the Dealer's/the Managers'/each relevant Manager's] product approval process as [a] MiFID II [(as defined below)] "manufacturer[s]", the target market assessment completed by the relevant [Dealer/Managers/Manager] 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. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Covered Bonds (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.] The Issuer is not subject to MiFID II and any implementation thereof by an EU Member State. The Issuer is therefore not a "manufacturer" for the purposes of the MiFID Product Governance Rules under EU Delegated Directive 2017/593 and has no responsibility or liability for identifying a target market, or any other product governance obligation set out in MiFID II, for financial instruments it issues (including the foregoing target market assessment for the Covered Bonds described in this legend).]

**[Notification under Section 309B(1) of the Securities and Futures Act of Singapore (the "SFA"):** The Covered Bonds are capital markets products other than prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Specified Investment Products (as defined in the Monetary Authority of Singapore (the "MAS") Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]

**Dated [●]**

**[ANZ Bank New Zealand Limited**

**Legal Entity Identifier: HZSN7FQBPO5IEWYIGC72]**

**[ANZ New Zealand (Int'l) Limited**

**Legal Entity Identifier: 213800VD256NU2D97H12]**

**Issue of [Aggregate Principal Amount of Tranche] [Title of Covered Bonds]  
[unconditionally guaranteed by ANZ Bank New Zealand Limited and]  
irrevocably and unconditionally guaranteed as to payment of principal and interest by  
ANZNZ Covered Bond Trust Limited under the  
€8,000,000,000 Covered Bond Programme**

### PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the base prospectus dated [●] 2020 [and the supplement[s] to it dated [●][and [●]] which [together] constitute[s] a base prospectus the ("**Base Prospectus**") for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). This document constitutes the Final Terms of the Covered

Bonds described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus [as so supplemented]. Full information on the Issuer[, the Guarantor] and the Covered Bond Guarantor and the offer of the Covered Bonds is only available on the basis of the combination of this Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus is available for viewing on the website of the Issuer at <https://www.anz.com/debtinvestors/centre/programmes/anz-bank-nz/euro-medium-term-note-programme-nz/> and the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.]

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the "**Conditions**") set forth in the base prospectus dated [●] which are incorporated by reference in the base prospectus dated [●] 2020. This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") and must be read in conjunction with the base prospectus dated [●] 2020 [and the supplement[s] to it dated [●] [and [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the "**Prospectus**"), including the Conditions incorporated by reference in the Base Prospectus. Full information on the Issuer[, the Guarantor] and the Covered Bond Guarantor and the offer of the Covered Bonds is only available on the basis of the combination of this Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus is available for viewing on the website of the Issuer at <https://www.anz.com/debtinvestors/centre/programmes/anz-bank-nz/euro-medium-term-note-programme-nz/> and the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.]

- |    |  |   |
|----|--|---|
| 1. | (a) Branch   | [London][Not Applicable]  |
|    | (b) Series Number:   | [●]   |
|    | (c) Tranche Number:  | [●]   |
|    | (d) 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]/[exchange of the Temporary Global Covered Bond for interests in the Permanent Global Covered Bond, as referred to in paragraph [●] below], which is expected to occur on or about [●]]/[Not Applicable] |
| 2. | Specified Currency:  | [●]   |
| 3. | Aggregate Principal Amount of Covered Bonds:                                       |   |
|    | (a) Series:  | [●]   |
|    | (b) Tranche:   | [●]   |
| 4. | Issue Price:   | [●] per cent of the Aggregate Principal Amount [plus accrued interest from [●]]   |
| 5. | (a) Specified Denominations:   | [●]/[€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No Covered Bonds in definitive form will be issued with a denomination above €199,000]   |
|    | (b) Calculation Amount:  | [●]   |
| 6. | (a) Issue Date:  | [●]   |
|    | (b) Interest Commencement Date:  | [●]/[Issue Date]/[Not Applicable]   |
| 7. | (a) Final Maturity Date:   | [●]/[Interest Payment Date falling in or nearest to [●]]  |

- (b) 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 [●]]/[Not Applicable]
8. Interest Basis: [[●]per cent Fixed Rate]  
[[●] +/- [●] per cent Floating Rate]  
[Zero Coupon]
9. Redemption Basis: [99]/[100]/[101] per cent of their nominal amount
10. Payment Basis:
- (a) Instalment Covered Bonds: [Applicable/Not Applicable]
- (i) [Instalment Date(s): [●]
- (ii) Instalment Amount(s): [●]
- (b) Hard Bullet Covered Bonds: [Applicable/Not Applicable]
11. Change of Interest Basis: [●] [in accordance with paragraphs 14 and 15]
12. Put/Call Options: [Investor Put]  
[Issuer Call]
13. [Date of [Board] approval for issuance of Covered Bonds and Guarantees obtained: [●] [and [●], respectively]]

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

14. Fixed Rate Covered Bond provisions: [Applicable/Not Applicable]
- (a) [Rate(s) of Interest: [●] per cent per annum payable in arrears on each Interest Payment Date
- (b) Interest Payment Date(s): [●] in each year up to and including the Maturity Date or the Extended Due for Payment Date, if applicable
- (c) Fixed Coupon Amount(s): [●] per Calculation Amount
- (d) Broken Amount(s): [[●] per Calculation Amount, payable on the Interest Amount falling [in/on] [●] / [Not Applicable]
- (e) Day Count Fraction: [Actual/Actual (ICMA)] [30/360]
- (f) [Determination Date(s): [[●] in each year] / [Not Applicable]]
15. Floating Rate Covered Bond provisions: [Applicable/Not Applicable]
- (a) [Specified Period(s): [●]
- (b) Interest Payment Dates: [●][, subject to adjustment in accordance with the Business Day Convention set out below]



- (c) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (i) Adjusted: [Applicable/Not Applicable]
- (ii) No Adjustment: [Applicable/Not Applicable]
- (d) Additional Business Centre(s): [●]
- (e) Manner in which the Rate of Interest and Interest Amount are to be determined: [Screen Rate Determination/ISDA Determination/BBSW Covered Bonds/BKBM Covered Bonds]
- (f) Party responsible for calculating the Rate of Interest and Interest Amount (if not the [Principal Paying Agent/Calculation Agent]): [●]
- (g) Screen Rate Determination: [Applicable/Not Applicable]
- (i) Reference Rate and Relevant Financial Centre: Reference Rate: [●] month [●] [LIBOR]/[EURIBOR]/[STIBOR]/[HIBOR]/[SIBOR]/[TIBOR]/[BBSW]/[BKBM] ]/[SONIA] ]/[SOFR]
- Relevant Financial Centre: [[●] ]/[London]/[Brussels]/ [Stockholm]/[Hong Kong]/[Singapore]/[Tokyo] [Sydney]/[Wellington]/[Auckland]]
- (ii) Interest Determination Date(s): [●][[●] U.S. Government Securities Business Day prior to Interest Payment Date]
- (iii) Relevant Screen Page: [●]
- (iv) Relevant Time and time zone: [●]
- (v) Observation Look Back Period: [[●] London Banking Days] [Not Applicable]
- (vi) Reset Period: [[●] U.S. Government Securities Business Day(s)] [Not Applicable]
- (vii) Suspension Determination Period: [[●] U.S. Government Securities Business Day(s)] [Not Applicable]
- (viii) ISDA Determination for Fallback: [Applicable/Not Applicable]
- (h) ISDA Determination: [Applicable/Not Applicable]
- Floating Rate Option: [●]
- Designated Maturity: [●]
- Reset Date: [●]
- (i) Margin(s): [+/-] [●]per cent per annum

- (j) Minimum Rate of Interest: [●] per cent per annum
- (k) Maximum Rate of Interest: [●] per cent per annum
- (l) Day Count Fraction: [Actual/Actual (ISDA)] [Actual/Actual]  
[Actual/365 (Fixed)]  
[Actual/365 (Sterling)]  
[Actual/360]  
[30/360] [360/360] [Bond Basis]  
[30E/360] [Eurobond Basis]  
30E/360 (ISDA)  
[adjusted/not adjusted]]
- 16. Zero Coupon Covered Bond provisions: [Applicable/Not Applicable]
  - (a) [Accrual Yield: [●] per cent per annum
  - (b) Reference Price: [●]
  - (c) Day Count Fraction in relation to Early Redemption Amounts: [30/360]  
[Actual/360]  
[Actual/365]]

**PROVISIONS RELATING TO REDEMPTION**

- 17. Notice periods for Condition 5(b) *(Redemption for tax reasons)* or Condition 5(e) *(Redemption due to illegality)* Minimum period: [30] days  
Maximum period: [60] days
- 18. Redemption at the option of the Issuer (Call): [Applicable/Not Applicable]
  - (a) [Optional Redemption Date(s) (Call): [●]
  - (b) Series redeemable in part: [Yes/No]
  - (c) Optional Redemption Amount: [[●] per Calculation Amount]
  - (d) If redeemable in part:
    - (i) Minimum Redemption Amount: [●]
    - (ii) Maximum Redemption Amount: [●]
  - (e) Notice Period for Condition 5(c) *(Redemption at the option of the Issuer (Issuer Call))*: Minimum period: [5] days  
Maximum period: [30] days

19. Redemption at the option of the Covered Bondholders (Put): [Applicable/Not Applicable]
- (a) [Optional Redemption Date(s): [●]]
- (b) Optional Redemption Amount(s) of each Covered Bond: [●] per Calculation Amount
- (c) Notice Period for Condition 5(d) (*Redemption at the option of the Covered Bondholders*): Minimum period: 15 days  
Maximum period: [30] days
20. Final Redemption Amount of each Covered Bond: [●] per Calculation Amount
21. Early Redemption Amount payable on redemption for tax reasons or illegality or on event of default: [●] per Calculation Amount

**GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS**

22. (a) Form of Covered Bonds: [Bearer Covered Bonds:
- [Temporary Global Covered Bond exchangeable for a Permanent Global Covered Bond which is exchangeable for Bearer Definitive Covered Bonds [on 60 days' notice given at any time/only upon an Exchange Event]]
- [Temporary Global Covered Bond exchangeable for Bearer Definitive Covered Bonds]
- [Permanent Global Covered Bond exchangeable for Bearer Definitive Covered Bonds [on 60 days' notice given at any time/only after an Exchange Event]]
- [Registered Covered Bonds:
- Global Covered Bond registered in the name of a nominee for [a common depositary/a common safekeeper for Euroclear and Clearstream, Luxembourg]]
- (b) Talons for future Coupons to be attached to Definitive Covered Bonds: [Yes, as the Covered Bonds have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]
- (c) Receipts to be attached to Instalment Covered Bonds which are Definitive Covered Bonds: [Yes/No]
23. Additional Financial Centre(s): [●]/[Not applicable]

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING:

Listing and admission to trading: [Application has been made by the Issuer (or on its behalf) for the Covered Bonds to be admitted to trading on the regulated market of the London Stock Exchange and to the Official List of the Financial Conduct Authority with effect from [●].] / [Application is expected to be made by the Issuer (or on its behalf) for the Covered Bonds to be admitted to trading on the regulated market of the London Stock Exchange and to the Official List of the Financial Conduct Authority with effect from [●]]

### 2. REASONS FOR THE OFFER, ESTIMATED TOTAL EXPENSES RELATED TO ADMISSION TO TRADING:

(a) Estimate of total expenses related to admission to trading: [●]

(b) Reasons for the offer: [[●]/[See "*Use of Proceeds*" in Base Prospectus]]

### 3. RATINGS:

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

[Fitch Australia Pty Ltd: [●]]

[Moody's Investors Service Pty Ltd: [●]]

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

[Save for the fees payable to the [Dealers], so far as the Issuer[, the Guarantor] and the Covered Bond Guarantor are aware, no person involved in the offer of the Covered Bonds has an interest material to the offer. The [Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer[, the Guarantor], the Covered Bond Guarantor and their affiliates in the ordinary course of business] [●] [Not Applicable].

### 5. YIELD (FIXED RATE COVERED BONDS):

Indication of yield (calculated at the Issue Date on the basis of the Issue Price): [●]

### 6. OPERATIONAL INFORMATION:

(a) ISIN: [●]

(b) Common Code: [●]

[(c)] Name(s) and address(es) of any clearing system(s) other than Euroclear, Clearstream, Luxembourg and the relevant identification number(s): [●]/[Not Applicable]

[(d)] Delivery: Delivery [against/free of] payment

[(e)] Name and address of initial Paying Agent(s): [●]

[(f)] Names and addresses of additional Paying Agent(s) (if any): [●]

## 7. BENCHMARKS

Relevant Benchmark[s]: [[●] / LIBOR / EURIBOR / STIBOR / HIBOR / SIBOR / TIBOR / BBSW / BKBM / SONIA / SOFR] is provided by [administrator legal name][repeat as necessary]. [As at the date hereof, [[administrator legal name][appears]/[does not appear]][repeat as necessary] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of Regulation (EU) 2016/1011, as amended]/[As far as the Issuer is aware, as at the date hereof, the [specify benchmark] does not fall within the scope of Regulation (EU) 2016/1011, as amended] / [Not Applicable]

## 8. DISTRIBUTION

U.S. Selling Restrictions: [TEFRA Not Applicable/C Rules/D Rules; Regulation S Category 2]

Signed on behalf of [ANZ New Zealand/ ANZNIL]:

Signed on behalf of the Guarantor:

By:

By:

*Duly authorised*

*Duly authorised*

Signed on behalf of the Covered Bond Guarantor:

By:

*Duly authorised*

## 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 ANZ New Zealand (Int'l) Limited ("**ANZNIL**"), whether acting through its head office or a branch, as specified in the relevant Final Terms (an "**Issuer**") and guaranteed by ANZ Bank New Zealand Limited (the "**Guarantor**") or ANZ Bank New Zealand Limited ("**ANZ New Zealand**" and together with ANZNIL, the "**Issuers**") 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 February 2011 (the "**Programme Date**") made between the Issuers, the Guarantor, ANZNZ Covered Bond Trust 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 11 (*Meetings of Covered Bondholders, Modification, Waiver, Substitution and Legislative Exchange*), references herein to the Covered Bonds shall be references to the "**Covered Bonds**" of this Series and shall 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, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an amended and restated principal agency agreement (such amended and restated principal agency agreement as further amended and/or supplemented and/or restated from time to time, the "**Principal Agency Agreement**") dated on or around 26 August 2020 and made between the Issuers, the Covered Bond Guarantor, the 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 together with any additional paying agents appointed pursuant to the Principal Agency Agreement, the "**Paying Agents**"), Deutsche Bank Luxembourg S.A. as registrar (in such capacity, the "**Registrar**", which expression shall include any successor registrar) and Deutsche Bank Luxembourg S.A. as transfer agent (in such capacity, the "**Transfer Agent**", which expression shall include any additional or successor transfer agents). As used herein, "**Agents**" shall mean the Paying Agents, the Registrar and the Transfer Agent, which expression shall include any additional or successor agents).

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

Interest-bearing Bearer Definitive Covered Bonds have interest coupons ("**Coupons**") and, in the case of Covered Bonds which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Bearer Definitive Covered Bonds repayable in instalments have receipts ("**Receipts**") for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Covered Bonds

(which include Registered Global Covered Bonds and/or Registered Definitive Covered Bonds as the case may be) and Global Covered Bonds do not have Receipts, 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 complete these terms and conditions (the "**Conditions**"). 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), the holders of the Receipts (the "**Receiptholders**") 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 and/or Issue Prices.

The Guarantor has (in respect of Covered Bonds issued by ANZNIL), in the Bond Trust Deed, unconditionally guaranteed the due and punctual payment of all amounts (including default interest) due from ANZNIL under or in respect of such Covered Bonds and the Bond Trust Deed, as and when the same shall become due and payable.

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 Relevant Issuer and the Guarantor 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 agreement governed by New Zealand law (such security 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 Issuers, the Guarantor, 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 are available for inspection and collection free of charge during normal business hours at the registered office for the time being of the Bond Trustee being at the Programme Date at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom and at the specified office of the Principal Paying Agent. Copies of the applicable Final Terms for all Covered Bonds of each Series are obtainable during normal business hours at the specified office of the Principal Paying Agent and any 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. Copies of the applicable Final Terms for all Covered Bonds of each Series admitted to trading on the regulated market of the London Stock Exchange will be published on the website of the London Stock Exchange through a regulatory information service. The Covered Bondholders, the Receiptholders and the Couponholders are deemed to have notice of, are bound by, and are entitled to the benefit of, all the provisions of, 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 ANZNZ 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 as described above. In the event of inconsistency between the Bond Trust Deed and the Definitions Schedule, the Bond Trust Deed will prevail.

#### 1. **Form, Denomination and Title**

The Covered Bonds are in bearer form or in registered form as specified in the applicable Final Terms and, in the case of Definitive Covered Bonds (being Bearer Definitive Covered Bond(s) and/or, as the context may require, Registered Definitive Covered Bond(s)), serially numbered, in the Specified Currency and the Specified Denomination(s) specified in the applicable Final Terms. 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 may be a Fixed Rate Covered Bond, a Floating Rate Covered Bond or a Zero Coupon Covered Bond, depending upon the Interest Basis shown in the applicable Final Terms, and subject, in each case, to confirmation from the Rating Agencies that the then current ratings of any outstanding Series of Covered Bonds will not be adversely affected by the issuance of this Covered Bond.

This Covered Bond may be an Instalment Covered Bond, depending upon the Redemption/Payment Basis shown in the applicable Final Terms and subject 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 this Covered Bond.

Bearer Definitive Covered Bonds are issued with Coupons attached, unless they are Zero Coupon Covered Bonds, in which case references to Coupons and Couponholders in these Conditions are not applicable.

Bearer Definitive Covered Bonds are issued with Receipts, unless they are not Instalment Covered Bonds, in which case references to Receipts and Receiptholders in these Conditions are not applicable.

Subject as set out below, title to the Bearer Covered Bonds, Receipts and Coupons will pass by delivery and title to the Registered Covered Bonds will pass upon registration of transfers in accordance with the provisions of the Principal Agency Agreement. The Issuers, the Guarantor, the Covered Bond Guarantor, the Paying Agents, the Security Trustee and the Bond Trustee will (except as otherwise required by law) deem and treat the bearer of any Bearer Covered Bond, Receipt 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 is represented by a Global Covered Bond held on behalf of, or, as the case may be, registered in the name of a common depositary (in the case of a CGCB) or common safekeeper (in the case of a NGCB) for Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of such Covered Bonds (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Covered Bonds standing to the account of any person 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 Guarantor, (in the case of Covered Bonds issued by ANZNIL) 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, 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 Guarantor, 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 Euroclear and Clearstream, Luxembourg.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits (but not in the case of any NGCB or any Global Covered Bond held under the NSS), be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Final Terms.

## 2. **Transfers of Registered Covered Bonds**

### (a) *Transfers of interests in Registered Global Covered Bonds*

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

### (b) *Transfers of Registered Covered Bonds in definitive form*

Subject as provided in Condition 2(e) below, upon the terms and subject to the conditions set forth in the Principal Agency Agreement, a Registered Covered Bond in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer: (i) the holder or holders must: (A) surrender the Registered Covered Bond for registration of the transfer of the Registered Covered Bond (or the relevant part of the Registered Covered Bond) at the specified office of the Registrar or, as the case may be, the Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing; and (B) complete and deposit such other certifications as may be required by the Registrar or the Transfer Agent; and (ii) the Registrar or the Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the relevant Issuer, the Registrar and the Transfer Agent may from time to time prescribe (the initial such regulations being set out in Schedule 5 to the Principal Agency Agreement).

Subject as provided above, the Registrar or, as the case may be, the Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Covered Bond in definitive form of a like aggregate nominal amount to the Registered Covered Bond (or the

relevant part of the Registered Covered Bond) transferred. In the case of the transfer of part only of a Registered Covered Bond in definitive form, a new Registered Covered Bond in definitive form in respect of the balance of the Registered Covered Bond not transferred will be so authenticated and delivered or (at the risk of the transferor) sent by uninsured mail to the address specified by the transferor.

(c) **Registration of transfer upon partial redemption**

In the event of a partial redemption of Covered Bonds under Condition 5 (*Redemption and Purchase*), the Issuer shall not be required to register the transfer of any Registered Covered Bond, or part of a Registered Covered Bond, called for partial redemption.

(d) **Costs of registration**

Covered Bondholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer 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.

(e) **Exchanges and transfers of Registered Covered Bonds generally**

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

(f) **Definitions**

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

"**CGCB**" means a Temporary Bearer Global Covered Bond or a Permanent Bearer Global Covered Bond, in either case in respect of which the applicable Final Terms specify that it is not a NGCB;

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

"**NGCB**" means a Temporary Bearer Global Covered Bond or a Permanent Bearer Global Covered Bond, in either case in respect of which the applicable Final Terms specify that it is a new global covered bond;

"**Regulation S**" means Regulation S under the Securities Act; and

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

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

(a) **Status of the Covered Bonds**

The Covered Bonds and any relative Receipts and 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.

(b) **Status of the Guarantee**

The due and punctual payment of principal and interest in respect of the Covered Bonds issued by ANZNIL and all other monies (including default interest) payable by ANZNIL under or pursuant to the Bond Trust Deed has been unconditionally and irrevocably guaranteed by the Guarantor pursuant to a guarantee (the "**Guarantee**") as set out in the Bond Trust Deed. The obligations of the Guarantor under the Guarantee constitute its direct, unconditional, unsubordinated and unsecured obligations and rank at least *pari passu* with all other present and

future unsubordinated and unsecured obligations of the Guarantor, other than any obligations preferred by mandatory provisions of applicable law.

(c) ***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 and the Guarantor 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 16 (*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 and the Guarantor (in the case of Covered Bonds issued by ANZNIL) in respect of such payment under the Covered Bonds, Receipts and Coupons and the Guarantee 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 and other Calculations**

(a) ***Interest on Fixed Rate Covered Bonds***

- (i) Each Covered Bond where the Interest Basis in the applicable Final Terms is specified to be a Fixed Rate (a "**Fixed Rate Covered Bond**") bears interest on its Principal Amount Outstanding from, and including, the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrears on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown in the applicable Final Terms as specified Interest Payment Dates or, if no Interest Payment Date(s) is/are specified in the applicable Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period shown in the applicable Final Terms as the specified Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
- (ii) If a Fixed Coupon Amount or a Broken Amount is specified in the applicable Final Terms, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified in the applicable Final Terms.
- (iii) Calculation of Interest Amount: The Interest Amount payable in respect of each Covered Bond for any period for which a Fixed Coupon Amount or Broken Amount is not specified in the applicable Final Terms shall be calculated by applying the Rate of Interest to the Calculation Amount for such Covered Bond, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest unit of the Specified Currency (with halves being rounded up), save in the case of Yen, which shall be rounded down to the nearest Yen, and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Covered Bond divided by the Calculation Amount. For this purpose, a "**unit**" means, in the case of any currency other than Euro,

the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of Euro, means 0.01 Euro, as the case may be.

(b) ***Interest on Floating Rate Covered Bonds***

- (i) Interest Payment Dates: Each Covered Bond where the Interest Basis in the applicable Final Terms is specified to be Floating Rate (a "**Floating Rate Covered Bond**") bears interest on its outstanding Principal Amount Outstanding from, and including, the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrears on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown in the applicable Final Terms as specified Interest Payment Dates or, if no Interest Payment Date(s) is/are specified in the applicable Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period shown in the applicable Final Terms as the specified Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
- (ii) Business Day Convention: If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then that date will be adjusted in accordance with the Business Day Convention specified in the applicable Final Terms. If "No Adjustment" is specified to be applicable in the applicable Final Terms then notwithstanding the bringing forward or postponement (as applicable) of an Interest Payment Date as a result of the application of the Business Day Convention set out in the applicable Final Terms, the Interest Amount in respect of the relevant Interest Period and each subsequent Interest Period shall be calculated as aforesaid on the basis of the original Interest Payment Dates without adjustment in accordance with the applicable Business Day Convention.
- (iii) Rate of Interest for Floating Rate Covered Bonds: The Rate of Interest in respect of Floating Rate Covered Bonds, other than in the case of BBSW Covered Bonds or BKBM Covered Bonds, provisions in respect of which are set out in Condition 4(c) and Condition 4(d) below, for each Interest Accrual Period shall be determined in the manner specified in the applicable Final Terms and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the applicable Final Terms.

(A) ISDA Determination for Floating Rate Covered Bonds

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Principal Paying Agent as a rate equal to the relevant ISDA Rate. For the purposes of this subparagraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent or other person specified in the applicable Final Terms under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified in the applicable Final Terms;
- (y) the Designated Maturity is a period specified in the applicable Final Terms; and
- (z) the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**", and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

- (B) Screen Rate/Reference Bank Determination for Floating Rate Covered Bonds other than Floating Rate Covered Bonds where the Reference Rate specified in the applicable Final Terms is SONIA or SOFR:
- (x) If Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be (as determined by the Principal Paying Agent, and subject to Condition 4(k) (*Benchmark Replacement*) and Condition 4(l) (*Effect of Benchmark Transition Event*)), either:
    - (I) the offered quotation (if there is only one quotation on the Relevant Screen Page); or
    - (II) the arithmetic mean of the offered quotations,for the Reference Rate in each case appearing on the Relevant Screen Page at the Relevant Time on the Interest Determination Date;
  - (y) if sub-paragraph (x)(I) applies and no Reference Rate appears on the Relevant Screen Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (x)(II) applies and fewer than two offered quotations appear on the Relevant Screen Page at the Relevant Time on the Interest Determination Date or, if in either case, the Relevant Screen Page is unavailable, subject as provided below,
    - (A) the Issuer will appoint a Reference Banks Agent and the Reference Banks Agent will, at the request of the Issuer, request the principal Relevant Financial Centre office of each of the Reference Banks (or such of them, being at least two, as are so quoting) to provide offered quotations for the Reference Rate that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date for deposits of the Specified Currency for a term equal to the relevant Interest Accrual Period and will provide such offered quotations to the Principal Paying Agent; and
    - (B) the Principal Paying Agent shall determine the arithmetic mean of the offered quotations; and
  - (z) if paragraph (y) above applies and the Reference Banks Agent advises the Principal Paying Agent that fewer than two Reference Banks are so quoting the Reference Rate, subject as provided below, the Principal Paying Agent shall determine the arithmetic mean of the rates per annum (expressed as a percentage), which the Reference Banks Agent determines (at the request of the Issuer) to be the nearest equivalent to the Reference Rate and notifies to the Principal Paying Agent in respect of deposits of the Specified Currency that at least two out of five leading banks selected by the Reference Banks Agent (after consultation with the Issuer) in the Principal Financial Centre of the country of the Specified Currency, in each case as selected by the Reference Banks Agent (after consultation with the Issuer), are quoting at or about the Relevant Time for a period commencing on the Effective Date equivalent to the relevant Interest Accrual Period to leading banks carrying on business in (i) Europe, or (ii) (if the Reference Banks Agent determines that fewer than two of such banks are so quoting to such leading banks in Europe) the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to such leading banks (as notified to the Principal Paying Agent and the Issuer by the Reference Banks Agent), the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date (after readjustment for any difference between any Margin or

Maximum or Minimum Rate of Interest applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

- (C) Screen Rate Determination for Floating Rate Covered Bonds where the Reference Rate specified in the applicable Final Terms is "SONIA":

Where the Reference Rate is specified in the applicable Final Terms as being "SONIA", the Rate of Interest for each Interest Period will, as provided below, be Compounded Daily SONIA as calculated by the Calculation Agent.

"**Compounded Daily SONIA**" means, in relation to any Interest Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Calculation Agent on the Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

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

where:

"**d**" is the number of calendar days in the relevant Interest Period;

"**d<sub>o</sub>**" is the number of London Banking Days in the relevant Interest Period;

"**i**" for any Interest Period is a series of whole numbers from one to d<sub>o</sub>, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in such Interest Period;

"**London Banking Day**" or "**LBD**" means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

"**n<sub>i</sub>**", for any day "i", means the number of calendar days from and including such day "i" up to but excluding the following London Banking Day;

"**Observation Look-Back Period**" is as specified in the applicable Final Terms which shall, unless otherwise agreed with the Calculation Agent (or such other person specified in the applicable Final Terms as the party responsible for calculating the Rate of Interest), be no less than five London Banking Days;

"**Observation Period**" means the period from and including the date falling "p" London Banking Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date falling "p" London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" London Banking Days prior to such earlier date, if any, on which the Covered Bonds become due and payable);

"**p**", for any Interest Period, the number of London Banking Days included in the Observation Look-Back Period, as specified in the applicable Final Terms, which shall, unless otherwise agreed with the Calculation Agent (or such other person specified in the applicable Final Terms as the Party responsible for calculating the Rate of Interest), be no less than five London Banking Days;

the "**SONIA reference rate**", in respect of any London Banking Day, is a reference rate equal to the daily Sterling Overnight Index Average ("**SONIA**") rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is

unavailable, as otherwise published by such authorised distributors (on the London Banking Day immediately following such London Banking Day); and

"**SONIA<sub>i-pLBD</sub>**" means, in respect of any London Banking Day falling in the relevant Observation Period, the SONIA reference rate for the London Banking Day falling "p" London Banking Days prior to the relevant London Banking Day "i".

If, in respect of any London Banking Day in the relevant Observation Period, the Calculation Agent determines that the SONIA reference rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, then (unless the Calculation Agent or such other person specified in the applicable Final Terms as the party responsible for determining the Rate of Interest has been notified of any successor or alternative rate (together with any relevant methodology or adjustment factor) pursuant to Condition 4(k) (*Benchmark Replacement*)), such SONIA reference rate shall be: (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant London Banking Day; plus (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five days on which a SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate.

In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions, the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period) or (ii) 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 Interest Period had the Covered Bonds been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Period).

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 Bond remains outstanding, be that determined on such date.

(D) Screen Rate Determination for Floating Rate Covered Bonds where the Reference Rate specified in the applicable Final Terms is "**SOFR**":

Where the Reference Rate is specified in the applicable Final Terms as being "SOFR", the Rate of Interest for each Interest Period will, except as provided below, be the Compounded Daily SOFR (expressed as a percentage rate per annum), as determined by the Calculation Agent on the Interest Determination Date.

For the purposes of this Condition:

"**Compounded Daily SOFR**" means, in relation to any Interest Period, the rate of return of a daily compound interest investment (with the Secured Overnight Financing Rate as the reference rate for the calculation of interest) as calculated by the Calculation Agent on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 being rounded upwards):

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

where:

"**d**" means, in relation to any Interest Period, the number of calendar days in such Interest Period;

"**d<sub>0</sub>**" means, in relation to any Interest Period, the number of U.S. Government Securities Business Days in such Interest Period;

"**i**" means, in relation to any Interest Period, a series of whole numbers from one to **d<sub>0</sub>**, each representing the relevant U.S. Government Securities Business Day in chronological order from (and including) the first U.S. Government Securities Business Day in such Interest Period to (but excluding) the Interest Payment Date of such Interest Period;

"**ni**" means, in relation to any Interest Period and any U.S. Government Securities Business Day "**i**" during such Interest Period, 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;

"**SOFR<sub>i</sub>**" means, in relation to any Interest Period and any U.S. Government Securities Business Day "**i**" during such Interest Period:

- (i) if such U.S. Government Securities Business Day is a SOFR Reset Date, the Secured Overnight Financing Rate for the U.S. Government Securities Business Day that precedes the SOFR Reset Date by the number of U.S. Government Securities Business Days equal to the number of U.S. Government Securities Business Days in the Reset Period; and
- (ii) if such U.S. Government Securities Business Day is not a SOFR Reset Date (being a U.S. Government Securities Business Day falling in the Suspension Period), the Secured Overnight Financing Rate for the U.S. Government Securities Business Day that precedes the first day of the Suspension Period (the "**Suspension Period SOFR<sub>i</sub>**") by the number of U.S. Government Securities Business Days equal to the number of U.S. Government Securities Business Days in the Reset Period. For the avoidance of doubt, the Suspension Period SOFR<sub>i</sub> shall apply to each day falling in the relevant Suspension Period.

For the purposes of this definition "**SOFR<sub>i</sub>**", (unless otherwise agreed with the Calculation Agent or such other party as is specified in the applicable Final Terms as the party responsible for calculating the Rate of Interest) the sum of the Reset Period and the Suspension Period SOFR<sub>i</sub> shall not be less than five U.S. Government Securities Business Days.

"**Reset Period**" means the number of U.S. Government Securities Business Days as are specified as such in the applicable Final Terms which (unless otherwise agreed with the Calculation Agent or such other party as is specified in the applicable Final Terms as the party responsible for calculating the Rate of Interest) when added to any applicable Suspension Determination Period shall not be less than five U.S. Government Securities Business Days.

"**Secured Overnight Financing Rate**" or "**SOFR**" means:

- (i) in relation to any U.S. Government Securities Business Day (the "**SOFR Determination Date**"), the daily secured overnight financing rate as published by the Federal Reserve Bank of New York, as the administrator of such rate (or



- any successor administrator) at or around 3:00 p.m. (New York City time) on the Website of the Federal Reserve Bank of New York on the next succeeding U.S. Government Securities Business Day for trades made on such SOFR Determination Date;
- (ii) if the rate specified in (i) above is not so published, and a SOFR Index Cessation Event and a SOFR Index Cessation Effective Date have not both occurred (all as notified to the Calculation Agent by the Issuer), the daily secured overnight financing rate in respect of the last U.S. Government Securities Business Day for which such rate was published on the Website of the Federal Reserve Bank of New York; or
  - (iii) if the rate specified in (i) above is not so published, and a SOFR Index Cessation Event and a SOFR Index Cessation Effective Date have both occurred (all as notified to the Calculation Agent by the Issuer), the rate determined in accordance with Condition 4(k) (*Benchmark Replacement*).

"**SIFMA**" means the Securities Industry and Financial Markets Association.

"**SOFR Index Cessation Effective Date**" means, in respect of a SOFR Index Cessation Event, the date on which the Federal Reserve Bank of New York (or any successor administrator) ceases to publish the Secured Overnight Financing Rate, or the date as of which the Secured Overnight Financing Rate may no longer be used.

"**SOFR Index Cessation Event**" means the occurrence of one or more of the following events:

- (i) a public statement by the Federal Reserve Bank of New York (or a successor administrator) announcing that it has ceased or will cease to publish or provide the Secured Overnight Financing Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide a daily secured overnight financing rate;
- (ii) the publication of information which reasonably confirms that the Federal Reserve Bank of New York (or a successor administrator) has ceased or will cease to provide the Secured Overnight Financing Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide the Secured Overnight Financing Rate; or
- (iii) a public statement by a U.S. regulator or other U.S. official sector entity prohibiting the use of Secured Overnight Financing Rate that applies to, but need not be limited to, the Covered Bonds.

"**SOFR Reset Date**" means, in relation to any Interest Period, each U.S. Government Securities Business Day during such Interest Period, other than any U.S. Government Securities Business Day falling in the Suspension Period corresponding with such Interest Period.

"**Suspension Determination Period**" means, if Suspension Determination Period is specified as applicable in the relevant Final Terms, the number of U.S. Government Securities Business Days as are specified as such in the applicable Final Terms.

"**Suspension Period**" means, in relation to any Interest Period, the period from (and including) the U.S. Government Securities Business Day which falls on a date equal to the number of U.S. Government Securities Business Days in the Suspension Determination Period prior to the end of such Interest Period to (but excluding) the Interest Payment Date of such Interest Period.

"**U.S. Government Securities Business Day**" means any calendar day except for a Saturday, Sunday or a calendar day on which SIFMA recommends that the fixed income departments of its members be closed for the entire calendar day for purposes of trading in U.S. government securities.

**"Website of the Federal Reserve Bank of New York"** means the website of the Federal Reserve Bank of New York (currently at <http://www.newyorkfed.org>) or any successor website of the Federal Reserve Bank of New York or other screen page as may be nominated for the purposes of displaying SOFR, as notified by the Issuer to the Covered Bondholders in accordance with Condition 14 (*Notices*).

(c) ***Interest on BBSW Covered Bonds***

If a Covered Bond is specified to be a BBSW Covered Bond, the Rate of Interest for each Interest Accrual Period will be determined by the Calculation Agent on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following:

- (i) the Rate of Interest shall be the rate (expressed as an interest rate per annum and rounded up, if necessary, to the fourth decimal place) for prime bank eligible securities having a tenor approximately equal to the relevant Interest Accrual Period which is designated as the "AVG MID" on the Reuters Screen "BBSW" Page (or its successor or replacement page) ("**BBSW Reuters Page**") at or about the Relevant Time (or such other time at which such rate customarily appears on that page (the "**Publication Time**")) on the relevant Interest Determination Date in respect of such Interest Accrual Period;
- (ii) if, by 10.30 a.m. Sydney time (or such other time that is 15 minutes after the then prevailing Publication Time), on any Interest Determination Date, such rate does not appear on the BBSW Reuters Page, the Rate of Interest means the rate determined by the Calculation Agent on the Interest Determination Date in good faith, having regard, to the extent possible, to:
  - (A) the rates otherwise bid and offered at or around 10.30 a.m. Sydney time (or such other time that is 15 minutes after the then prevailing Publication Time) on the Interest Determination Date for prime bank eligible securities having a tenor approximately equal to the relevant Interest Accrual Period; and
  - (B) if bid and offer rates at or around 10.30 a.m. Sydney time (or such other time that is 15 minutes after the then prevailing Publication Time) on the Interest Determination Date for prime bank eligible securities having a tenor approximately equal to the relevant Interest Accrual Period are not otherwise available, the rates otherwise bid and offered at or around 10.30 a.m. Sydney time (or such other time that is 15 minutes after the then prevailing Publication Time) on the Interest Determination Date for funds having a tenor approximately equal to the relevant Interest Accrual Period; and
- (iii) if, (subject to Condition 4(k) (*Benchmark Replacement*)) on any Interest Determination Date, the Rate of Interest cannot be determined by reference to any of sub-paragraphs (i) and (ii) above, the Rate of Interest for the relevant Interest Accrual Period shall be the Rate of Interest in effect for the last preceding Interest Accrual Period (after readjustment for any difference between any Margin or Maximum or Minimum Rate of Interest applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

(d) ***Interest on BKBM Covered Bonds***

If a Covered Bond is specified to be a BKBM Covered Bond, the Rate of Interest for each Interest Accrual Period will be (subject to Condition 4(k) (*Benchmark Replacement*)) determined by the Calculation Agent on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following:

- (i) the Rate of Interest shall be the Bank Bill reference rate (rounded, if necessary, to the fifth decimal place) administered by the New Zealand Financial Markets Association (or any other person which takes over the administration of that rate) as set forth on the display page designated on page "BKBM" on the Reuters screen service ("**BKBM Reuters Page**"), or such other information service as may replace the BKBM Reuters Page, at or about the Relevant Time (or such other time at which such rate customarily

appears on that page (the "**Publication Time**") on the relevant Interest Determination Date in respect of such Interest Accrual Period;

- (ii) if, by 11.00 a.m. Wellington time (or such other time that is 15 minutes after the then prevailing Publication Time), on any Interest Determination Date, such rate does not appear on the BKBM Reuters Page, the Rate of Interest means the rate determined by the Calculation Agent on the Interest Determination Date in good faith, having regard, to the extent possible, to the rates otherwise bid and offered at or around 11.00 a.m. Wellington time (or such other time that is 15 minutes after the then prevailing Publication Time) on the Interest Determination Date by participants in the BKBM trading window for New Zealand bank bills having a tenor approximately equal to the relevant Interest Accrual Period; and
- (iii) if, on any Interest Determination Date, the Rate of Interest cannot be determined by reference to any of sub-paragraphs (i) and (ii) above, the Rate of Interest for the relevant Interest Accrual Period shall be the Rate of Interest in effect for the last preceding Interest Accrual Period (after readjustment for any difference between any Margin or Maximum or Minimum Rate of Interest applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

(e) ***Zero Coupon Covered Bonds***

Where a Covered Bond, the Interest Basis of which is specified in the applicable Final Terms to be Zero Coupon (a Zero Coupon Covered Bond), is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Covered Bond, unless otherwise specified in the applicable Final Terms. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Covered Bond shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield.

(f) ***Accrual of Interest***

Interest shall cease to accrue on each Covered Bond on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (after, as well as before, judgement) at the Rate of Interest in the manner provided in this Condition 4 to the Relevant Date.

(g) ***Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding***

- (i) If any Margin is specified in the applicable Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 4(b), Condition 4(c) or Condition 4(d) above, by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph;
- (ii) If any Maximum or Minimum Interest Rate, Instalment Amount or Redemption Amount is specified in the applicable Final Terms, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be. Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero;
- (iii) Subject to the requirements of applicable law, for the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven decimal places (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "**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 0.01 Euro, as the case may be.

(h) ***Calculations***

Unless otherwise specified in the applicable Final Terms, the amount of interest payable in respect of any Covered Bond for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding Principal Amount Outstanding of such Covered Bond by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in the applicable Final Terms in respect of such period, in which case the amount of interest payable in respect of such Covered Bond for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

(i) ***Determination and Publication of Rate of Interest, Interest Amounts, Final Redemption Amounts and Instalment Amounts***

As soon as practicable after the Relevant Time on each Interest Determination Date or such other time on such date as the Principal Paying Agent or the Calculation Agent (as the case may be) may be required to calculate any rate or amount or Instalment Amount, obtain any quotation or make any determination or calculation, the Principal Paying Agent or the Calculation Agent (as the case may be) shall determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Covered Bonds for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Bond Trustee, the Issuer, the Guarantor (if applicable), each Paying Agent, the Covered Bondholders in accordance with Condition 14 (*Notices*), the Registrar, any other Calculation Agent appointed in respect of the Covered Bonds that is to make a further calculation upon receipt of such information and, if the Covered Bonds are listed on a stock exchange (and/or admitted to listing, trading and/or quotation on any other listing authority, stock exchange and/or quotation system) and the rules of such listing authority, stock exchange and/or quotation system so require, such listing authority, stock exchange and/or quotation system as soon as possible after their determination but in no event later than (y) the commencement of the relevant Interest Accrual Period, if determined prior to such time in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (z) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Accrual Period is subject to adjustment pursuant to Condition 4(b)(ii) (*Interest on Floating Rate Covered Bonds*), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Accrual Period. If the Calculation Amount is less than the minimum Specified Denomination, the Principal Paying Agent or the Calculation Agent (as the case may be) shall not be obligated to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Covered Bond having the minimum Specified Denomination. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Principal Paying Agent or Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(j) ***Calculation Agent and Reference Banks***

The Issuer and, if applicable, the Guarantor shall procure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre and one or more Calculation Agents if provision is made for them in the applicable Final Terms and for so long as any Covered Bond is outstanding (as defined in the Definitions Schedule). If any Reference Bank (acting through its relevant offices) is unable or

unwilling to continue to act as a Reference Bank, then the Issuer or, failing which and if applicable, the Guarantor shall appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place.

(k) **Benchmark Replacement**

This Condition 4(k) (*Benchmark Replacement*) applies where the relevant Reference Rate specified in the applicable Final Terms is a rate other than U.S. Dollar LIBOR. Where the relevant Rate of Interest is calculated by the Calculation Agent (and not the Principal Paying Agent), references in this Condition 4(k) to the Principal Paying Agent shall be deemed to instead be references to the Calculation Agent.

Notwithstanding the provisions above in Condition 4(b), Condition 4(c) and Condition 4(d), if the Issuer (in consultation with the Calculation Agent) determines that a Benchmark Disruption Event has occurred when any Rate of Interest (or the relevant component part thereof) remains to be determined by reference to such Reference Rate affected by the Benchmark Disruption Event, then the following provisions shall apply:

(i) **Independent Adviser**

The Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Independent Adviser determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(k)(ii)) and, in either case, an Adjustment Spread if any (in accordance with Condition 4(k)(iv)) and any Benchmark Amendments (in accordance with Condition 4(k)(v)).

(ii) **Successor Rate or Alternative Rate**

If the Independent Adviser, following consultation with the Issuer and acting in good faith and in a commercially reasonable manner, determines, no later than the IA Determination Cut-off Date that: (A) there is a Successor Rate, then it shall notify the Principal Paying Agent and the Principal Paying Agent shall use such Successor Rate (subject to adjustment as provided in Condition 4(k)(iv)) in place of the 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 subsequent operation of this Condition 4(k)); or (B) there is no Successor Rate but that there is an Alternative Rate, then it shall notify the Principal Paying Agent and the Principal Paying Agent shall use such Alternative Rate (subject to adjustment as provided in Condition 4(k)(iv)) in place of the 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 subsequent operation of this Condition 4(k)).

(iii) **Issuer Determination**

If the Issuer is unable to appoint an Independent Adviser, or if the Independent Adviser appointed by it fails to determine a Successor Rate or Alternative Rate prior to the IA Determination Cut-off Date, then, if it elects to do so, the Issuer (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate or Alternative Rate for the purposes of Condition 4(k)(ii);

(iv) **Adjustment Spread**

If the Independent Adviser, following consultation with the Issuer (or the Issuer as the case may be) and acting in good faith and in a commercially reasonable manner, determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Independent Adviser (or the Issuer as the case may be) shall notify the Principal Paying Agent of such Adjustment Spread and the Principal Paying Agent shall apply it to the Successor Rate or the Alternative Rate (as the case may be).

(v) **Benchmark Amendments**

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 4(k) and the Independent Adviser, following consultation with the Issuer (or the Issuer as the case may be), acting in good faith and in a commercially reasonable manner, determines (i) that amendments to these Conditions and/or the Agency Agreement and/or the Bond Trust Deed are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4(k)(vi), without any requirement for the consent or approval of Covered Bondholders, at the Issuer's expense, vary 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. The Bond Trustee and the Principal Paying Agent shall not be obliged to concur if in their opinion doing so would impose more onerous obligations on them or expose them to any additional duties, responsibilities or liabilities or reduce or amend its rights and/or the protective provisions afforded to them in these Conditions, the Bond Trust Deed, the Principal Agency Agreement or any other document to which they are a party (including for the avoidance of doubt, any supplemental trust deed) in any way. For the avoidance of doubt, no consent of the Covered Bondholders of the relevant Series shall be required in connection with effecting the Benchmark Amendments or such other changes, including for the execution of any documents or the taking of other steps by the Bond Trustee, the Issuer or any of the parties to the Principal Agency Agreement (if required).

In connection with any such variation in accordance with this Condition 4(k)(v), 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.

(vi) **Notices, etc**

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4(k) will be notified promptly, and in any event not later than the fifth Business Day prior to the Interest Determination Date by the Issuer to the Bond Trustee, the Principal Paying Agent and each other party to the Principal Agency Agreement and the Covered Bondholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any, and will be binding on the Issuer, the Bond Trustee, the Principal Paying Agent and each other party to the Principal Agency Agreement and the Covered Bondholders.

(vii) **Survival of Reference Rate**

Without prejudice to the provisions of this Condition 4(k), the Reference Rate and the fallback provisions provided for in Condition 4(b)(iii)(B) will continue to apply unless and until the Principal Paying Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with Condition 4(k)(v).

For the avoidance of doubt and notwithstanding any other provision of this Condition 4(k), in determining any Adjustment Spread or other relevant methodology for the purposes of Condition 4(k)(iii), the Issuer shall not and shall not be obliged to apply and may discount any Adjustment Spread or methodology the application of which may constitute it an administrator for the purposes of Regulation (EU) 2016/1011.

For the purposes of this Condition 4(k) (*Benchmark Replacement*):

"**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, following consultation with the Issuer (or the Issuer as the case may be) and acting in good faith and in a commercially reasonable manner, determines is required to be applied to the Successor Rate or the

Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Covered Bondholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
- (ii) the Independent Adviser, following consultation with the Issuer (or the Issuer as the case may be), acting in good faith and in a commercially reasonable manner, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions or is in customary market usage in the debt capital market for transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be) (or if the Independent Adviser (or the Issuer as the case may be) determines that no such industry standard is recognised or acknowledged); or
- (iii) the Independent Adviser, following consultation with the Issuer (or the Issuer as the case may be), in its discretion, and acting in good faith and in a commercially reasonable manner, determines to be appropriate.

**"Alternative Rate"** means an alternative benchmark or screen rate which the Independent Adviser (or the Issuer as the case may be) determines in accordance with Condition 4(k)(ii) has replaced the 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 the same interest period and in the same Specified Currency as the Covered Bonds.

**"Benchmark Amendments"** has the meaning given to it in Condition 4(k)(v).

**"IA Determination Cut-Off Date"** means no later than five Business Days prior to the relevant Interest Determination Date relating to the next relevant Interest Period.

**"Independent Adviser"** means an independent financial institution of international repute or other independent financial adviser with appropriate expertise in the international debt capital markets, in each case appointed by the Issuer at its own expense;

**"Benchmark Disruption Event"** means:

- (i) the relevant Reference Rate (other than SOFR) specified in the relevant Final Terms has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered; or
- (ii) the Issuer determines after consulting the Independent Adviser (if so appointed) that, a change in the generally accepted market practice in the international debt capital markets to refer to a Reference Rate (other than SOFR) is endorsed in a public statement by a Relevant Nominating Body, despite the continued existence of the applicable Reference Rate; or
- (iii) where the relevant Reference Rate is SOFR, (1) the rate specified in clause (i) of the definition of SOFR is not so published and (2) a SOFR Index Cessation Event and a SOFR Index Cessation Effective Date have both occurred.

**"Reference Rate"** means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Covered Bonds.

**"Relevant Nominating Body"** means, in respect of a Reference Rate (other than SOFR):

- (i) the central bank for the currency to which the Reference Rate relates, or any central bank or other supervisory authority which is responsible for administering or supervising the administrator of the Reference Rate;

- (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 Reference Rate relates, (b) any central bank or other supervisory authority which is responsible for administering or supervising the administrator of the Reference Rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof; or
- (iii) any of the Board of Governors of the Federal Reserve, the Federal Reserve Bank of New York, the Bank of England, the Financial Conduct Authority or the Prudential Regulation Authority or any relevant committee or other body established, sponsored or approved by any of the foregoing, including the Working Group on Sterling Risk-Free Reference Rates and the Alternative Reference Rates Committee.

"**Secured Overnight Financing Rate**" or "**SOFR**" has the meaning ascribed to it in Condition 4(b)(iii)(D);

"**SOFR Index Cessation Effective Date**" has the meaning ascribed to it in Condition 4(b)(iii)(D);

"**SOFR Index Cessation Event**" has the meaning ascribed to it in Condition 4(b)(iii)(D); and

"**Website of the Federal Reserve Bank of New York**" has the meaning ascribed to it in Condition 4(b)(iii)(D).

(l) ***Effect of Benchmark Transition Event***

This Condition 4(l) (*Effect of Benchmark Transition Event*) applies where the relevant Reference Rate specified in the applicable Final Terms is U.S. Dollar LIBOR (and for the avoidance of doubt, any subsequent Benchmark determined as a result of a Benchmark Replacement determination):

(i) **Benchmark Replacement**

If the Issuer or its designee determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any determination of the Benchmark on any date, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Covered Bonds in respect of such determination on such date and all determinations on all subsequent dates.

(ii) **Benchmark Replacement Conforming Changes**

In connection with the implementation of a Benchmark Replacement, the Issuer or its designee will have the right to make Benchmark Replacement Conforming Changes from time to time.

(iii) **Decisions and Determinations**

Any determination, decision or election that may be made by the Issuer or its designee pursuant to this Condition 4(l) (*Effect of Benchmark Transition Event*), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error, may be made in the Issuer or its designee's sole discretion, and, notwithstanding anything to the contrary in the in these Conditions or any other documentation relating to the Covered Bonds, shall become effective without consent from any other party.

For the avoidance of doubt and notwithstanding any other provision of this Condition 4(l) in determining any Benchmark Replacement, Benchmark Replacement Conforming Changes or Benchmark Replacement Adjustment or for the purposes of making any other determination for the purposes of this Condition, the Issuer shall not and shall not be obliged to apply and may discount any factor or methodology the application of which may constitute it an administrator for the purposes of Regulation (EU) 2016/1011.



For the purposes of this Condition 4(l) (*Effect of Benchmark Transition Event*):

**"Benchmark"** means, initially, U.S. Dollar LIBOR; provided that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to U.S. Dollar LIBOR or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement.

**Benchmark Replacement** means the Interpolated Benchmark; *provided* that if the Issuer or its designee cannot determine the Interpolated Benchmark as of the Benchmark Replacement Date, then "Benchmark Replacement" means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (i) the sum of:
  - (A) Term SOFR; and
  - (B) the Benchmark Replacement Adjustment;
- (ii) the sum of:
  - (A) Compounded SOFR; and
  - (B) the Benchmark Replacement Adjustment;
- (iii) the sum of:
  - (A) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark for the applicable Corresponding Tenor; and
  - (B) the Benchmark Replacement Adjustment;
- (iv) the sum of:
  - (A) the ISDA Fallback Rate; and
  - (B) the Benchmark Replacement Adjustment;
- (v) the sum of:
  - (A) the alternate rate of interest that has been selected by the Issuer or its designee as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar denominated floating rate covered bonds at such time; and
  - (B) the Benchmark Replacement Adjustment.

**"Benchmark Replacement Adjustment"** means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (i) 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;

- (ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment;
- (iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer or its designee giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar denominated floating rate covered bonds at such time.

**"Benchmark Replacement Conforming Changes"** means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Interest Period," timing and frequency of determining rates and making payments of interest, changes to the definition of "Corresponding Tenor" solely when such tenor is longer than the Interest Period and other administrative matters) that the Issuer or its designee decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or its designee decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer or its designee determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer or its designee determines is reasonably necessary).

**"Benchmark Replacement Date"** means the earliest to occur of the following events with respect to the then-current Benchmark:

- (i) in the case of clause (i) or (ii) of the definition of "Benchmark Transition Event," the later of:
  - (A) the date of the public statement or publication of information referenced therein; and
  - (B) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark; or
- (ii) in the case of clause (iii) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination.

**"Benchmark Transition Event"** means the occurrence of one or more of the following events with respect to the then-current Benchmark:

- (i) a public statement or publication of information by or on behalf of the administrator of the Benchmark announcing that such administrator has ceased or will cease to provide the 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 Benchmark;
- (ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark, the central bank for the currency of the Benchmark, an insolvency official with jurisdiction over the administrator for the Benchmark, a resolution authority with jurisdiction over the administrator for the Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark has ceased or will cease to provide the 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 Benchmark; or

- (iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative.

**"Compounded SOFR"** means the compounded average of SOFRs for the applicable Corresponding Tenor, with the rate, or methodology for this rate, and conventions for this rate (which will be compounded in arrears with a lookback and/or suspension period as a mechanism to determine the interest amount payable prior to the end of each Interest Period) being established by the Issuer or its designee in accordance with:

- (i) the rate, or methodology for this rate, and conventions for this rate selected or recommended by the Relevant Governmental Body for determining compounded SOFR; *provided* that:
- (ii) if, and to the extent that, the Issuer or its designee determines that Compounded SOFR 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 Issuer or its designee giving due consideration to any industry-accepted market practice for U.S. dollar denominated floating rate covered bonds at such time.

**"Corresponding 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 Benchmark.

**"Federal Reserve Bank of New York's Website"** means the website of the Federal Reserve Bank of New York at <http://www.newyorkfed.org>, or any successor source.

**"Interpolated Benchmark"** with respect to the Benchmark means the rate determined for the Corresponding Tenor by interpolating on a linear basis between:

- (i) the Benchmark for the longest period (for which the Benchmark is available) that is shorter than the Corresponding Tenor; and
- (ii) the Benchmark for the shortest period (for which the Benchmark is available) that is longer than the Corresponding Tenor.

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

**"ISDA Fallback Adjustment"** means the spread adjustment, (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark for the applicable tenor.

**"ISDA Fallback Rate"** means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment.

**"Reference Time"** with respect to any determination of the Benchmark means:

- (i) if the Benchmark is LIBOR, 11:00 a.m. (London time) on the day that is two London banking days preceding the date of such determination; and
- (ii) if the Benchmark is not LIBOR, the time determined by the Issuer or its designee in accordance with the Benchmark Replacement Conforming Changes.

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

**"SOFR"** with respect to any day means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator) on the Federal Reserve Bank of New York's Website.

**"Term SOFR"** means the forward-looking term rate for the applicable Corresponding Tenor based on SOFR that has been selected or recommended by the Relevant Governmental Body.

**"Unadjusted Benchmark Replacement"** means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

(m) ***ISDA Determination for Fallback***

Notwithstanding the provisions of Condition 4(k) (*Benchmark Replacement*) and Condition 4(l) (*Effect of Benchmark Transition Event*), if ISDA Determination for Fallback provisions is specified in the relevant Final Terms as being applicable then, upon the occurrence of an ISDA Determination Fallback Event, the Calculation Agent shall determine the Rate of Interest for the relevant Interest Period or Interest Accrual Period as the sum of:

- (A) the ISDA Fallback Rate; and
- (B) the ISDA Fallback Adjustment.

For the purposes of this Condition:

**"Index Cessation Event"** means, in respect of a Reference Rate:

- (i) a public statement or publication of information by or on behalf of the administrator of the Reference Rate announcing that it has ceased or will cease to provide the Reference 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 Reference Rate; or
- (ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Reference Rate, the central bank for the currency of the Reference Rate, an insolvency official with jurisdiction over the administrator for the Reference Rate, a resolution authority with jurisdiction over the administrator for the Reference Rate or a court or an entity with similar insolvency or resolution authority over the administrator for the Reference Rate, which states that the administrator of the Reference Rate has ceased or will cease to provide the Reference 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 Reference Rate.

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

**"ISDA Determination Fallback Event"** means the Reference Rate specified in the applicable Final Terms has not been published by the source that is specified or otherwise ordinarily used to determine the level of the Reference Rate on the day on which it is required or an Index Cessation Event has occurred with respect to the Reference Rate.

**"ISDA Fallback Rate"** means the rate that would apply for derivatives transactions referencing the ISDA Definitions upon the occurrence of an ISDA Determination Fallback Event with

respect to the Reference Rate specified in the applicable Final Terms for the applicable tenor excluding the applicable ISDA Fallback Adjustment.

**"ISDA Fallback Adjustment"** means the spread adjustment, (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an ISDA Determination Fallback Event with respect to the Reference Rate specified in the applicable Final Terms for the applicable tenor.

(n) ***Determination by Independent Adviser***

If the Principal Paying Agent or Calculation Agent, as the case may be, is unable or unwilling to act as such or if the Principal Paying Agent or Calculation Agent, as the case may be, fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount or Optional Redemption Amount or to comply with any other requirement, the Issuer may appoint an Independent Adviser to determine the Rate of Interest or any other amount at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Independent Adviser may calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable. Each determination or calculation made by the Independent Adviser pursuant to this Condition shall be deemed to have been made by the Principal Paying Agent or the Calculation Agent, as the case may be.

For the purposes of this Condition 4(n) (*Determination by Independent Adviser*), the term **"Independent Adviser"** shall have the meaning ascribed to it in Condition 4(k) (*Benchmark Replacement*).

(o) ***Certificates to be final***

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4 (*Interest and other Calculations*) shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor (if applicable), the Principal Paying Agent, the other Paying Agents (if any) the Registrar and all Covered Bondholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Covered Bondholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or the Calculation Agent (as the case may be) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(p) ***Definitions***

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

**"Amortised Face Amount"** has the meaning given in Condition 5(f)(iii) (*Early Redemption Amounts*) unless otherwise specified in the applicable Final Terms.

**"BBSW"** means the Australian Bank Bill Swap Rate.

**"BBSW Covered Bond"** means a Floating Rate Covered Bond denominated in Australian dollars.

**"BBSW Reuters Page"** has the meaning given to it in Condition 4(c).

**"BKBM"** means the New Zealand Bank Bill reference rate (FRA).

**"BKBM Covered Bond"** means a Floating Rate Covered Bond denominated in New Zealand dollars.

**"BKBM Reuters Page"** has the meaning given to it in Condition 4(d).

**"Business Day"** means:

- (a) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments generally in London, Auckland and Wellington; and
- (b) in the case of:
  - (i) a Specified Currency other than Euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments generally in the Principal Financial Centre for such Specified Currency; or
  - (ii) in the case of Euro, a TARGET2 Business Day; and
- (c) in the case of one or more Additional Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in the Additional Business Centres or, if no currency is indicated, generally in each of the Additional Business Centres,

unless otherwise specified in the relevant applicable Final Terms.

**"Business Day Convention"** in relation to an Interest Payment Date or other particular date, unless otherwise specified in the applicable Final Terms, has the following meaning as so specified in the applicable Final Terms:

- (a) **"Floating Rate Business Day Convention"** means that the relevant date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment;
- (b) **"Following Business Day Convention"** means that the relevant date shall be postponed to the next day that is a Business Day;
- (c) **"Modified Following Business Day Convention"** means that the relevant date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day;
- (d) **"Preceding Business Day Convention"** means that the relevant date shall be brought forward to the immediately preceding Business Day; or
- (e) **"No adjustment"** means that the relevant date shall not be adjusted in accordance with any Business Day Convention.

**"Calculation Amount"** has the meaning given in the applicable Final Terms.

**"Day Count Fraction"** means, in relation to the calculation of an amount of interest on any Covered Bond for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Accrual Period, the **"Calculation Period"**):

- (a) if **"Actual/Actual (ICMA)"** is specified in the applicable Final Terms:
  - (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (x) the actual number of days in such Regular Period and (y) the number of Regular Periods in any year; and
  - (ii) where the Calculation Period is longer than one Regular Period, the sum of:
    - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (x) the actual number of days in such Regular Period and (y) the number of Regular Periods in any year; and

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

where "**Regular Period**" means:

- (i) in the case of Covered Bonds where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
  - (ii) in the case of Covered Bonds where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls; and
  - (iii) in the case of Covered Bonds where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.
- (b) if "**Actual/Actual (ISDA)**" or "**Actual/Actual**" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
  - (c) if "**Actual/365 (Fixed)**" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365;
  - (d) if "**Actual/365 (Sterling)**" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
  - (e) if "**Actual/360**" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 360;
  - (f) if "**30/360 (ICMA)**" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;
  - (g) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

where:

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

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

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

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

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

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

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (h) if "**30E/360**" or "**Eurobond Basis**" is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

where:

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

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

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

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

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

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

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30; or

- (i) if "**30E/360 (ISDA)**" is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

where:

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

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

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

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

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

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30,



provided, however, that in each case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period.

**"Early Redemption Amount"** has the meaning given to it in Condition 5(f) (Early Redemption Amounts).

**"Effective Date"** means, with respect to any Floating Rate to be determined on an Interest Determination Date, unless otherwise specified in the applicable Final Terms, the first day of the Interest Accrual Period to which such Interest Determination Date relates.

**"EURIBOR"** means the Euro-Zone inter-bank offered rate.

**"Euro-Zone"** means the region comprised of Member States of the European Economic Area that adopt the single currency in accordance with the Treaty establishing the European Community, as amended ("**Treaty**").

**"Extraordinary Resolution"** has the meaning given in paragraph 20 of Schedule 4 to the Trust Deed.

**"Final Redemption Amount"** means, in relation to a Covered Bond, its Principal Amount Outstanding unless otherwise specified in the applicable Final Terms.

**"Interest Amount"** means the amount of interest payable, and in the case of Fixed Rate Covered Bonds, means the Fixed Coupon Amount, Broken Amount or the amount calculated pursuant to Condition 4(a)(iii) (Interest on Fixed Rate Covered Bonds), as the case may be.

**"Interest Accrual Period"** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date, except that the final Interest Accrual Period ends on (but excludes) the Maturity Date or the date of any earlier redemption of a Covered Bond in accordance with the Conditions, or any other period specified in the applicable Final Terms.

**"Interest Commencement Date"** means the Issue Date or such other date as may be specified in the applicable Final Terms.

**"Interest Determination Date"** means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the applicable Final Terms or, if none is so specified:

- (a) if the Specified Currency is Sterling or if the Covered Bonds are BBSW Covered Bonds or BKBM Covered Bonds, the first day of such Interest Accrual Period;
- (b) if the Specified Currency is neither Sterling nor Euro, except for BBSW Covered Bonds or BKBM Covered Bonds, the day falling two Business Days for the Specified Currency prior to the first day of such Interest Accrual Period; or
- (c) if the Specified Currency is Euro, the day falling two TARGET2 Business Days prior to the first day of such Interest Accrual Period.

**"Interest Payment Date(s)"** means the date or dates specified in the applicable Final Terms and, unless otherwise specified in the applicable Final Terms, the final Interest Payment Date shall be the Maturity Date or such earlier date on which the relevant Covered Bonds are redeemed in accordance with the Conditions.

**"Interest Period"** means, the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date, except that the final Interest Period ends on (but excludes) the Maturity Date or the date of any earlier redemption of a Covered Bond in accordance with the Conditions, or any other period specified in the applicable Final Terms.

**"ISDA Definitions"** means, unless otherwise specified in the applicable Final Terms, the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Covered Bonds of

the relevant Series (as specified in the applicable Final Terms)) or, if so specified in the applicable Final Terms, the 2000 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Covered Bonds of the relevant Series (as specified in the applicable Final Terms)) in each case as published by the International Swaps and Derivatives Association, Inc.).

"**HIBOR**" means the Hong Kong inter-bank offered rate.

"**Issue Date**" means the date of issue of the Covered Bonds as specified in the applicable Final Terms;

"**LIBOR**" means the London inter-bank offered rate.

"**Principal Amount Outstanding**" in respect of a Covered Bond means the outstanding principal amount of that Covered Bond.

"**Principal Financial Centre**" means, in relation to a Specified Currency or any other currency, the principal financial centre of the country of that Specified Currency or other currency, which in the case of Euro, is the Euro-Zone and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be (i) Sydney or (ii) Auckland or Wellington, respectively.

"**Rate of Interest**" means the rate of interest payable from time to time in respect of a Covered Bond and that is either specified or calculated in accordance with these Conditions and the provisions set out in the applicable Final Terms.

"**Record Date**" has the meaning given in Condition 6(e) (*Payments in respect of Registered Covered Bonds*).

"**Redemption Amount(s)**" means the Final Redemption Amount or Early Redemption Amount, Optional Redemption Amount, Minimum Redemption Amount or Maximum Redemption Amount, as the case may be.

"**Reference Banks**" means the institutions specified as such in the applicable Final Terms or, if none, four major banks selected by the Issuer and, if applicable, the Guarantor in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the Reference Rate specified in the applicable Final Terms which, if the relevant Reference Rate is EURIBOR, shall be the Euro-Zone.

"**Reference Banks Agent**" means an independent financial institution of international repute or other independent financial adviser with appropriate expertise in the international debt capital markets, in each case appointed by the Issuer to perform the functions specified of it in Condition 4(b)(iii)(B).

"**Reference Rate**" means the relevant LIBOR, EURIBOR, STIBOR, HIBOR, SIBOR, TIBOR, BBSW or BKBM rate specified in the applicable Final Terms.

"**Relevant Date**" has the meaning given in Condition 7 (*Taxation*).

"**Relevant Financial Centre**" means, with respect to any Floating Rate to be determined in accordance with Screen Rate Determination on an Interest Determination Date:

- (a) (i) in the case of BBSW Covered Bonds, Sydney (ii) in the case of BKBM Covered Bonds, either Wellington or Auckland, New Zealand or (iii) in either case such other financial centre as may be specified in the applicable Final Terms; and
- (b) in all other cases, the financial centre specified as such in the applicable Final Terms or, if none is so specified, the Principal Financial Centre with which the relevant Reference Rate is most closely connected (which, where the Specified Currency is Euro, shall be the Euro-Zone) or, if none is so connected, London.

"**Relevant Screen Page**" means, the screen page specified as such in the relevant Final Terms or such page as may replace or succeed it for the purposes of displaying the relevant rate.

"**Relevant Time**" with respect to any Interest Determination Date, unless otherwise specified in the applicable Final Terms, 10.30 a.m., Sydney time in the case of BBSW Covered Bonds, 10.45 a.m.,

Wellington time in the case of BKBM Covered Bonds and 11.00 a.m. Relevant Financial Centre time in respect of all other Covered Bonds (or such other time at which such rate customarily appears).

"**Specified Currency**" means the currency specified as such in the applicable Final Terms or, if none is specified, the currency in which the Covered Bonds are denominated.

"**SIBOR**" means the Singapore inter-bank offered rate.

"**STIBOR**" means the Stockholm inter-bank offered rate.

"**TARGET2 Business Day**" means a day on which the TARGET2 System is open.

"**TARGET2 System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.

"**TIBOR**" means the Tokyo inter-bank offered rate.

"**U.S. Dollar LIBOR**" means the London inter-bank offered rate for deposits in USD.

## 5. **Redemption and Purchase**

### (a) ***Final redemption***

Unless previously redeemed in full or purchased and cancelled as specified below, each Covered Bond will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Final Maturity Date 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 and the Guarantor have failed to pay the Final Redemption Amount on the Final Maturity Date specified in the Final Terms (or after expiry of the grace period set out in Condition 9(a)(i) (*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(b)(i) (*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 14 (*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(b)(i) (*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 and the Guarantor 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(a).

For the purposes of these Conditions:

**"Extended Due for Payment Date"** means, in relation to any Series of Covered Bonds, the date, if any, specified as such in the applicable Final Terms to which the payment of all or (as applicable) part of the Final Redemption Amount payable on the Final Maturity Date will be deferred in the event that the Final Redemption Amount is not paid in full on the 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 seven days starting on (and including) the Final Maturity Date of such Series of Covered Bonds.

**"Guarantee Priority of Payments"** means the guarantee priority of payments relating to the allocation and distribution of all Available Revenue Receipts and Available Principal Receipts following service of a Notice to Pay on the Covered Bond Guarantor, but prior to service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor in accordance with clause 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.

(b) ***Redemption for taxation reasons***

The Covered Bonds may be redeemed at the option of the Issuer in whole, or in part, at any time (if the Covered Bond is not a Floating Rate Covered Bond) or on any Interest Payment Date (if the Covered Bond is a Floating Rate Covered Bond), on giving not less than the minimum period (which shall not be less than 5 Business Days) nor more than the maximum period of notice specified in the applicable Final Terms to the Bond Trustee and, in accordance with Condition 14 (*Notices*), the Covered Bondholders (which notice shall be irrevocable), if, on the occasion of the next Interest Payment Date, (i) the Issuer is or will be required to pay additional amounts as provided or referred to in Condition 7 (*Taxation*), (ii) the rate of approved issuer levy exceeds the rate of the levy chargeable as at the date the Issuer originally issued the affected Covered Bonds, or (iii) the Guarantor would be or would become so obliged, if demand was made under the Guarantee. Covered Bonds redeemed pursuant to this Condition 5(b) will be redeemed at their Early Redemption Amount referred to in Condition 5(f) (*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 this Condition 5(b), the Issuer or the Guarantor (as the case may be) shall deliver to the Bond Trustee a certificate signed by one person who is either a Director, a Senior Executive, an Authorised Signatory, an authorised

representative, an attorney or of equivalent status of the Issuer or the Guarantor (as the case may be) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and the Bond Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on all holders of the Covered Bonds, Receipholders and Couponholders.

(c) ***Redemption at the option of the Issuer (Issuer Call)***

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having (unless otherwise specified, in the applicable Final Terms) given not less than the minimum period (which shall not be less than 5 Business Days) nor more than the maximum period of notice specified in the applicable Final Terms to the Bond Trustee, the Principal Paying Agent, (in the case of the redemption of Registered Covered Bonds) the Registrar and, in accordance with Condition 14 (*Notices*), the Covered Bondholders (which notice shall be irrevocable) redeem all or some only (as specified in the applicable Final Terms) of the Covered Bonds then outstanding on any Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if applicable, with interest accrued to (but excluding) the relevant Optional Redemption Date(s). Upon expiry of such notice, the Issuer shall be bound to redeem the Covered Bonds accordingly. In the event of a redemption of some only of the Covered Bonds, such redemption must be for an amount being the Minimum Redemption Amount or a Higher Redemption Amount. 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, in the case of Redeemed Covered Bonds represented by Definitive Covered Bonds, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) (or any alternative or additional clearing system as may be specified in the Final Terms), in the case of Redeemed Covered Bonds represented by a Global Covered Bond, in each case, not more than 60 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Covered Bonds represented by Definitive Covered Bonds, a list of the serial numbers of such Redeemed Covered Bonds will be published in accordance with Condition 14 (*Notices*) not less than 30-days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Covered Bonds represented by Definitive Covered Bonds shall bear the same proportion to the aggregate nominal amount of all Redeemed Covered Bonds as the aggregate nominal amount of Definitive Covered Bonds outstanding bears to the aggregate nominal amount of the Covered Bonds outstanding, in each case on the Selection Dates, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Covered Bonds represented by a Global Covered Bond shall be equal to the balance of the Redeemed Covered Bonds. No exchange of the relevant Global Covered Bond will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 5(c) and notice to that effect shall be given by the Issuer to the Covered Bondholders in accordance with Condition 14 (*Notices*) at least 30-days prior to the Selection Date.

(d) ***Redemption at the option of the Covered Bondholders***

If Put Option is specified as being applicable in the applicable Final Terms, upon the holder of any Covered Bond giving the Issuer not less than the minimum period (which shall not be less than 15 Business Days) nor more than the maximum period of written notice as specified in the applicable Final Terms the Issuer will, upon the expiry of such notice, redeem such Covered Bond on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of a Covered Bond the holder thereof must, if the Covered Bond is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "**Put Notice**") and in which the holder must specify a bank account (or, if

payment is required to be made by cheque, an address) to which payment is to be made under this Condition 5(d) accompanied by the Covered Bond. If the Covered Bond is represented by a Global Covered Bond held through Euroclear or Clearstream, Luxembourg 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 or Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg, or any common depositary or common safekeeper, as the case may be, for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear or Clearstream, Luxembourg 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 and Clearstream, Luxembourg, given by a holder of any Covered Bond pursuant to this Condition 5(d) 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(d) 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*).

(e) ***Redemption due to illegality***

The Covered Bonds of all Series may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Bond Trustee, the Principal Paying Agent, the Registrar and, in accordance with Condition 14 (*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 the Demand Loan Provider to make, fund or allow to remain outstanding any Term Advance and/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(e) will be redeemed at their Early Redemption Amount referred to in Condition 5(f) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

Prior to the publication of any notice of redemption pursuant to this Condition 5(e), the Issuer shall deliver to the Bond Trustee a certificate signed by one person who is either a Director, a Senior Executive, an authorised representative, an attorney, an Authorised Signatory or of equivalent status of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and the Bond Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on all holders of the Covered Bonds, Receiptholders and Couponholders.

(f) ***Early Redemption Amounts***

For the purpose of Conditions 5(b) (*Redemption for taxation reasons*) and 5(e) (*Redemption due to illegality*) above and Condition 9 (*Events of Default and Enforcement*), each Covered Bond will be redeemed at its Early Redemption Amount calculated as follows:

- (i) in the case of a Covered Bond with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (ii) in the case of a Covered Bond (other than a Zero Coupon Covered Bond but including an Instalment Covered Bond) with a Final Redemption Amount which is or may be less or greater than the Issue Price, at the amount specified in the applicable Final Terms or, if no such amount is so specified in the applicable Final Terms, at its nominal amount; or
- (iii) in the case of a Zero Coupon Covered Bond, at an amount (the "**Amortised Face Amount**") equal to the sum of:
  - (A) the Issue Price; and
  - (B) the product of the Accrual Yield (compounded annually) being applied to the Issue Price from (and including) the Issue Date of the first Tranche of the Covered Bonds to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Covered Bond becomes due and repayable.

Where such calculation is to be made for a period which is not a whole number of years, it shall be made (i) in the case of a Zero Coupon Covered Bond payable in a Specified Currency other than Euro, on the basis of a 360-day year consisting of 12 months of 30-days each or (ii) in the case of a Zero Coupon Covered Bond payable in Euro, on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed falls in a leap year, the sum of (x) the number of those days falling in a leap year divided by 366 and (y) the number of those days falling in a non-leap year divided by 365) or (iii) on such other calculation basis as may be specified in the applicable Final Terms.

(g) ***Instalments***

Instalment Covered Bonds will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Final Terms. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 5(f) above.

(h) ***Purchases***

The Issuer, the Guarantor or any of their respective subsidiaries or the Covered Bond Guarantor may at any time purchase or otherwise acquire Covered Bonds (provided that, in the case of Bearer Definitive Covered Bonds, all un-matured Receipts, Coupons and Talons appertaining thereto are attached thereto or surrendered therewith) at any price and in any manner. If purchases are made by tender, tenders must be available to all the Covered Bondholders alike. Such Covered Bonds may be held, reissued, resold or, at the option of the Issuer or the Guarantor 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).

(i) ***Cancellation***

All Covered Bonds which are redeemed in full will forthwith be cancelled (together with, in the case of Bearer Definitive Covered Bonds, all un-matured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Covered Bonds so cancelled and any Covered Bonds purchased and surrendered for cancellation pursuant to Condition 5(h) and cancelled (together with, in the case of Bearer Definitive Covered Bonds, all un-matured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be held, reissued or resold.

(j) ***Late payment on Zero Coupon Covered Bonds***

If the amount payable in respect of any Zero Coupon Covered Bond upon redemption of such Zero Coupon Covered Bond pursuant to Condition 5(a), 5(b), 5(c), 5(d) or 5(e) above or upon its becoming due and repayable as provided in Condition 9 (*Events of Default and Enforcement*)

is improperly withheld or refused or default is otherwise made in the payment thereof, the amount due and repayable in respect of such Zero Coupon Covered Bond shall be the amount calculated as provided in Condition 5(f)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Covered Bond becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Covered Bond have been paid; and
- (ii) the date on which the full amount of the monies payable in respect of such Zero Coupon Covered Bonds has been received by the Principal Paying Agent or the Bond Trustee or the Registrar and notice to that effect has been given to the Covered Bondholders either in accordance with Condition 14 (*Notices*) or individually.

## 6. **Payments**

### (a) ***Method of payment***

Subject as provided below:

- (i) payments in a Specified Currency other than Euro will be made by credit or electronic transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be (i) Sydney or (ii) Auckland or Wellington, respectively); and
- (ii) payments in Euro will be made by credit or electronic transfer to a Euro account (or any other account to which Euro may be credited or transferred) specified by the payee or, at the option of the payee, by a Euro cheque.

(b) Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, 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 Code or otherwise imposed pursuant to Sections 1471 to 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto. References to Specified Currency will include any successor currency under applicable law.

### (c) ***Presentation of Bearer Definitive Covered Bonds, Receipts and Coupons***

Payments of principal and interest (if any) in respect of Bearer Definitive Covered Bonds will (subject as provided below) be made in the manner provided in Condition 6(a) (*Method of payment*) above only against presentation and surrender of Bearer Definitive Covered Bonds or Coupons, as the case may be, at any specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Payments of instalments (if any) of principal in respect of Bearer Definitive Covered Bonds other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 6(a) (*Method of payment*) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 6(a) (*Method of payment*) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Bearer Covered Bond in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the Bearer Definitive Covered Bond to which it appertains. If any Bearer Definitive Covered Bond is redeemed or becomes repayable prior to the stated maturity thereof, principal will be payable only on surrender of such Bearer Definitive Covered Bond together with all un-matured Receipts appertaining thereto. Receipts presented without the Bearer Definitive Covered Bond to which they appertain and un-matured Receipts do not



constitute valid obligations of the Issuer, the Guarantor or the Covered Bond Guarantor. Upon the date on which any Bearer Definitive Covered Bond becomes due and repayable, un-matured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Covered Bonds in definitive bearer form (other than Long Maturity Covered Bonds) should be presented for payment together with all un-matured Coupons appertaining thereto (which expression shall include Coupons falling to be issued on exchange of matured Talons), failing which an amount equal to the face value of any missing un-matured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing un-matured Coupon as the sum so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon amounts in respect of any Fixed Rate Covered Bond in definitive bearer form becoming due and repayable by the Issuer (in the absence of a Notice to Pay) or the Covered Bond Guarantor under the Covered Bond Guarantee prior to its Final Maturity Date (or, as the case may be, Extended Due for Payment Date), all un-matured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the due date for redemption of any Floating Rate Covered Bond or Long Maturity Covered Bond in definitive bearer form, all un-matured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A Long Maturity Covered Bond is a Fixed Rate Covered Bond (other than a Fixed Rate Covered Bond which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Covered Bond shall cease to be a "Long Maturity Covered Bond" on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the Principal Amount Outstanding of such Covered Bond. If the date for redemption of any Bearer Definitive Covered Bond is not an Interest Payment Date, interest (if any) accrued in respect of such Covered Bond from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant Bearer Definitive Covered Bond.

**(d) *Payments in respect of Bearer Global Covered Bonds***

Payments of principal and interest (if any) in respect of Covered Bonds represented by any Bearer Global Covered Bond will (subject as provided below) be made in the manner specified above in relation to Bearer Definitive Covered Bonds and otherwise in the manner specified in the relevant Global Covered Bond (against presentation or surrender, as the case may be, of such Bearer Global Covered Bond if the Bearer Global Covered Bond is not intended to be issued in NGCB form at the specified office of any Paying Agent outside the United States). On the occasion of each payment, (i) in the case of any Bearer Global Covered Bond which is not issued in NGCB form, a record of such payment made on such Bearer Global Covered Bond, distinguishing between any payment of principal and any payment of interest, will be made on such Bearer Global Covered Bond by the Paying Agent and such record shall be prima facie evidence that the payment in question has been made and (ii) in the case of any Bearer Global Covered Bond which is issued in NGCB form, the Paying Agent shall instruct Euroclear and Clearstream, Luxembourg and the common safekeeper to make appropriate entries in their records to reflect such payment.

**(e) *Payments in respect of Registered Covered Bonds***

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Covered Bond (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Covered Bond at the specified office of the Registrar or any of the Paying Agents.

Such payments will be made by electronic transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Covered Bond appearing in the register of holders of the Registered Covered Bonds maintained by the Registrar (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 third Business Day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (a) a holder does not have a Designated Account or (b) the principal amount of the Covered Bonds held by a holder is less than US\$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, "**Designated Account**" means the account maintained by a holder with a Designated Bank and identified as such in the Register and "**Designated Bank**" means (in the case of payment in a Specified Currency other than Euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland and Wellington, respectively) and (in the case of a payment in Euro) any bank which processes payments in Euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Covered Bond (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the Business Day in the city where the specified office of the Registrar is located on the relevant due date to the holder (or the first named of joint holders) of the Registered Covered Bond appearing in the Register:

- (i) where the Registered Covered Bond is 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,

(in either case, the "**Record Date**") at the holder's address shown in the Register on the Record Date and at the holder's risk. Upon application of the holder to the specified office of the Registrar not less than three Business Days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Covered Bond, the payment may be made by electronic transfer on the due date in the manner provided in the preceding paragraph. Any such application for electronic transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Registered Covered Bonds which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Covered Bond on redemption and the final instalment of principal will be made in the same manner as payment of the principal in respect of such Registered Covered Bond.

Holders of Registered Covered Bonds will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Covered Bond as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Covered Bonds.

None of the Issuer, the Guarantor, the Covered Bond Guarantor, the Bond Trustee or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

- (f) *General provisions applicable to payments*

The holder of a 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 Global Covered Bond and the Issuer, the Guarantor (in the case of Covered Bonds issued by ANZNIL) or, as the case may be, the Covered Bond Guarantor will be discharged by payment to, or to the order of, the holder of such Global Covered Bond (or the Bond Trustee, as the case may be) in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Covered Bonds represented by such Global Covered Bond must look solely to Euroclear or Clearstream, Luxembourg for his share of each payment so made by the Issuer, the Guarantor (in the case of Covered Bonds issued by ANZNIL) or the Covered Bond Guarantor to, or to the order of, the holder of such Global Covered Bond (or the Bond Trustee, as the case may be). No person other than the holder of the relevant Global Covered Bond (or, as provided in the Bond Trust Deed, the Bond Trustee) shall have any claim against the Issuer, the Guarantor or the Covered Bond Guarantor in respect of any payments due on that Global Covered Bond.

Notwithstanding the foregoing provisions of this Condition, payments of principal and/or interest in U.S. dollars in respect of the Bearer Covered Bonds will only be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer and the Guarantor has appointed a Paying Agent with a specified office outside the United States with the reasonable expectation that such Paying Agent would be able to make payment in U.S. dollars at such specified office outside the United States of the full amount of interest on the Bearer Covered Bonds in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at such specified office outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, the Guarantor and the Covered Bond Guarantor, adverse Tax consequences to the Issuer, the Guarantor or the Covered Bond Guarantor.

(g) ***Payment Business Day***

If the date for payment of any amount in respect of any Covered Bond, Receipt or Coupon is not a Payment Business Day (as defined below), the holder thereof shall not be entitled to payment of the relevant amount due until the next following Payment Business Day and shall not be entitled to any interest or other sum in respect of any such delay. In this Condition (unless otherwise specified in the applicable Final Terms), "**Payment Business Day**" means any day (other than a Saturday or a Sunday) on which (subject to Condition 8 (*Prescription*)):

- (i) commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (A) in the case of Covered Bonds in definitive form, the relevant place of presentation; and
  - (B) any Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than Euro, commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the Principal Financial Centre of the country of the relevant Specified Currency (if other than the places specified in Condition 6(g)(i) and which if the Specified Currency is Australian dollars shall be Sydney) or (2) in relation to any sum payable in Euro, the TARGET 2 System is open.

(h) ***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:

- (i) 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;
- (ii) the Final Redemption Amount of the Covered Bonds;
- (iii) the Early Redemption Amount of the Covered Bonds;
- (iv) the Optional Redemption Amount(s) (if any) of the Covered Bonds;
- (v) in relation to Covered Bonds redeemable in instalments, the Instalment Amounts;
- (vi) in relation to Zero Coupon Covered Bonds, the Amortised Face Amount (as defined in Condition 5(f) (*Early Redemption Amounts*));
- (vii) any premium and any other amounts (other than interest) which may be payable under or in respect of the Covered Bonds; and
- (viii) any Excess Proceeds which may be payable by the Bond Trustee under or in respect of the Covered Bonds.

Any reference in these Conditions to interest in respect of the Covered Bonds 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 principal and interest (if any) in respect of the Covered Bonds, Receipts and Coupons by or on behalf of the Issuer, the Guarantor (in the case of Covered Bonds issued by ANZNIL) or the Covered Bond Guarantor, as the case may be, 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 and/or, where the Issuer is acting through its branch, the jurisdiction, country or territory in which the branch through which the Issuer is acting as specified in the relevant Final Terms is located or in each case, any political sub-division thereof or by any authority therein or thereof having power to tax unless such withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In the event of a withholding or deduction being made by the Issuer or the Guarantor (as the case may be) in respect of a payment made by it, the Issuer or the Guarantor (as the case may be) will pay such additional amounts as shall be necessary in order that the net amounts received by the Covered Bondholders, Receiptholders or Couponholders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Covered Bonds, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that the foregoing obligation to pay additional amounts shall apply only (1) in the case of Covered Bonds issued by ANZNIL; and (2) in the case of Covered Bonds issued by ANZ New Zealand only in respect of non-resident withholding tax required to be deducted by the Tax Act; and shall not apply to any such tax, assessment, governmental charge or duty:

- (a) which is payable otherwise than by deduction or withholding from payments of principal of and interest on such Covered Bond, Receipt or Coupon;
- (b) which is payable (other than in respect of New Zealand resident withholding tax) by reason of the Covered Bondholder, Receiptholder or Couponholder or beneficial owner (or any one of them in case of principal or interest derived by two or more persons jointly) having, or having had, some personal or business connection with a Tax Jurisdiction (other than mere ownership of or receipt of payment under the Covered Bonds, Receipts or Coupon or the fact that payments are, or for the purposes of taxation are deemed to be, from sources in, or secured in a Tax Jurisdiction);

- (c) which is payable solely by reason of the Covered Bondholder's, Receiptholder's or Couponholder's or beneficial owner's failure to comply with any certification, identification or other reporting requirement concerning nationality, residence, identity or connection with the taxing jurisdiction of the Covered Bondholder, Receiptholder or Couponholder or other beneficial owner of such Covered Bond;
- (d) which is payable by reason of a change in law that becomes effective more than thirty days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Business Day (as defined in Condition 6(f) (*General provisions applicable to payments*));
- (e) which is an estate, inheritance, gift, sales, transfer, personal property or similar tax, assessment or other charge;
- (f) which is payable by reason of the Covered Bondholder, Receiptholder or Couponholder or beneficial owner of such Covered Bond, Receipt or Coupon being associated with the Issuer or the Guarantor or the Covered Bond Guarantor for the purposes of the approved issuer levy and non-resident withholding tax rules in the Tax Act or any modification or equivalent thereof;
- (g) which is payable solely by reason of the relevant Covered Bond, Receipt or Coupon being presented for payment in New Zealand;
- (h) which is imposed or withheld as a consequence of the New Zealand Inland Revenue Department applying section BG 1 of the Tax Act (or any modification or equivalent thereof) with the consequence that withholding tax is payable in respect of a payment in circumstances where the payment would not have been subject to withholding tax in the absence of the application of such provision;
- (i) where such withholding or deduction is for or on account of withholding tax under the New Zealand resident withholding tax regime;
- (j) which is payable on the Covered Bonds, Receipts and Coupons presented for payment by or on behalf of a Covered Bondholder, Receiptholder or Couponholder who would have been able to avoid such withholding or deduction by presenting the relevant Covered Bond, Receipt or Coupon to another Paying Agent in a member state of the European Union;
- (k) with respect to any payment of principal of or interest (including original issue discount) on the Covered Bonds, Receipts and Coupons by the Issuer (or the Guarantor, as the case may be) to any Covered Bondholder, Receiptholder or Couponholder who is a fiduciary or partnership or other than the sole beneficial owner of any such payment to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or any other beneficial owner would not have been entitled to the additional amounts had such beneficiary, settlor, member or beneficial owner been the holder of such Covered Bonds, Receipts and Coupons; or
- (l) any combination of (a) through (k) above,

nor shall additional amounts be paid with respect to a payment of principal or interest to a holder that is not the beneficial owner of such Covered Bond, Receipt or Coupon to the extent that the beneficial owner thereof would not have been entitled to such additional amount had such beneficial owner been the holder of such Covered Bond, Receipt or Coupon.

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:

- (i) will not be obliged to pay any additional amount as a consequence; and

- (ii) 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.

In addition, the Issuer, the Guarantor (in the case of Covered Bonds issued by ANZNIL) or the Covered Bond Guarantor, as the case may be, will have the right to withhold and deduct a portion of any payment by reason of the failure of any person to whom such payment is being made to perfect an exemption from any withholding imposed pursuant to Sections 1471 through 1474 of the Code and any regulations thereunder, agreements entered into pursuant thereto, or official interpretations thereof, and in that case, no additional amounts will be paid.

As used herein:

- (iii) "**Tax Jurisdiction**" means each of the United Kingdom and New Zealand;
- (iv) the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Bond Trustee or the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Covered Bondholders in accordance with Condition 14 (*Notices*).

Where used in the remaining provisions of this Condition 7, interest means interest (as defined under the Tax Act or any modification or equivalent thereof) for withholding tax purposes, which includes the excess of the redemption amount over the issue price of any Covered Bond, as well as interest paid on such Covered Bond. The Issuer is, and the Guarantor 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, Receiptholder or Couponholder, if:

- (a) the Covered Bondholder, Receiptholder or Couponholder, as the case may be, is a 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
- (b) at the time of such payment, the New Zealand Covered Bondholder does not have RWT-exempt status (as defined under the Tax Act or any modification or equivalent thereof) in respect of New Zealand resident withholding tax.

Prior to any date on which interest is payable or the Final Maturity Date, any New Zealand Covered Bondholder:

- (a) must notify the Issuer or, as the case may be, the Guarantor or the Covered Bond Guarantor or any Paying Agent, that the New Zealand Covered Bondholder is the holder of a Covered Bond, Receipt or Coupon; and
- (b) must notify the Issuer or, as the case may be, the Guarantor, or the Covered Bond Guarantor or a Paying Agent, of any circumstances, and provide the Issuer or, as the case may be, the Guarantor, or the Covered Bond Guarantor or the relevant Paying Agent, with any information that may enable the Issuer or, as the case may be, the Guarantor 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.

The New Zealand Covered Bondholder must notify the Issuer or, as the case may be, the Guarantor 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, as the case may be, the Guarantor or the Covered Bond Guarantor, in respect of this Covered Bond, Receipt or Coupon. By accepting payment of the full face amount of a Covered Bond, Receipt or Coupon, as the case may be or any interest thereon, the New Zealand Covered Bondholder indemnifies the

Issuer or, as the case may be, the Guarantor or the Covered Bond Guarantor, for all purposes in respect of any liability the Issuer or, as the case may be, the Guarantor 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 is not a New Zealand Covered Bondholder.

## 8. Prescription

The Covered Bonds (whether in bearer or registered form), Receipts and Coupons will become void unless claims in respect of principal and/or interest are made within 10 years (in the case of principal) and five years (in the case of interest) in each case from the Relevant Date (as defined in Condition 7 (*Taxation*)) therefor, subject in each case to the provisions of Condition 6 (*Payments*).

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*) or any Talon which would be void pursuant to Condition 6 (*Payments*).

## 9. Events of Default and Enforcement

### (a) Issuer Events of Default

The Bond Trustee at its discretion may, and if so requested in writing by the holders of at least 25 per cent of the aggregate Principal Amount Outstanding of the Covered Bonds (which for this purpose or the purpose of any Extraordinary Resolution referred to in this Condition 9(a) means the Covered Bonds of this Series together with the Covered Bonds of any other Series constituted by the Bond Trust Deed) then outstanding, as if they were a single Series (with the Principal Amount Outstanding of Covered Bonds not denominated in 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 subparagraph (ii) or (vi) below, only if the Bond Trustee shall have certified in writing to the Issuer and the Guarantor 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 and the Guarantor (in the case of Covered Bonds issued by ANZNIL) that as against the Issuer and the Guarantor (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 or the Guarantor (in the case of Covered Bonds issued by ANZNIL) prior to the Issuer's or the Guarantor's (as the case may be) 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:

- (i) default is made in the payment of any principal or interest when due, in respect of any Covered Bonds and such default continues for a period of seven days; or
- (ii) the Issuer fails to perform or observe any of its obligations under any Covered Bonds or, if applicable, the Guarantor fails to perform or observe any of its obligations under the Guarantee, in either case other than those specified in paragraph (i) above and in such case (except where such failure is incapable of remedy) such failure continues for the period of 30-days next following the service by the Bond Trustee on the Issuer and the Guarantor (if applicable) of written notice requiring the same to be remedied; or
- (iii) otherwise than for the purpose of an amalgamation or reconstruction or merger within the meaning of these words under the laws of New Zealand or, where the Issuer is acting through its branch, of the jurisdiction, country or territory in which the branch through which the Issuer is acting as specified in the relevant Final Terms is located, a resolution

is passed that the Issuer or, as the case may be, the Guarantor be wound up or dissolved;  
or

- (iv) the Issuer or the Guarantor stops payment (within the meaning of New Zealand or any other applicable bankruptcy law) of its obligations; or
- (v) an encumbrancer takes possession of or a receiver is appointed of the whole or a substantial part of the undertaking and assets of the Issuer or the Guarantor and any such event is continuing for 45 days after its occurrence and would materially prejudice the performance by the Issuer or, as the case may be, the Guarantor of its obligations under the Covered Bonds or a distress or execution is levied or enforced upon or sued out against the whole or a substantial part of the undertaking and assets of the Issuer or, as the case may be, the Guarantor which would materially prejudice the performance of (A) the Issuer of its obligations under the Covered Bonds or, (B) if applicable, the Guarantor of its obligations under the Guarantee, and in each case is not discharged within 60 days thereof; or
- (vi) proceedings shall have been initiated against the Issuer or the Guarantor under any applicable bankruptcy, reorganisation or other similar law and such proceedings shall not have been discharged or stayed within a period of 60 days; or
- (vii) the Issuer or the Guarantor shall initiate or consent to proceedings relating to itself under any applicable bankruptcy, insolvency, composition or other similar law (otherwise than for the purpose of amalgamation, reconstruction or merger (within the meaning of those words under the laws of New Zealand or, where the Issuer is acting through its branch, of the jurisdiction, country or territory in which the branch through which the Issuer is acting as specified in the relevant Final Terms is located)); or
- (viii) the Guarantee is (A) not in full force and effect and, where capable of remedy, the Guarantee is not in full force and effect within seven days of the date the defect is first discovered or (B) claimed by the Guarantor not to be in full force and effect; or
- (ix) 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
- (x) 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:
  - (A) the later of:
    - (1) the date that is 10 Local Business Days from the date that the Seller is notified of that breach; and
    - (2) the date that is six months prior to the Final Maturity Date of the relevant Series of Hard Bullet Covered Bonds; and
  - (B) the Final Maturity Date of that Series of Hard Bullet Covered Bonds.

Upon the Covered Bonds becoming immediately due and repayable against the Issuer and the Guarantor pursuant to this Condition 9(a), 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 and the Guarantor in accordance with Condition 9(c) (*Enforcement*).

The Bond Trust Deed provides that all monies received by the Bond Trustee following the occurrence of an Issuer Event of Default and the delivery of an Issuer Acceleration Notice and Notice to Pay, from the Issuer, the Guarantor or any receiver, liquidator, administrator or other similar official appointed in relation to the Issuer or the Guarantor following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice and a Notice to Pay (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 and the Guarantor (in respect of the Covered Bonds issued by ANZNIL) in respect of the payment of the amount of such Excess Proceeds under the Guarantee, Covered Bonds, Receipts 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.

(b) ***Covered Bond Guarantor Events of Default***

The Bond Trustee at its discretion may, and if so requested in writing by the holders of at least 25 per cent of the aggregate Principal Amount Outstanding of the Covered Bonds (which for this purpose and the purpose of any Extraordinary Resolution referred to in this Condition 9(b) means the Covered Bonds of this Series together with the Covered Bonds of any other Series constituted by the Bond Trust Deed) then outstanding as if they were a single Series (with the Principal Amount Outstanding of Covered Bonds not denominated in 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 (ii) or (v) below, only if the Bond Trustee shall have certified in writing to the Issuer, the Guarantor 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, the Guarantor 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 and the Guarantor (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:

- (i) default is made by the Covered Bond Guarantor for a period of 14 days or more in the payment of any Guaranteed Amounts when Due for Payment in respect of the Covered Bonds of any Series except in the case of the payments of a Guaranteed Amount when

Due for Payment on the Extended Due for Payment Date under Condition 5(a) (*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

- (ii) 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
- (iii) if the Covered Bond Guarantor ceases or threatens to cease to carry on its business or substantially the whole of its business; or
- (iv) 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
- (v) 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 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
- (vi) 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
- (vii) 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(c) (*Enforcement*) and 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 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.

(c) ***Enforcement***

The Bond Trustee may at any time, at its discretion and without further notice, following service of an Issuer Acceleration Notice (in the case of the Issuer and the Guarantor) 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 Guarantor (in the case of Covered Bonds issued by ANZNIL) 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, the Receipts 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, the Receipts 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, Receiptholder or Couponholder shall be entitled to institute proceedings directly against the Issuer, the Guarantor (in the case of Covered Bonds issued by ANZNIL) or the Covered Bond Guarantor or to take any step or action with respect to the Bond Trust Deed, the Covered Bonds, the Receipts, 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, Receiptholder or Couponholder may, himself institute such proceedings and/or prove in the winding up, administration or liquidation of the Issuer and/or the Guarantor 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, Receipts and Coupons and/or the Bond Trust Deed).

**10. Principal Paying Agent, Paying Agents and Registrar**

The names of the initial Principal Paying Agent, the other initial Paying Agents, the initial Registrar and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

In the event of the appointed office of any such bank being unable or unwilling to continue to act as the Principal Paying Agent, or failing duly to determine the Rate of Interest, if applicable, or to calculate the Interest Amounts for any Interest Period, the Issuer shall appoint the London

office of such other bank as may be approved by the Bond Trustee to act as such in its place. The Principal Paying Agent may not resign its duties or be removed from office without a successor having been appointed as aforesaid.

The Issuer, the Guarantor (in the case of Covered Bonds issued by ANZNIL) and the Covered Bond Guarantor are entitled, with the prior written approval of the Bond Trustee (such approval not to be unreasonably withheld or delayed), to vary or terminate the appointment of any Paying Agent or Registrar and/or appoint additional or other Paying Agents or Registrars and/or approve any change in the specified office through which any Paying Agent or Registrar acts, provided that:

- (a) there will at all times be a Principal Paying Agent and a Registrar;
- (b) so long as any of the Covered Bonds are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Covered Bonds) and a Transfer Agent (in the case of Registered Covered Bonds) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or as the case may be, other relevant authority; and
- (c) the Issuer will ensure that it appoints a Paying Agent in a Member State of the European Union (other than the United Kingdom) in the event that it is required to withhold or deduct tax on payments made in the United Kingdom.

In addition, the Issuer shall, when necessary appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6(f) (*General provisions applicable to payments*). Notice of any such variation, termination, appointment or change will be given by the Issuer to the Covered Bondholders as soon as reasonably practicable in accordance with Condition 14 (*Notices*).

In acting under the Principal Agency Agreement, the Agents act solely as agents of the Issuer, the Guarantor and the Covered Bond Guarantor and do not assume any obligation to, or relationship of agency or trust with, any Covered Bondholders, Receiptholders or Couponholders. The Principal Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

## 11. **Meetings of Covered Bondholders, Modification, Waiver, Substitution and Legislative Exchange**

Covered Bondholders, Receiptholders, Couponholders and other Secured Creditors should note that the Issuers, the Guarantor, 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.

### (a) **Meetings**

The Bond Trust Deed contains provisions for convening meetings of the Covered Bondholders of any Series to consider any matter affecting their interests, including the modification of these Conditions or the provisions of the Bond Trust Deed. The quorum at any such meeting in respect of the Covered Bonds of any Series for passing an Extraordinary Resolution (other than in respect of a Series Reserved Matter) is two 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 two 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 adjourned meeting shall be two 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 seventy five per cent 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 two or more of the Covered Bondholders; or (iii) a resolution 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 at any meeting of the Covered Bondholders of a Series shall, subject as provided below, be binding on all the Covered Bondholders of such Series, whether or not they are present at the meeting, and on all Receiptholders and 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(a) (*Issuer Events of Default*) or to give a Covered Bond Guarantee Acceleration Notice pursuant to Condition 9(b) (*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 Guarantor, 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 two 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 two 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 Receiptholders and 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.

The Bond Trustee may, without the consent or sanction of any of the Covered Bondholders of any Series, the related Receiptholders and/or the Couponholders and without the consent of the other Secured Creditors, at any time and from time to time, concur with the Issuer, the Guarantor, the Covered Bond Guarantor or any other party or direct the Security Trustee to concur with the Issuer, the Guarantor, the Covered Bond Guarantor or any other party in making any modification of the Covered Bonds of one or more Series, the related Receipts and/or Coupons or any Programme Document:

- (i) which in the opinion of the Bond Trustee may be expedient to make provided the Bond Trustee is of the opinion that such modification 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
- (ii) 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

- (iii) (without prejudice to (i) and (ii) 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 of any of the Covered Bondholders of any Series, the related Receiptholders and/or 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, the Guarantor 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(a) or 9(b) (*Events of Default and Enforcement*) 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 Receiptholders and/or the Couponholders and, if, but only if, the Bond Trustee shall so require, shall be notified by the Issuer, the Guarantor or the Covered Bond Guarantor (as the case may be) to the Covered Bondholders in accordance with Condition 14 (*Notices*) as soon as practicable thereafter.

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, the Guarantor 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) all of the other 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 Guarantor 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 Receiptholders and the 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 for the time being outstanding and the other Secured Creditors in accordance with Condition 14 (*Notices*) 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, Receiptholders 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 Receiptholders, 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, Receiptholder or Couponholder be entitled to claim, from the Issuer, the Guarantor, 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, Receiptholders 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 pursuant to this Condition, the Guarantor must send written confirmation to the Bond Trustee and Security Trustee that: (i) any such waiver, authorisation or determination would not require the RBNZ to be notified; or (ii) if such waiver, authorisation or determination would require the RBNZ to be notified, the Guarantor has provided all information required to be provided to the RBNZ and, if consent or confirmation of non-objection is required, the RBNZ has given its consent or confirmed its non-objection to the proposed waiver, authorisation or determination.

Subject to any required RBNZ consent or confirmation of non-objection, 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.

(b) **Substitution**

The Bond Trust Deed provides that in connection with any scheme of amalgamation or reconstruction of the Issuer or, as the case may be, the Guarantor not involving the bankruptcy or insolvency of the Issuer or, as the case may be, the Guarantor and (A) where the Issuer or, as the case may be, the Guarantor does not survive the amalgamation or reconstruction or (B) where all or substantially all of the assets and business of the Issuer or the Guarantor, as the case may be, 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 and (where applicable) the Guarantor, be obliged, without the consent of the Covered Bondholders, Receiptholders or Couponholders, at any time to agree to the substitution in the place of (a) the Issuer as principal debtor under the Covered Bonds, Receipts, Coupons and the Bond Trust Deed or (b) the Guarantor as guarantor of Covered Bonds, of another company (the "**Substituted Debtor**") being the entity with and into which the Issuer or the Guarantor, as the case may be, amalgamates or the entity to which all or substantially all of the business and assets of the Issuer or the Guarantor is transferred, or succeeded to, pursuant to such scheme of amalgamation or reconstruction (whether by operation of law or otherwise), subject to, *inter alia*:

- (i) the Substituted Debtor entering into a supplemental trust deed in form and manner satisfactory to the Bond Trustee agreeing to be bound by the Bond Trust Deed with any consequential amendments which the Bond Trustee may deem appropriate as fully as if the Substituted Debtor had been named in the Bond Trust Deed as principal debtor or guarantor in place of the Issuer or the Guarantor, as the case may be;
- (ii) the Substituted Debtor acquiring or succeeding to pursuant to such scheme of amalgamation or reconstruction all or substantially all of the assets and business of the Issuer or the Guarantor, as the case may be;
- (iii) the obligations of the Substituted Debtor being or remaining guaranteed by the Guarantor on the terms set out in the Bond Trust Deed; and
- (iv) confirmations being received by the Bond Trustee from each Rating Agency that the substitution will not adversely affect the rating of the Covered Bonds.

Any such supplemental trust deed or undertaking shall, if so expressed, operate to release the Issuer or the Guarantor, as the case may be, or in either case the previous substitute as aforesaid from all of its obligations as principal debtor or guarantor, as the case may be, under the Bond Trust Deed.

In addition, subject as further provided in the Bond Trust Deed, the Bond Trustee may without the consent of the Covered Bondholders, Receiptholders or Couponholders at any time agree with the Issuer and the Guarantor to the substitution in place of the Issuer (or any previous substitute under this Condition) as the principal debtor under the Covered Bonds, Receipts, Coupons and the Bond Trust Deed of any Subsidiary of the Issuer or the Guarantor subject to (a) all amounts payable under the Bond Trust Deed continuing to be guaranteed by the Guarantor, (b) the Bond Trustee being satisfied that the interests of the Covered Bondholders will not be materially prejudiced by the substitution and (c) certain other conditions set out in the Bond Trust Deed being complied with.

Any substitution pursuant to this Condition 11(b) shall be binding on the Covered Bondholders, the Receiptholders and the Couponholders and, unless the Bond Trustee agrees otherwise, shall be notified by the Issuer to the Covered Bondholders not later than 14 days after any such substitution in accordance with Condition 14 (*Notices*).

It shall be a condition of any substitution pursuant to this Condition 11(b) that the Covered Bond Guarantee shall remain in place or be modified to apply *mutatis mutandis* and continue in full force and effect in relation to any Substituted Debtor.

(c) **Rating Agencies**



If:

- (i) 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
- (ii) 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 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 (ii) above and the Bond Trustee shall not be responsible for any loss, liabilities, costs, damages, expenses or inconvenience that may be caused as a result.

(d) *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, each Issuer may agree with the Bond Trustee and without the consent of the Security Trustee, the Covered Bondholders, the Receipholders 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 Condition 11(d)(ii) 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 14 (*Notices*)), the Bond Trustee and the Principal Paying Agent is given by each Issuer and provided that:

- (i) on the date on which such notice expires each Issuer delivers to the Bond Trustee a certificate signed by two Directors of such Issuer confirming that (a) 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 11) and (b) 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 11), 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);
- (ii) each Issuer delivers to the Bond Trustee a certificate signed by two directors of such 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;
- (iii) each Issuer will comply with such other requirements as the Bond Trustee may direct in the interests of Covered Bondholders;

- (iv) the documents constituting the New Covered Bonds are in form and substance satisfactory to the Bond Trustee;
- (v) each Rating Agency which has previously assigned a rating to the Existing Covered Bonds confirms to the Relevant Issuer in writing that the New Covered Bonds will be assigned the same rating as is then applicable to the Existing Covered Bonds;
- (vi) 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, each Issuer delivers to the Bond Trustee a certificate signed by two Directors of such 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
- (vii) each 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 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 11, agree with the Relevant 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 11:

**"Potential Issuer Event of Default"** means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute an Issuer Event of Default;

**"Potential Covered Bond Guarantor Event of Default"** means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute a Covered Bond Guarantor Event of Default; and

**"Series Reserved Matter"** in relation to Covered Bonds of a Series means 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, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount, 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, including the method of calculating the Amortised Face 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.

12. **Replacement of Covered Bonds, Receipts, Coupons and Talons and Exchange of Talons**

- (a) Should any Covered Bond, Receipt, 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, Receipts, 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 14 (*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, Receipt, 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, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Covered Bonds, Receipts, Coupons or Talons must be surrendered before replacements will be issued.
- (b) 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*).

13. **Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Covered Bondholders, the Receiptholders 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. **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, be substituted for such publication in such newspaper(s) or such mailing the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg

for communication by them to the Covered Bondholders and, in addition, for so long as any Covered Bonds are listed on a stock exchange or admitted to trading by any other relevant authority and the rules of that stock exchange, or as the case may be, other relevant authority so require, such notice or notices will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice 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.

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 and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent, the Registrar and/or Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

15. **Indemnification of the Bond Trustee and the Security Trustee and the Bond Trustee and Security Trustee contracting with an Issuer, the Guarantor 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 an Issuer, the Guarantor, 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, an Issuer, the Guarantor, 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, Receiptholders 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 Housing 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 an Issuer, the Guarantor or any other party to the Programme Documents or 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 an Issuer, the Guarantor or any other party to the Programme Documents under the Programme Documents; (iii) monitoring the Housing Loan Portfolio, including, without limitation, whether the Housing Loan Portfolio is in compliance with the Asset Coverage Test, the Pre-Maturity Test or the

Amortisation Test; or (iv) monitoring whether Housing Loans are Qualifying Housing Loans. 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) 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.

16. **Limited Recourse and non-petition**

- (a) 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:
  - (i) 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;
  - (ii) 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;
  - (iii) 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
  - (iv) 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.
- (b) 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:
  - (i) 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;
  - (ii) sums payable to each party in terms of the Covered Bond Guarantor's obligations to such party shall be limited to the lesser of (a) the aggregate amount of all sums due and payable to such party and (b) 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

(iii) 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.

(c) 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.

17. **Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of this Covered Bond under the Contracts (Rights of Third Parties) Act 1999.

18. **Governing Law**

The Bond Trust Deed (including the Guarantee and the Covered Bond Guarantee), the Principal Agency Agreement, the Covered Bonds, the Receipts, 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.

19. **Jurisdiction**

Each of the Issuers and the Guarantor agrees for the benefit of the holders of Covered Bonds, Receipts, Coupons and Talons that the courts of England shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Covered Bonds and all matters connected with the Covered Bonds, Receipts, Coupons and Talons (including a dispute relating to any non-contractual obligation arising out of or in connection with them) (respectively, "**Proceedings**" and "**Disputes**") and, for such purposes, irrevocably submits to the jurisdiction of such courts.

20. **Service of process**

Each of the Issuers and the Guarantor agrees that the process by which any Proceedings in England are begun may be served on it by being delivered to the officer in charge of the London branch of Australia and New Zealand Banking Group Limited at 40 Bank Street, Canary Wharf, London E14 5EJ. If such person is not or ceases to be effectively appointed to accept service of process on the Issuer's or the Guarantor's behalf, the Issuer or the Guarantor, as applicable, shall appoint a further person in England to accept service of process on the Issuer's or the Guarantor's

behalf and, failing such appointment, within 15 days, the Bond Trustee shall be entitled to appoint such a person by written notice addressed to the Issuer and the Guarantor and delivered to the Issuer and the Guarantor or to the specified office of the Principal Paying Agent. Nothing in this paragraph shall affect the right of the Bond Trustee to serve process in any other manner permitted by law.

## **USE OF PROCEEDS**

Unless otherwise specified in the applicable Final Terms, the net proceeds from each issue of Covered Bonds by ANZ New Zealand will be used for the general corporate purposes of ANZ New Zealand and its subsidiaries. The net proceeds from each issue of Covered Bonds by ANZNIL will be on-lent to ANZ New Zealand for the general corporate purposes of ANZ New Zealand and its subsidiaries.



## REGULATION AND SUPERVISION

### The supervisory role of the RBNZ

The Reserve Bank Act requires the RBNZ to exercise its powers of registration of banks and prudential supervision of registered banks (including ANZ New Zealand) for the purposes of:

- promoting the maintenance of a sound and efficient financial system; and
- 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.

The RBNZ places considerable emphasis on a requirement that banks regularly disclose information on financial performance and risk positions, and on a requirement that directors regularly attest to certain key matters. 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.

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 exposures, minimum capital adequacy requirements and minimum standards for liquidity risk management, and are set out in more detail below;
- monitoring each registered bank's financial condition and compliance with conditions of registration, principally on the basis of published half-yearly disclosure statements and monthly reporting submitted privately to the 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 the senior management of registered banks;
- using crisis management powers available to it under the Reserve Bank 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 overseeing banks' compliance with anti-money laundering and countering financing of terrorism requirements;
- monitoring banks' outsourcing arrangements to determine whether a registered bank's 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.

Registered banks are required to issue half-yearly disclosure statements that contain comprehensive 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 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 his or her 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.

The RBNZ publishes a quarterly "dashboard" of key information on registered banks on the RBNZ's website. The dashboard aims to improve the ability of the public and market participants to understand and act on information about such banks' financial strength and risk profile. The information is sourced from private reporting that banks provide to the RBNZ. Information relating to the ANZ New Zealand Group published in the dashboard is not incorporated by reference herein and does not form part of this Base Prospectus. In some cases, information relating to the ANZ New Zealand Group published in the dashboard has not been prepared on a consistent basis with the information presented in the ANZ New Zealand consolidated financial statements.

New Zealand-incorporated registered banks are required to comply with the Basel III capital adequacy requirements, as modified to reflect New Zealand conditions. The RBNZ also requires most New Zealand-incorporated registered banks, including ANZ New Zealand, to maintain a conservation buffer of 2.5 per cent above the minimum ratios or face restrictions on distributions. The RBNZ also has the discretion to apply a countercyclical buffer of common equity with an indicative range of between 0 and 2.5 per cent, although there is no formal upper limit. There are also counterparty credit risk requirements and additional disclosure requirements to incorporate Basel III. These capital requirements are expected to change from 1 July 2021 as a result of the RBNZ's capital reforms, see "*New Zealand Regulatory Developments - RBNZ review of capital requirements*" below for further information.

New Zealand-incorporated registered banks (including ANZ New Zealand) are required to comply with BS13. A requirement of BS13 is that New Zealand-incorporated registered banks meet a minimum CFR of 75 per cent, ensuring that at least a minimum proportion of bank funding is met through customer deposits, term wholesale funding and Tier 1 capital. However, with effect from 2 April 2020, the RBNZ amended ANZ New Zealand's Conditions of Registration to reduce ANZ New Zealand's minimum CFR to 50 per cent in response to the COVID-19 pandemic.

Basel III proposes a liquidity policy which the RBNZ considers very similar to the intent of BS13. However, the RBNZ considers that certain aspects of the Basel III liquidity standards are not suitable for adoption in New Zealand. The RBNZ is undertaking a thematic review of compliance with BS13 ("**BS13 Thematic Review**"). Findings from the BS13 Thematic Review are intended to provide input into a forthcoming review of BS13. See "*New Zealand Regulatory Developments—Thematic review of registered banks' compliance with the RBNZ Liquidity Policy*" below for further information.

The RBNZ also requires all registered banks to obtain and maintain a credit rating from an approved organisation and publish that rating in the 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 consults 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, among 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 appoint 25 per cent or more of the board of directors of a registered bank or a qualifying interest (e.g., 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.

## **New Zealand Regulatory Developments**

### *Regulatory Response to the COVID-19 Pandemic and Other Developments*

For information on the regulatory response to the COVID-19 pandemic, see "*Recent Developments—Regulatory Response to the COVID-19 Pandemic and Other Developments*" in this Base Prospectus.

### *RBNZ review of capital requirements*

Between May 2017 and December 2019, the RBNZ conducted a comprehensive review of the capital adequacy framework applying to New Zealand-incorporated registered banks. The RBNZ's final decisions on the capital review are set out below.

- The total capital requirement for New Zealand-incorporated registered banks will increase to 18 per cent of RWA for Domestic Systemically Important Banks ("**D-SIBs**") (including ANZ New Zealand), and 16 per cent for other banks.
  - The total capital requirement must include Tier 1 capital of at least 16 per cent of RWA for D-SIBs, and 14 per cent for all other banks. Up to 2.5 per cent of Tier 1 capital can be made up of AT1 capital, with the remaining 13.5 per cent made up of CET1 capital. AT1 capital must consist of redeemable perpetual preference shares. It is anticipated that the ANZ New Zealand Group will be able to refinance existing internal AT1 securities (issued to other entities within the Group) to external counterparties.
  - The total capital requirement can also include Tier 2 capital of up to 2 per cent of RWA. Tier 2 capital must consist of long-term subordinated debt.
- The Tier 1 capital requirement will include a CET1 Prudential Capital Buffer of 9 per cent of RWA. This will include:
  - a 2 per cent prudential capital buffer for D-SIBs;
  - a 1.5 per cent 'early-set' counter-cyclical capital buffer, which can be temporarily reduced to 0 per cent following a financial crisis, or temporarily increased to prevent asset price bubbles from developing; and
  - a 5.5 per cent conservation buffer.
- Contingent capital instruments will no longer be treated as eligible regulatory capital. As at 31 March 2020, ANZ New Zealand had approximately NZ\$2.7 billion of AT1 instruments that will progressively lose their eligible regulatory capital treatment over the seven year transition period.
- RWA outcomes for IRB-approach accredited banks (including ANZ New Zealand) will be increased to approximately 90 per cent of what would be calculated under the Standardised approach. This will be achieved by applying an 85 per cent output floor for banks using the IRB approach, and increasing their scalar from 1.06 to 1.2.

- IRB-approach accredited banks (including ANZ New Zealand) will be required to report RWA (and resulting capital ratios) using both the IRB approach and the Standardised approach.
- All banks will be required to calculate ORC using the Standardised approach.

The new regime is expected to be implemented in stages, with a transition period of seven years before banks are required to fully comply with the new rules. In response to the COVID-19 pandemic, the RBNZ delayed the start date of the seven year transition period for the increased capital requirements by 12 months to 1 July 2021 in order to support credit availability (with further delays possible if the conditions warrant in 2021).

The RBNZ's capital reforms will result in substantially higher capital requirements for New Zealand-incorporated registered banks operating under the Standardised approach, and even higher capital requirements for New Zealand-incorporated registered banks using the IRB approach (including ANZ New Zealand).

The increased capital requirements may result in changes to affected banks' business objectives and result in changes to competitive behaviour across the New Zealand banking industry. For example, there may be increased competition between banks using the IRB approach and banks using the Standardised approach, and between those banks affected by the reforms and offshore banks operating in New Zealand via branches that are not affected by the reforms. The increased capital requirements may also affect the price and volume of bank credit made available to affected banks' customers. This may affect customers' business prospects or creditworthiness, as well as the performance of the New Zealand economy.

The RBNZ's reforms will result in a material increase in the level of capital that the ANZ New Zealand Group is required to hold, although the amount of new capital required to meet the RBNZ's announced capital ratio requirements is currently uncertain. ANZ New Zealand's total capital as at 31 March 2020 was NZ\$13,844 million. The reforms could have a material impact on the ANZ New Zealand Group and its business, including on its capital allocation and business planning. Additionally, the changes may require ANZ New Zealand's ultimate parent company, ANZBGL, to review and reconsider its size, nature and operations in New Zealand, including the total capital invested and business structure.

The ANZ New Zealand Group has begun preparing for the changes. Of the ANZ New Zealand Group's NZ\$1.8 billion net profit after tax for the year ended 30 September 2019, approximately 80 per cent was retained in response to the proposals. Also, no ordinary dividend was paid or declared in the six months to 31 March 2020.

#### *RBNZ's revised outsourcing policy*

BS11 requires large New Zealand-incorporated banks, such as ANZ New Zealand, to have the legal and practical ability to control and execute outsourced functions. BS11 applies to all new outsourcing arrangements entered into from 1 October 2017. The RBNZ has issued revised Conditions of Registration to ANZ New Zealand effective from 2 April 2020 which include an extension of the transition period to full compliance for existing outsourcing arrangements under BS11 from 1 October 2022 to 1 October 2023.

#### Conditions of Registration

The BS11 requirements form part of ANZ New Zealand's Conditions of Registration. If ANZ New Zealand does not comply with its Condition of Registration in relation to outsourcing, the RBNZ could take enforcement action, such as putting further restrictions on ANZ New Zealand's use of outsourcing.

A formal programme has been established and is responsible for delivering ANZ New Zealand's compliance with BS11, as outlined in its Path-to-Compliance Plan.

In order to be compliant with BS11, ANZ New Zealand must be able to meet the policy outcomes on a stand-alone basis without reliance on any other ANZ Group entity. The policy outcomes are defined as ANZ New Zealand being able to:

- continue to meet daily clearing, settlement, and other time-critical obligations;

- monitor and manage financial positions, including credit, liquidity and market risk positions;
- make available the systems and financial data necessary for the statutory manager and the RBNZ to have options available for managing the failed bank; and
- provide basic banking services to existing customers, including liquidity (both access to deposits and to credit lines as defined in basic banking services) and account activity reporting.

#### Compliance obligations

BS11 imposes a number of ongoing compliance requirements on ANZ New Zealand. In particular:

- ANZ New Zealand must have a compendium of outsourcing arrangements;
- all contracts to which BS11 applies must include prescribed contractual terms allowing the RBNZ access to details of the contract and service, and not allowing the vendor to terminate if ANZ New Zealand is under statutory management;
- the RBNZ must provide its non-objection for all new outsourcing arrangements (including with other ANZ Group entities), unless an exemption applies;
- ANZ New Zealand must have a separation plan that describes how it will operate services or functions that are outsourced to a related party in the event of the appointment of a statutory manager to ANZ New Zealand, or separation from ANZBGL. A final separation plan, fully compliant with BS11, must be in place by 1 October 2023 and will be subject to annual testing; and
- ANZ New Zealand must obtain an independent, external review of progress against its Path-to-Compliance Plan and compliance of new arrangements on an annual basis during the transition period and at least every three years thereafter.

#### *Financial Markets (Derivatives Margin and Benchmarking) Reform Amendment Act 2019*

The FMRA Act was enacted in August 2019, following industry consultation by the RBNZ and MBIE in co-ordination with the New Zealand Treasury, as well as engagement with overseas regulators.

Although New Zealand has no legislative margin requirements for OTC derivatives, the OTC activities of several registered banks (including ANZ New Zealand) are impacted by margin rules being implemented in foreign jurisdictions. The FMRA Act addresses aspects of New Zealand law that impede the ability of certain New Zealand entities (including registered banks such as ANZ New Zealand) to comply with foreign derivative margin requirements (in particular, statutory moratoria on creditors' claims under insolvency or restructuring regimes, and the ranking of creditors in certain circumstances). These legislative impediments had resulted in a reduction of the number of counterparties with which ANZ New Zealand was able to enter into uncleared OTC derivative transactions.

The amendments made under the FMRA Act allow derivative counterparties, which enter into derivatives with these New Zealand entities, to enforce their security interest over margin without undue delay, and ahead of other creditors, in the event of the other party to the derivative defaulting (provided that, prior to enforcement, the margin is in the possession or under the control of the enforcing counterparty or its agent). More specifically, the amendments:

- allow these derivative counterparties to enforce against the margin notwithstanding the general moratoria on claims that ordinarily apply in statutory management and voluntary administration; and
- ensure that when these derivatives counterparties enforce their security interest over margin, their claim ranks ahead of other potential claims under the New Zealand Companies Act 1993 and the New Zealand Personal Property Securities Act 1999.

The FMRA Act will also amend the FMCA to establish a new licensing regime for administrators of financial benchmarks. These amendments aim to ensure that New Zealand's regulatory regime for financial benchmarks (including BKBM) meets the equivalence requirements for the purposes of the

Benchmarks Regulation. As at the date of this Base Prospectus, the amendments in relation to financial benchmarks are yet to come into force.

#### *Replacement of the Financial Advisers Act 2008*

New Zealand's financial advice regime is being modified. The Financial Advisers Act 2008, which is the primary legislation governing the provision of financial advice in New Zealand, will be repealed by the FSLAA. The FSLAA will insert the provisions of the new financial advice regime into the FMCA and amend the Financial Service Providers (Registration and Dispute Resolution) Act 2008 ("**FSP Act**"). The key changes to the regime include:

- requiring financial advice providers to be licensed;
- removing the requirement that only a natural person can give financial advice (enabling robo-advice);
- expanding the minimum standards of competence, knowledge, and skill to all categories of people giving regulated financial advice to retail clients;
- requiring all people who give regulated financial advice to retail clients to comply with standards of ethical behaviour, conduct, and client care;
- adding a requirement that anyone who gives financial advice must give priority to the interests of the client, ensure the client understands the nature and scope of advice and disclose prescribed information;
- limiting who can give regulated financial advice;
- simplifying the regime and its terminology, for example by simplifying financial adviser types and services they can provide; and
- amending the requirements to be registered on the New Zealand Financial Service Providers Register to prevent its misuse.

Financial advice providers will be required to hold a transitional licence when the new regime comes into force and a full licence will be required within a two year transitional period. The new regime was expected to come into force in June 2020, but the New Zealand Government has deferred its commencement to 2021 due to the impacts of the COVID-19 pandemic. The ANZ New Zealand Group is undertaking a programme of work in relation to its current financial advice processes and the upcoming FSLAA reforms.

#### *Review of the Reserve Bank Act*

The New Zealand Government is in the process of reviewing the Reserve Bank Act. The goal of the review is to modernise New Zealand's monetary and financial stability policy frameworks and the RBNZ's governance and accountability settings.

Phase one of the review was completed in 2018, and resulted in the enactment of the Reserve Bank of New Zealand (Monetary Policy) Amendment Act 2018, which made several changes to New Zealand's monetary policy framework.

Phase two primarily involves a comprehensive review of the financial policy provisions of the Reserve Bank Act, including provisions that provide the legislative basis for the RBNZ's prudential regulation and supervision functions and its crisis management framework. This phase also considers institutional matters such as the RBNZ's legislative objectives, broader governance arrangements and its funding model. Phase two includes three rounds of public consultation.

The New Zealand Government has announced in-principle decisions relating to the regulation of deposit takers, including:

- introducing a formal depositor insurance scheme that will protect depositors' savings up to an insured limit of NZ\$50,000 per depositor, per institution;

- making Non-Bank Deposit Takers ("NBDTs") and banks subject to a single prudential regulatory regime;
- strengthening accountability requirements on directors of companies that are deposit takers;
- strengthening the RBNZ's supervision and enforcement tools, including with powers to undertake on-site inspections as part of its supervision activities; and
- clarifying and strengthening the RBNZ's crisis resolution framework, including providing the RBNZ with the ability to "bail-in" (that is, write-down or convert to equity) certain unsecured liabilities as a new mechanism for recapitalising a failing bank.

The Government intends to replace the Reserve Bank Act with two separate pieces of legislation – the "Reserve Bank of New Zealand Act" and the "Deposit Takers Act" – which will implement the decisions from this review. The Reserve Bank of New Zealand Act will set out the overall governance and accountability framework for the RBNZ across all its functions. It will also provide for the RBNZ's central banking functions, including the framework for monetary policy. The Deposit Takers Act will integrate the two different legislative frameworks for deposit taking institutions (banks and NBDTs) and establish the deposit insurance scheme.

The Reserve Bank of New Zealand Bill ("**RBNZ Bill**") was introduced into the New Zealand Parliament in July 2020. The RBNZ Bill provides for the objectives and functions of the RBNZ and its governance, accountability, transparency, and funding arrangements. The RBNZ Bill also increases coordination between public agencies responsible for the financial system and provides the new RBNZ board with a financial policy remit. The RBNZ Bill repeals and replaces parts of the Reserve Bank Act. The remainder of the Reserve Bank Act remains in force but is renamed the Banking (Prudential Supervision) Act 1989.

The Government plans to make final policy decisions on the Deposit Takers Act and deposit insurance scheme in late-2020, and to progress legislation after that.

#### *RBNZ review of mortgage bond collateral standards*

The RBNZ has undertaken consultation on the terms under which the RBNZ would be prepared to accept mortgage bonds (such as residential mortgage-backed securities or covered bonds) as collateral for the RBNZ's lending operations in the future, and is proposing a new RMO standard. The RBNZ is proposing to gradually phase in RMO to replace internal residential mortgage backed securities over a five-year transition period.

In March 2020, the RBNZ announced that it would defer external-facing work on this initiative for an initial period of six months in response to the COVID-19 pandemic.

#### *FMA and RBNZ conduct and culture review*

Following the establishment of the Australian Royal Commission, the FMA and the RBNZ conducted a joint review of conduct and culture in the New Zealand banking sector in 2018 and 2019. The FMA and the RBNZ's industry report concluded that conduct and culture issues did not appear to be widespread in New Zealand banks. There were a small number of issues related to poor conduct by bank staff across the industry. Issues relating to system or process weaknesses were more commonplace. The industry report noted that the FMA and the RBNZ were concerned about the identification and remediation of conduct issues and risks in the banks' businesses, and potential weaknesses in the governance and management of conduct risks.

The FMA and the RBNZ have continued to engage with banks that took part in the review, including ANZ New Zealand. In July 2019, the FMA and the RBNZ provided ANZ New Zealand with their specific feedback letter. In their letter, the FMA and the RBNZ noted that ANZ New Zealand's conduct and culture plan appeared to address the relevant issues identified in the feedback letters and published reports. In addition, the FMA and the RBNZ informed ANZ New Zealand that the outcomes of the Section 95 Reviews may result in ANZ New Zealand needing to amend its conduct and culture plan. See "*—Recent Developments— Section 95 Reviews*" for further information.

ANZ New Zealand is continuing to provide regular progress updates on its conduct and culture plan to the FMA and the RBNZ.

### *RBNZ's approach to supervision of financial institutions*

In June 2019, the RBNZ announced that it would intensify its supervision of financial institutions (including ANZ New Zealand). The RBNZ indicated that financial institutions could expect more intrusive supervision, including more reviews, a deeper scrutiny of boards and management, and enforcement action in cases of non-compliance.

### *RBNZ breach disclosure and reporting regime*

A new framework for the reporting and publishing of regulatory breaches by banks was announced by the RBNZ in September 2019. The new policy will require a bank to report promptly to the RBNZ when there is a breach or possible breach of a regulatory requirement in a material manner, and report all minor breaches every six months. Actual material breaches will then be published on the RBNZ's website. The policy was planned to take effect from 1 April 2020. However, the RBNZ announced in March 2020 that this will be delayed for an initial period of six months in response to the COVID-19 pandemic.

### *FMA review of sales incentives structures in the New Zealand banking industry*

In November 2018, the FMA released its findings from its review of incentive structures in the New Zealand banking industry. The industry review found that the incentives of salespeople across the New Zealand banking industry are highly sales focused and that there is a high risk of inappropriate sales practices occurring. The industry review also found that significant changes are being made to incentive schemes across the New Zealand banking industry.

From 1 October 2019, ANZ New Zealand removed sales incentives for all frontline staff and made changes to its remuneration structure to reduce the emphasis on variable remuneration and individual performance. Frontline Retail and Business Banking staff do not have incentives paid based on individual performance (including payments based on sales measures). Instead staff are eligible for a payment based on overall ANZ Group performance. Some staff will be eligible for variable remuneration which will include a component based on overall ANZ Group performance and a component based on individual performance. For any roles with an individual performance component, ANZ New Zealand is committed to ensuring that there are no incentives linked to sales measures.

In July 2019, the FMA and the RBNZ, in their feedback letter to ANZ New Zealand on its conduct and culture plan, noted the requirement for ANZ New Zealand to notify the FMA, in writing, if ANZ New Zealand intends to materially change its approach to incentives outlined in ANZ New Zealand's conduct and culture plan.

### *Proposed conduct regulations for financial institutions*

The Financial Markets (Conduct of Institutions) Amendment Bill ("**FMCIA Bill**") was introduced to the New Zealand Parliament in December 2019. If enacted in its current form, the FMCIA Bill would require financial institutions (including registered banks, licensed insurers and NBDTs) that are in the business of providing relevant services to:

- obtain a license under Part 6 of the FMCA;
- comply with a fair conduct principle (requiring them to treat consumers fairly, including by paying due regard to their interests);
- establish, implement, maintain and comply with an effective fair conduct programme to operationalise the fair conduct principle; and
- comply with regulations that regulate incentives.

Financial institutions and intermediaries would be subject to the FMCA's compliance and enforcement tools such as civil pecuniary penalties for contraventions of various obligations, and licensed financial institutions would be subject to licensing actions such as censure and the imposition of action plans.



These proposals are intended to form the basis of a broad conduct regime that could be expanded over time with further obligations on regulated entities.

#### *Amendments to the Credit Contracts and Consumer Finance Act 2003*

In December 2019, the Credit Contracts Legislation Amendment Act 2019 ("**CCLA Act**") was enacted. The CCLA Act makes a number of significant changes to the CCCFA, including:

- introducing a new duty on directors and senior managers of creditors under consumer credit contracts to exercise due diligence to ensure that the creditor complies with its duties and obligations under the CCCFA. Proposed remedies for failure to comply with this duty include compliance orders, civil pecuniary penalties, statutory damages and payment of compensation;
- strengthening enforcement provisions, including by providing civil pecuniary penalties and statutory damages for breaches of lender responsibility principles;
- requiring lenders to keep records of their inquiries in relation to their compliance with the responsible lending principles and how they calculate credit and default fees;
- amending the provisions relating to how disclosure is made, including in relation to electronic disclosure; and
- requiring debt collectors to disclose key information to the debtor at the commencement of debt collection action.

Certain amendments contained in the CCLA Act (including changes to electronic disclosure rules and the introduction of civil pecuniary penalties) have already come into effect. As a result of the COVID-19 pandemic, the commencement of Part 5A of the CCLA Act, relating to fit and proper person certification, will be delayed until no earlier than 1 March 2021, and the commencement of the remaining provisions of the CCLA Act and new regulations will be delayed until no earlier than 1 October 2021. This amended timeframe will be reviewed every three months, with further amendments to be advised by MBIE. The ANZ New Zealand Group is undertaking a programme of work in relation to its current CCCFA processes and the upcoming CCLA Act reforms.

#### *Thematic review of registered banks' compliance with the RBNZ Liquidity Policy*

The RBNZ is undertaking a thematic review of compliance with BS13. The BS13 Thematic Review is expected to deliver an assessment of the compliance of registered banks in New Zealand with the quantitative and qualitative requirements of BS13 as well as provide useful insights into the banking industry's current liquidity management practices. The findings from the BS13 Thematic Review are also intended to provide input into a forthcoming review of BS13. In March 2020, the RBNZ announced that it would defer external-facing work on the BS13 Thematic Review for an initial period of six months in response to the COVID-19 pandemic. ANZ New Zealand is continuing to work with the RBNZ on the BS13 Thematic Review.

#### **Restrictions on ANZBGL's ability to provide financial support**

##### *Effect of APRA's Prudential Standards*

The ANZ Group is subject to extensive prudential regulation by APRA. APRA's current or future requirements may have an adverse effect on the ANZ New Zealand Group's Position.

APS222 sets minimum requirements for ADIs in Australia, including ANZBGL, in relation to the monitoring, management and control of risks which arise from associations with related entities and also includes maximum limits on intra-group financial exposures.

Under APS222, ANZBGL's ability to provide financial support to ANZ New Zealand is subject to the following restrictions:

- ANZBGL should not undertake any third party dealings with the prime purpose of supporting the business of ANZ New Zealand;

- ANZBGL must not hold unlimited exposures (i.e., should be limited as to specified time or amount) to ANZ New Zealand (e.g., not provide a general guarantee covering any of ANZ New Zealand's obligations) either in aggregate or at an individual entity level;
- ANZBGL must not enter into cross-default clauses whereby a default by ANZ New Zealand on an obligation (whether financial or otherwise) triggers or is deemed to trigger a default of ANZBGL on its obligations; and
- the level of exposure, net of exposures deducted from capital, of ANZBGL's Level 1 total capital base to ANZ New Zealand should not exceed:
  - (i) 50 per cent on an individual exposure basis; or
  - (ii) 150 per cent in aggregate to all related ADIs or equivalents.

In August 2019, APRA released an update to APS222. Changes that affect the quantum and nature of the financial support that ANZBGL can provide to the ANZ New Zealand Group are:

- (i) change the Level 1 capital base used for setting the exposure limits from total capital to Tier 1 capital; and
- (ii) reduce the Australian ADIs' individual entity exposure to related ADIs (or overseas equivalents such as ANZ New Zealand) from 50 per cent of Level 1 total capital to 25 per cent of its Level 1 Tier 1 capital base, and the aggregate exposures from 150 per cent of Level 1 total capital to 75 per cent of its Level 1 Tier 1 capital base.

The proposed implementation date for APS222 has been deferred by APRA to 1 January 2022. APRA may provide for entity-specific transitional arrangements or flexibility on a case-by-case basis.

Further, in October 2019, APRA released a discussion paper on draft revisions to APS111, which proposes to change the Level 1 capital treatment for Australian ADIs, such as ANZBGL, investing in ADIs (or overseas equivalents such as ANZ New Zealand) and insurance subsidiaries.

The proposed implementation date of 1 January 2021 for these changes is currently under review by APRA in line with their announcement to suspend public consultation on revisions to prudential standards that are currently underway or upcoming, with no plans for recommencement before 30 September 2020. If implemented, these APS111 changes would result in:

- (i) the initial investment, up to an amount equal to 10 per cent of ANZBGL's net Level 1 CET1 capital base, being risk-weighted at 250 per cent by ANZBGL; and
- (ii) the remainder of the investment being treated as a CET1 capital deduction by ANZBGL.

If implemented, these APS111 changes would reduce ANZBGL's Level 1 Tier 1 capital base and exposure to ANZ New Zealand for the purposes of APS222 reporting. As a result, ANZBGL's expected exposure to ANZ New Zealand at 1 January 2021 would be compliant with the APS222 limits.

However, if the APS111 changes are not implemented and the APS222 changes become effective, it is still possible that the changes outlined in APRA's announcement in connection with APS222 could adversely impact the ANZ New Zealand Group's Position, its credit ratings and its ability to grow its business as ANZBGL's exposure to ANZ New Zealand would be near the limit of 25 per cent of Level 1 Tier 1 capital, although ANZBGL would be able to apply for transition relief.

In addition, APRA has confirmed that, by 1 January 2021, no more than 5 per cent of ANZBGL's Level 1 Tier 1 capital base can comprise non-equity exposures to its New Zealand operations (including its subsidiaries incorporated in New Zealand, such as ANZ New Zealand, and ANZBGL's New Zealand branch) during ordinary times. This limit does not include holdings of capital instruments or eligible secured contingent funding support provided to the ANZ New Zealand Group during times of financial stress.

ANZ New Zealand sells, from time to time, residential mortgages into the New Zealand branch of ANZBGL to provide funding for its New Zealand business. As at 31 March 2020, the New Zealand branch held approximately NZ\$326 million of residential mortgages.

APRA has also confirmed that contingent funding support by ANZBGL to its New Zealand operations during times of financial stress must be provided on terms that are acceptable to APRA. At present, only covered bonds meet APRA's criteria for contingent funding. APRA also requires that ANZBGL's total exposures to its New Zealand operations must not exceed 50 per cent of ANZBGL's Level 1 Tier 1 capital base.

### ***Effect of the Level 3 framework***

In addition, certain requirements of APRA's Level 3 framework relating to, among other things, group governance and risk exposures became effective on 1 July 2017. This framework also requires the ANZ Group to limit its financial and operational exposures to subsidiaries (including those in the ANZ New Zealand Group).

In determining the acceptable level of exposure to a subsidiary, the Board of ANZBGL should have regard to:

- the exposures that would be approved for third parties of broadly equivalent credit status; and
- the potential impact on ANZBGL's capital and liquidity positions and ability to continue operating in the event of a failure by the ANZ New Zealand Group.

These requirements are not expected to place additional restrictions on ANZBGL's ability to provide financial or operational support to the ANZ New Zealand Group.

### **Other APRA powers**

ANZBGL may not provide financial support in breach of the Banking Act 1959 of the Commonwealth of Australia (the "**Banking Act**"). Under the Banking Act:

- APRA must exercise its powers and functions for the protection of a bank's depositors in Australia and for the promotion of financial system stability in Australia; and
- in the event of a bank becoming unable to meet its obligations or suspending payment, the assets of the bank in Australia will be available to meet that bank's deposit liabilities in Australia in priority to all other liabilities of the bank.

The requirements of the Banking Act and the exercise by APRA of its powers have the potential to impact the management of the ANZ New Zealand Group's liquidity.

### **Australian Crisis Management**

The Financial Sector Legislation Amendment (Crisis Resolution Powers and Other Measures) Act 2018 of the Commonwealth of Australia (the "**Crisis Management Act** ") enhanced APRA's powers to facilitate the orderly resolution of the entities it regulates, such as ANZBGL (and their subsidiaries, such as ANZ New Zealand), in times of distress. Additional powers which could impact the ANZ New Zealand Group, include greater oversight, management and directions powers in relation to ANZBGL and other ANZ Group entities which were previously not regulated by APRA, increased statutory management powers over regulated entities within the ANZ Group in Australia (but APRA may not appoint a statutory manager to ANZ New Zealand or ANZNIL) and changes which are designed to give statutory recognition to the conversion or write-off of regulatory capital instruments (the "**Statutory Conversion and Write-Off Provisions**").

The Statutory Conversion and Write-Off Provisions apply in relation to regulatory capital instruments issued by certain financial sector entities (including ADIs and their subsidiaries, such as ANZ New Zealand) that contain provisions for conversion or write-off for the purposes of APRA's prudential standards. Where the Statutory Conversion and Write-Off Provisions apply to an instrument, that instrument may be converted in accordance with its terms. This is so despite any law (other than specified laws, currently those relating to the ability of a person to acquire interests in an Australian corporation

or financial sector entity), the constitution of the issuer, any contract to which the issuer is a party, and any listing rules, operating rules or clearing and settlement rules applicable to the instrument. In addition, the Banking Act includes a moratorium on the taking of certain actions on grounds relating to the operation of the Statutory Conversion and Write-Off Provisions.

### **Australian Banking Executive Accountability Regime**

The Treasury Laws Amendment (Banking Executive Accountability and Related Measures) Act 2018 of the Commonwealth of Australia established the Banking Executive Accountability Regime (“**BEAR**”). ANZBGL's obligations under the BEAR commenced on 1 July 2018.

The BEAR aims to strengthen the responsibility and accountability framework for the most senior and influential directors and executives in ADI groups which, in the case of ANZBGL, currently includes certain members of ANZBGL's executive committee (including ANZBGL's CEO) and the CEO of ANZ New Zealand.

Under the BEAR:

- ANZBGL is required to register individuals with APRA before appointing them to certain senior executive or director positions and maintain and provide APRA with a map of the roles and responsibilities of such persons across the ADI group, and to provide APRA with accountability statements for each of these senior executives or directors, detailing that individual's roles and responsibilities;
- where ANZBGL and its registered senior executives and directors do not meet accountability obligations, APRA is empowered to disqualify those individuals as senior executives or directors without a court order (but subject to a right of administrative review in accordance with Part VI of the Banking Act);
- ANZBGL is obliged to set remuneration policies for directors and senior executives consistent with BEAR's requirements, including for the deferral of certain components of that remuneration; and
- ANZBGL may be liable for substantial penalties for failing to comply with its BEAR obligations.

There is potential for the obligations of ANZBGL's and ANZ New Zealand's accountable persons under the BEAR to conflict with certain New Zealand regulatory requirements.

The Australian Government announced in January 2020 that BEAR will be replaced by the Financial Accountability Regime (“**FAR**”), which proposes to extend the regime to other APRA-regulated entities and directors / senior executives to increase accountability. FAR would be jointly administered by APRA and ASIC and could impose larger civil penalties for any breaches.

### **APRA's Total Loss Absorbing Capacity Requirements**

In July 2019, APRA announced its decision on loss-absorbing capacity pursuant to which it will require Australian D-SIBs, including ANZBGL, to increase their total capital by 3 per cent of RWA by January 2024.

Based on the ANZ Group's capital position as at 31 March 2020, this represents an incremental increase in the total capital requirement of approximately A\$9 billion, with an equivalent decrease in other senior funding.

APRA has stated that it anticipates that Australian D-SIBs would satisfy the requirement predominantly with additional Tier 2 capital. APRA is considering, over the next four years, feasible alternative methods for raising subordinated capital equivalent to an additional 1 per cent to 2 per cent of RWA.

It is uncertain what impact this change may have on the ANZ New Zealand Group.

### ***Covered bonds***

The Reserve Bank of New Zealand (Covered Bonds) Amendment Act 2013 (the "**Amendment Act**") established a legislative framework for covered bonds in New Zealand. The Amendment Act provides legal certainty as to the treatment of cover pool assets in the event of an issuer's liquidation or statutory management. The key aspects of the framework are:

- (a) mandatory registration of New Zealand banks' covered bond programmes, subject to meeting registration requirements;
- (b) requiring cover pool assets to be held by a special purpose vehicle ("**SPV**") that is a separate legal entity from the issuer;
- (c) independent monitoring of cover pools by a cover pool monitor; and
- (d) clarification of the treatment of cover pool assets held by a covered bond SPV in the event that an issuer is placed into statutory management or liquidation.

Amendments to the Programme Documents were made to comply with the requirements of the Amendment Act and the Programme was registered on 8 August 2014. Issuers are prohibited from issuing covered bonds other than under registered programmes.

### ***Dodd-Frank Act***

The Dodd-Frank Act affects many aspects of the business of banking in the United States and internationally. At this time, the Dodd-Frank Act has not had a material effect on ANZ New Zealand's or ANZNIL's operations, although ongoing developments and monitoring of required compliance programmes may require the expenditure of resources and management attention. While the Commodity Futures Trading Commission ("**CFTC**") has finalised and adopted most of its regulations under the Dodd-Frank Act governing swap dealers and swap transactions, certain of the regulations remain to be finalised and the CFTC continues to modify its regulations in certain respects. In particular, in December 2019, the CFTC proposed rules regarding the cross-border application of its regulatory regime to non-U.S. swap dealers, as discussed below.

The "Volcker Rule" adopted under the Dodd-Frank Act, among other things, prohibits banks and their affiliates from engaging in certain "proprietary trading" (but allows certain activities such as underwriting, market making-related and risk-mitigating hedging activities) and limits the sponsorship of, and investment in, private equity funds and hedge funds, subject to certain important exceptions and exemptions. Between August and October 2019, the agencies responsible for the Volcker Rule approved final rules (the "**Final Rules**") amending the Volcker Rule to provide clarification, simplification and tailoring to certain of their requirements relating to proprietary trading, investments in covered funds and compliance programmes. The effective date for the Final Rules is 1 January 2020, with a compliance date of 1 January 2021. Banking entities such as the ANZ Group, including ANZ New Zealand (as its subsidiary), were required to continue to comply with the existing (2013) Volcker Rule until the effective date. Compliance with the Final Rules between the effective date and the compliance date is permitted but not required. On 30 January 2020, the agencies responsible for implementing the Volcker Rule approved a notice of proposed rulemaking principally focused on covered funds; the comment period was extended to 1 May 2020. On 25 June 2020, the agencies responsible for implementing the Volcker Rule adopted a final rule modifying certain aspects of the Volcker Rule. The changes, which take effect on 1 October 2020, principally relate to covered funds.

Other Dodd-Frank Act regulations impose minimum margin requirements on uncleared swaps, require the central execution and clearing of standardised OTC derivatives on regulated trading platforms and clearing houses and provide for heightened supervision of OTC derivatives dealers and major market participants. ANZBGL is a provisionally registered swap dealer under the CFTC regulations and is subject to CFTC swap dealer requirements including business conduct and record keeping and reporting rules that apply to ANZBGL's swap transactions with counterparties that are either (i) U.S. persons or (ii) non-U.S. persons guaranteed by or affiliate conduit of a U.S. person. Neither ANZ New Zealand nor ANZNIL are required to be registered swap dealers or major swap participants under the CFTC regulations.

The CFTC has issued Cross-Border Guidance which, among other things, establishes a framework for the CFTC to permit "substituted compliance" by swap dealers located in non-U.S. jurisdictions with regulatory schemes determined by the CFTC to be comparable to its own. The CFTC has made such a determination with respect to certain aspects of Australian law and regulation and ANZBGL is able to rely on substituted compliance with respect to certain aspects of CFTC rules in connection with transactions outside the U.S. with non-U.S. counterparties. As noted, the CFTC issued proposed rules in December 2019 that would supersede the Cross-Border Guidance and would, among other things, provide for expanded reliance on substituted compliance by non-U.S. swap dealers and would limit the applicability of CFTC regulations to non-U.S. transactions in other respects. Whether the proposed rules will be adopted, as well as the timing of any such adoption and the content of any final rules, remains unclear.

U.S. prudential regulators and the CFTC have implemented rules imposing initial and variation margin requirements on transactions in uncleared swaps and security-based swaps. As ANZBGL is supervised by the Board of Governors of the Federal Reserve System ("**FRB**") and operates the New York Branch that is regulated by the Office of the Comptroller of the Currency (the "**OCC**"), it needs to comply with the uncleared swap margin rules promulgated by the FRB, Farm Credit Administration, FDIC, Federal Housing Financial Agency and the OCC.

These rules impose requirements to collect and post initial and variation margin in respect of in-scope trading with in-scope counterparties. Initial margin requirements are being phased in until September 2021.

The Dodd-Frank Act also requires ANZBGL to submit U.S. resolution plans to the FRB and the FDIC. ANZBGL submitted its most recent U.S. resolution plan in December 2018. ANZBGL also is subject to "enhanced prudential regulations" under Reg. YY, Subpart N, which was adopted pursuant to Section 165 of the Dodd-Frank Act, and which requires quarterly and annual certification of compliance with the financial and risk oversight requirements thereof. In October 2019, the FRB and the FDIC issued final rules that would apply tailored requirements on resolution planning and a modification of the enhanced prudential standards applicable to foreign banking organisations, depending on the size of their U.S. operations and their risk profile. Under the final rules, ANZBGL is projected to be a triennial reduced filer, and thus is required only to submit a reduced resolution plan if it continues to be a triennial reduced filer on 1 October 2020.

## **FATCA**

FATCA requires FIs to undertake specific customer due diligence and provide information on account holders who are U.S. citizens or tax residents to the U.S. Federal tax authority, the IRS, either directly or via local tax authorities. If the required customer due diligence and provision of account holder information is not undertaken and provided in a manner and form meeting the applicable requirements, the ANZ New Zealand Group and/or persons owning assets in accounts with ANZ New Zealand Group members may be subjected to a 30 per cent withholding tax on certain amounts. While such withholding tax may currently apply only to certain payments derived from sources within the United States, no such withholding tax will be imposed on any payments derived from sources outside the United States that are made prior to the date that is two years after the date on which final U.S. regulations defining the term "foreign passthru payment" are enacted. There is currently no proposed or final definition of "foreign passthru payment" and it is therefore impossible to know whether certain payments could possibly be treated as foreign passthru payments.

The discussion above reflects recently proposed U.S. regulations that eliminate withholding on certain gross proceeds payments and delay the effective date for withholding on payments from sources outside the United States. The U.S. Treasury Department has indicated that taxpayers may rely on the proposed regulations. The discussion assumes that the regulations will be finalised in their current form and will be effective retroactively.

In addition to FATCA, the U.S. may require the ANZ New Zealand Group in certain circumstances to provide certain information to U.S. payers (withholding agents, custodians, etc.), and the ANZ New Zealand Group and/or its customers may face withholding tax if the ANZ New Zealand Group does not provide such information in compliance with the applicable rules and regulations. Moreover, even if the

ANZ New Zealand Group does provide the required information, withholding may still be applicable to certain U.S. source payments.

In the case of New Zealand institutions and branches, such information is to be furnished to the IRD, which would then forward the information to the IRS pursuant to an IGA between the United States and New Zealand.

The ANZ Group (including the ANZ New Zealand Group) has made and is expected to make significant investments in order to comply with FATCA and its reporting requirements. New Zealand has enacted legislation to implement the IGA with the United States.

It is possible that ANZ New Zealand and/or ANZNIL may become subject to U.S. withholding taxes under FATCA.

## **CRS**

The OECD's CRS requires certain FIs to report information regarding certain accounts (which may include the Covered Bonds) to their local tax authority and follow related account opening information collection and due diligence procedures. Holders of Covered Bonds may be requested to provide certain information and certifications to ensure compliance with the CRS. A jurisdiction that has signed a CRS Competent Authority and relevant Information Exchange Agreement may provide this information to other participating jurisdictions. The New Zealand Government has enacted legislation to give effect to the CRS.

New Zealand FIs that do not fully comply with the CRS may be subject to administrative penalties. See the risk factor entitled "*Increasing compliance costs, the risk of heightened penalties and ongoing regulatory scrutiny with respect to the significant obligations imposed by global tax reporting regimes (which are still evolving) may adversely affect the ANZ New Zealand Group's Position*" in this Base Prospectus for more information.

## Conditions of registration for ANZ Bank New Zealand Limited

These conditions apply on and after 1 May 2020. For the purposes of this section references to "\$" are to New Zealand dollars.

For information regarding the changes made to these conditions since 30 September 2019, see "*Recent Developments—Regulatory Response to the COVID-19 Pandemic and Other Developments*".

The registration of ANZ Bank New Zealand Limited (the "**bank**") as a registered bank is subject to the following conditions:

1. That—
  - (a) the Total capital ratio of the banking group is not less than 8 per cent;
  - (b) the Tier 1 capital ratio of the banking group is not less than 6 per cent;
  - (c) the Common Equity Tier 1 capital ratio of the banking group is not less than 4.5 per cent;
  - (d) the Total capital of the banking group is not less than \$30 million;
  - (e) the bank must not include the amount of an Additional Tier 1 capital instrument or Tier 2 capital instrument issued after 1 January 2013 in the calculation of its capital ratios unless it has received a notice of non-objection to the instrument from the Reserve Bank; and
  - (f) the bank meets the requirements of Part 3 of the Reserve Bank of New Zealand document: "Application requirements for capital recognition or repayment and notification requirements in respect of capital" (BS16) dated November 2015 in respect of regulatory capital instruments.

For the purposes of this condition of registration,—

"**supervisory adjustment**" referred to in Part 3 of the Reserve Bank of New Zealand document "Capital Adequacy Framework (Internal Models Based Approach)" (BS2B) dated November 2015 is calculated as the scalar times the sum of:

- (a) the greater of:
  - i. 27.66 percent of the exposure-at-default (EAD) amount of non-defaulted standard residential mortgage loans less the risk weighted asset amount (without scalar) calculated using the bank's approved IRB models for non-defaulted standard residential mortgage loans; and
  - ii. zero;

and

- (b) the greater of:
  - i. 75.47 percent of the exposure-at-default (EAD) amount of non-defaulted corporate farm lending exposures less the risk weighted asset amount (without scalar) calculated using the bank's approved IRB models for non-defaulted corporate farm lending exposures; and
  - ii. zero;

"**standard residential mortgage loan**" has the same meaning as in 4.7(a) of the Reserve Bank of New Zealand document "Capital Adequacy Framework (Internal Models Based Approach)" (BS2B), dated November 2015;



"**corporate farm lending exposures**" has the same meaning as in 4.4(c) of the Reserve Bank of New Zealand document "Capital Adequacy Framework (Internal Models Based Approach)" (BS2B) dated November 2015;

the scalar referred to in the Reserve Bank of New Zealand document "Capital Adequacy Framework (Internal Models Based Approach)" (BS2B) dated November 2015 and elsewhere in this condition of registration is 1.06;

"**Total capital ratio**", "**Tier 1 capital ratio**", and "**Common Equity Tier 1 capital ratio**" have the same meaning as in Part 3 of the Reserve Bank of New Zealand document "Capital Adequacy Framework (Internal Models Based Approach)" (BS2B) dated November 2015, except that in the formulae for calculating the ratios, the term "total capital requirement for operational risk" has the same meaning as in Part 9 of the Reserve Bank of New Zealand document "Capital Adequacy Framework (Standardised Approach)" (BS2A) dated November 2015;

"**Total capital**" has the same meaning as in Part 2 of the Reserve Bank of New Zealand document "Capital Adequacy Framework (Internal Models Based Approach)" (BS2B) dated November 2015;

an Additional Tier 1 capital instrument is an instrument that meets the requirements of subsection 2.13(a) or (c) of the Reserve Bank of New Zealand document "Capital Adequacy Framework (Internal Models Based Approach)" (BS2B) dated November 2015;

a Tier 2 capital instrument is an instrument that meets the requirements of subsection 2.16(a) or (c) of the Reserve Bank of New Zealand document "Capital Adequacy Framework (Internal Models Based Approach)" (BS2B) dated November 2015.

1A. That—

- (a) the bank has an internal capital adequacy assessment process ("**ICAAP**") that accords with the requirements set out in the document "Guidelines on a bank's internal capital adequacy assessment process" (ICAAP) (BS12) dated December 2007;
- (b) under its ICAAP the bank identifies and measures its "other material risks" defined as all material risks of the banking group that are not explicitly captured in the calculation of the Common Equity Tier 1 capital ratio, the Tier 1 capital ratio and the Total capital ratio under the requirements set out in the document "Capital Adequacy Framework (Internal Models Based Approach)" (BS2B) dated November 2015; and
- (c) the bank determines an internal capital allocation for each identified and measured "other material risk".

1B. That the bank complies with the minimum requirements set out in the following sections of the Reserve Bank of New Zealand document "Capital Adequacy Framework (Internal Models Based Approach)" (BS2B) dated November 2015.

- (a) the model approval requirements in section 1.3A;
- (b) the compendium requirements in section 1.3B;
- (c) the minimum requirements for the IRB approach in sections 4.217 to 4.324 (that is, Subpart 4C of BS2B); and
- (d) the minimum qualitative requirements for using the Advanced Measurement Approach ("AMA") for operational risk set out in section 8.4(a) and sections 8.5 to 8.14.

1C. That, if the buffer ratio of the banking group is 2.5 per cent or less, the bank must:

- (a) according to the following table, limit any distributions of the bank's earnings payable to holders of Additional Tier 1 capital instruments to the percentage limit on distributions that corresponds to the banking group's buffer ratio:

<b>Banking group's buffer ratio</b>	<b>Percentage limit on distributions of the bank's earnings</b>
0 per cent – 0.625 per cent	0 per cent
>0.625 – 1.25 per cent	20 per cent
>1.25 – 1.875 per cent	40 per cent
>1.875 – 2.5 per cent	60 per cent

- (b) prepare a capital plan to restore the banking group's buffer ratio to above 2.5 per cent within any timeframe determined by the Reserve Bank for restoring the buffer ratio; and
- (c) have the capital plan approved by the Reserve Bank.

For the purposes of this condition of registration,—

an Additional Tier 1 capital instrument is an instrument that meets the requirements of subsection 2.13(a) or (c) of the Reserve Bank of New Zealand document "Capital Adequacy Framework (Internal Models Based Approach)" (BS2B) dated November 2015;

"**buffer ratio**", "**distributions**", and "**earnings**" have the same meaning as in Part 3 of the Reserve Bank of New Zealand document: "Capital Adequacy Framework (Internal Models Based Approach)" (BS2B) dated November 2015, except that in the formula for calculating the buffer ratio, the term "total capital requirement for operational risk" has the same meaning as in Part 9 of the Reserve Bank of New Zealand document "Capital Adequacy Framework (Standardised Approach)" (BS2A) dated November 2015.

the scalar referred to in the Reserve Bank of New Zealand document "Capital Adequacy Framework (Internal Models Based Approach)" (BS2B) dated November 2015 is 1.06.

- 1D. That the bank must make no distributions, whether paid out of earnings, or out of accumulated previous years' retained earnings or other reserves included within the banking group's total capital, other than discretionary payments payable to holders of Additional Tier 1 capital instruments to the extent permitted by condition 1C.

For the purposes of this condition of registration,—

an Additional Tier 1 capital instrument is an instrument that meets the requirements of subsection 2.13(a) or (c) of the Reserve Bank of New Zealand document "Capital Adequacy Framework (Internal Models Based Approach)" (BS2B) dated November 2015;

"**Total capital**" has the same meaning as in Part 2 of the Reserve Bank of New Zealand document "Capital Adequacy Framework (Internal Models Based Approach)" (BS2B) dated November 2015;

"**distributions**", and "**earnings**" have the same meaning as in Part 3 of the Reserve Bank of New Zealand document: "Capital Adequacy Framework (Internal Models Based Approach)" (BS2B) dated November 2015.

- 2. That the banking group does not conduct any non-financial activities that in aggregate are material relative to its total activities.

In this condition of registration, the meaning of "material" is based on generally accepted accounting practice.

- 3. That the banking group's insurance business is not greater than 1 per cent of its total consolidated assets.

For the purposes of this condition of registration, the banking group's insurance business is the sum of the following amounts for entities in the banking group:

- (a) if the business of an entity predominantly consists of insurance business and the entity is not a subsidiary of another entity in the banking group whose business predominantly

consists of insurance business, the amount of the insurance business to sum is the total consolidated assets of the group headed by the entity; and

- (b) if the entity conducts insurance business and its business does not predominantly consist of insurance business and the entity is not a subsidiary of another entity in the banking group whose business predominantly consists of insurance business, the amount of the insurance business to sum is the total liabilities relating to the entity's insurance business plus the equity retained by the entity to meet the solvency or financial soundness needs of its insurance business.

In determining the total amount of the banking group's insurance business—

- (a) all amounts must relate to on balance sheet items only, and must comply with generally accepted accounting practice; and
- (b) if products or assets of which an insurance business is comprised also contain a non-insurance component, the whole of such products or assets must be considered part of the insurance business.

For the purposes of this condition of registration,—

"**insurance business**" means the undertaking or assumption of liability as an insurer under a contract of insurance;

"**insurer**" and "**contract of insurance**" have the same meaning as provided in sections 6 and 7 of the Insurance (Prudential Supervision) Act 2010.

- 4. That the aggregate credit exposures (of a non-capital nature and net of any allowances for impairment) of the banking group to all connected persons do not exceed the rating-contingent limit outlined in the following matrix:

Credit rating of the bank <sup>(1)</sup>	Connected exposure limit (per cent of the banking group's Tier 1 capital)
AA/Aa2 and above	75
AA-/Aa3	70
A+/A1	60
A/A2	40
A-/A3	30
BBB+/Baa1 and below	15

(1) This table uses the rating scales of S&P Global, Fitch and Moody's. (Fitch's scale is identical to S&P Global.)

Within the rating-contingent limit, credit exposures (of a non-capital nature and net of any allowances for **impairment**) to non-bank connected persons shall not exceed 15 per cent of the banking group's Tier 1 capital.

For the purposes of this condition of registration, compliance with the rating-contingent connected exposure limit is determined in accordance with the Reserve Bank of New Zealand document entitled "Connected Exposures Policy" (BS8) dated November 2015.

- 5. That exposures to connected persons are not on more favourable terms (e.g. as relates to such matters as credit assessment, tenor, interest rates, amortisation schedules and requirement for collateral) than corresponding exposures to non-connected persons.
- 6. That the bank complies with the following corporate governance requirements:
  - (a) the board of the bank must have at least five directors;
  - (b) the majority of the board members must be non-executive directors;
  - (c) at least half of the board members must be independent directors;

- (d) an alternate director,—
  - (i) for a non-executive director must be non-executive; and
  - (ii) for an independent director must be independent;
- (e) at least half of the independent directors of the bank must be ordinarily resident in New Zealand;
- (f) the chairperson of the board of the bank must be independent; and
- (g) the bank's constitution must not include any provision permitting a director, when exercising powers or performing duties as a director, to act other than in what he or she believes is the best interests of the company (i.e. the bank).

For the purposes of this condition of registration, "**non-executive**" and "**independent**" have the same meaning as in the Reserve Bank of New Zealand document entitled "Corporate Governance" (BS14) dated July 2014.

7. That no appointment of any director, chief executive officer, or executive who reports or is accountable directly to the chief executive officer, is made in respect of the bank unless:
  - (a) the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and
  - (b) the Reserve Bank has advised that it has no objection to that appointment.
8. That a person must not be appointed as chairperson of the board of the bank unless:
  - (a) the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and
  - (b) the Reserve Bank has advised that it has no objection to that appointment.
9. That the bank has a board audit committee, or other separate board committee covering audit matters, that meets the following requirements:
  - (a) the mandate of the committee must include: ensuring the integrity of the bank's financial controls, reporting systems and internal audit standards;
  - (b) the committee must have at least three members;
  - (c) every member of the committee must be a non-executive director of the bank;
  - (d) the majority of the members of the committee must be independent; and
  - (e) the chairperson of the committee must be independent and must not be the chairperson of the bank.

For the purposes of this condition of registration, "**non-executive**" and "**independent**" have the same meaning as in the Reserve Bank of New Zealand document entitled "Corporate Governance" (BS14) dated July 2014.

10. That a substantial proportion of the bank's business is conducted in and from New Zealand.
11. That the bank has legal and practical ability to control and execute any business, and any functions relating to any business, of the bank that are carried on by a person other than the bank, sufficient to achieve, under normal business conditions and in the event of stress or failure of the bank or of a service provider to the bank, the following outcomes:
  - (a) that the bank's clearing and settlement obligations due on a day can be met on that day;
  - (b) that the bank's financial risk positions on a day can be identified on that day;

- (c) that the bank's financial risk positions can be monitored and managed on the day following any failure and on subsequent days; and
- (d) that the bank's existing customers can be given access to payments facilities on the day following any failure and on subsequent days.

This condition ceases to apply in respect of an existing outsourcing arrangement on the earlier of either 1 October 2023 or when the existing outsourcing arrangement becomes compliant with condition 21, from which point in time condition 21 will apply to that outsourcing arrangement.

For the purposes of this condition of registration:

- (a) the term "legal and practical ability to control and execute" is explained in the Reserve Bank of New Zealand document entitled "Outsourcing Policy" (BS11) dated January 2006; and
- (b) the term "existing outsourcing arrangement" is defined in the Reserve Bank of New Zealand document entitled "Outsourcing Policy (BS11)" dated April 2020.

12. That:

- (a) the business and affairs of the bank are managed by, or under the direction or supervision of, the board of the bank;
- (b) the employment contract of the chief executive officer of the bank or person in an equivalent position (together "CEO") is with the bank, and the terms and conditions of the CEO's employment agreement are determined by, and any decisions relating to the employment or termination of employment of the CEO are made by, the board of the bank; and
- (c) all staff employed by the bank shall have their remuneration determined by (or under the delegated authority of) the board or the CEO of the bank and be accountable (directly or indirectly) to the CEO of the bank.

13. That the banking group complies with the following quantitative requirements for liquidity-risk management:

- (a) the one-week mismatch ratio of the banking group is not less than zero per cent at the end of each business day;
- (b) the one-month mismatch ratio of the banking group is not less than zero per cent at the end of each business day; and
- (c) the one-year CFR of the banking group is not less than 50 per cent at the end of each business day.

For the purposes of this condition of registration, the ratios identified must be calculated in accordance with the Reserve Bank of New Zealand documents entitled "Liquidity Policy" (BS13) dated January 2018 and "Liquidity Policy Annex: Liquid Assets" (BS13A) dated October 2018.

14. That the bank has an internal framework for liquidity risk management that is adequate in the bank's view for managing the bank's liquidity risk at a prudent level, and that, in particular:

- (a) is clearly documented and communicated to all those in the organisation with responsibility for managing liquidity and liquidity risk;
- (b) identifies responsibility for approval, oversight and implementation of the framework and policies for liquidity risk management;
- (c) identifies the principal methods that the bank will use for measuring, monitoring and controlling liquidity risk; and

- (d) considers the material sources of stress that the bank might face, and prepares the bank to manage stress through a contingency funding plan.

15. That no more than 10 per cent of total assets may be beneficially owned by a SPV.

For the purposes of this condition,—

"**total assets**" means all assets of the banking group plus any assets held by any SPV that are not included in the banking group's assets:

"**SPV**" means a person—

- (a) to whom any member of the banking group has sold, assigned, or otherwise transferred any asset;
- (b) who has granted, or may grant, a security interest in its assets for the benefit of any holder of any covered bond; and
- (c) who carries on no other business except for that necessary or incidental to guarantee the obligations of any member of the banking group under a covered bond:

"**covered bond**" means a debt security issued by any member of the banking group, for which repayment to holders is guaranteed by a SPV, and investors retain an unsecured claim on the issuer.

16. That—

- (a) no member of the banking group may give effect to a qualifying acquisition or business combination that meets the notification threshold, and does not meet the non-objection threshold, unless:
  - (i) the bank has notified the Reserve Bank in writing of the intended acquisition or business combination and at least 10 working days have passed; and
  - (ii) at the time of notifying the Reserve Bank of the intended acquisition or business combination, the bank provided the Reserve Bank with the information required under the Reserve Bank of New Zealand Banking Supervision Handbook document "Significant Acquisitions Policy" (BS15) dated December 2011; and
- (b) no member of the banking group may give effect to a qualifying acquisition or business combination that meets the non-objection threshold unless:
  - (i) the bank has notified the Reserve Bank in writing of the intended acquisition or business combination;
  - (ii) at the time of notifying the Reserve Bank of the intended acquisition or business combination, the bank provided the Reserve Bank with the information required under the Reserve Bank of New Zealand Banking Supervision Handbook document "Significant Acquisitions Policy" (BS15) dated December 2011; and
  - (iii) the Reserve Bank has given the bank a notice of non-objection to the significant acquisition or business combination.

For the purposes of this condition of registration, "**qualifying acquisition or business combination**", "**notification threshold**" and "**non-objection threshold**" have the same meaning as in the Reserve Bank of New Zealand Banking Supervision Handbook document "Significant Acquisitions Policy" (BS15) dated December 2011.

17. That the bank is pre-positioned for Open Bank Resolution and in accordance with a direction from the Reserve Bank, the bank can—
- (a) close promptly at any time of the day and on any day of the week and that effective upon the appointment of the statutory manager—
    - (i) all liabilities are frozen in full; and
    - (ii) no further access by customers and counterparties to their accounts (deposits, liabilities or other obligations) is possible;
  - (b) apply a *de minimis* to relevant customer liability accounts;
  - (c) apply a partial freeze to the customer liability account balances;
  - (d) reopen by no later than 9am the next business day following the appointment of a statutory manager and provide customers access to their unfrozen funds;
  - (e) maintain a full freeze on liabilities not pre-positioned for open bank resolution; and
  - (f) reinstate customers' access to some or all of their residual frozen funds.

For the purposes of this condition of registration, "*de minimis*", "**partial freeze**", "**customer liability account**", and "**frozen and unfrozen funds**" have the same meaning as in the Reserve Bank of New Zealand document "Open Bank Resolution (OBR) Pre-positioning Requirements Policy" (BS17) dated September 2013.

18. That the bank has an Implementation Plan that—
- (a) is up-to-date; and
  - (b) demonstrates that the bank's prepositioning for Open Bank Resolution meets the requirements set out in the Reserve Bank document: "Open Bank Resolution Pre-positioning Requirements Policy" (BS17) dated September 2013.

For the purposes of this condition of registration, "**Implementation Plan**" has the same meaning as in the Reserve Bank of New Zealand document "Open Bank Resolution (OBR) Pre-positioning Requirements Policy" (BS17) dated September 2013.

19. That the bank has a compendium of liabilities that—
- (a) at the product-class level lists all liabilities, indicating which are—
    - (i) pre-positioned for Open Bank Resolution; and
    - (ii) not pre-positioned for Open Bank Resolution;
  - (b) is agreed to by the Reserve Bank; and
  - (c) if the Reserve Bank's agreement is conditional, meets the Reserve Bank's conditions.

For the purposes of this condition of registration, "**compendium of liabilities**", and "**pre-positioned and non pre-positioned liabilities**" have the same meaning as in the Reserve Bank of New Zealand document "Open Bank Resolution (OBR) Pre-positioning Requirements Policy" (BS17) dated September 2013.

20. That on an annual basis the bank tests all the component parts of its Open Bank Resolution solution that demonstrates the bank's pre-positioning for Open Bank Resolution as specified in the bank's Implementation Plan.

For the purposes of this condition of registration, "**Implementation Plan**" has the same meaning as in the Reserve Bank of New Zealand document "Open Bank Resolution (OBR) Pre-positioning Requirements Policy" (BS17) dated September 2013.

21. That the bank must comply with the Reserve Bank of New Zealand document "Outsourcing Policy" (BS11) dated April 2020.

In these conditions of registration,—

**"banking group"** means ANZ Bank New Zealand Limited (as reporting entity) and all other entities included in the group as defined in section 6(1) of the Financial Markets Conduct Act 2013 for the purposes of Part 7 of that Act.

**"generally accepted accounting practice"** has the same meaning as in section 8 of the Financial Reporting Act 2013.

### **Section 95 Reviews**

See *"Recent Developments—Section 95 Reviews"*

### **Non-compliance with Conditions of Registration**

See *"Recent Developments—Non-compliance with Conditions of Registration"*

### **ANZNIL**

ANZNIL is not a registered bank, and so is not directly subject to the Conditions of Registration imposed by the RBNZ, nor is it directly regulated by the RBNZ under the Reserve Bank Act. However, it is part of the banking group for the purposes of ANZ New Zealand's registration.



## AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

*The following information regarding ANZ New Zealand's ultimate parent company, ANZBGL, is presented solely for your reference. ANZBGL is not providing a guarantee or any other type of credit support of the Covered Bonds.*

### Overview

ANZBGL and its subsidiaries (together, the "**ANZ Group**"), which began its Australian operations in 1835 and its New Zealand operations in 1840, is one of the four major banking groups headquartered in Australia. ANZBGL is a public company limited by shares incorporated in Australia and was registered in the State of Victoria on 14 July 1977. ANZBGL's registered office is located at Level 9, 833 Collins Street, Docklands, Victoria, 3008, Australia, and the telephone number is +61 3 9683 9999. ANZBGL's Australian Business Number is ABN 11 005 357 522.

The ANZ Group provides a broad range of banking and financial products and services to retail, small business, corporate and institutional customers. Geographically, operations span Australia, New Zealand, a number of countries in the Asia Pacific region, the United Kingdom, France, Germany and the United States.

As of 31 March 2020, the ANZ Group had total assets of A\$1,150.0 billion and shareholders' equity excluding non-controlling interests of A\$61.4 billion. In terms of total assets among banking groups, the ANZ Group ranked first in Australia<sup>1</sup> as of 31 March 2020 and first in New Zealand<sup>2</sup> as of 31 March 2020.

ANZBGL's principal ordinary share listing and quotation is on the Australian Securities Exchange (the "**ASX**"). Its ordinary shares are also quoted on the New Zealand Stock Exchange (the "**NZX**"). At the close of trading on 31 July 2020, ANZBGL had a market capitalisation of A\$50.9 billion, which ranked among the top eight largest companies listed on the ASX<sup>3</sup>.

### Business Model

The ANZ Group's business model primarily consists of raising funds through customer deposits and the wholesale debt markets and lending those funds to customers. In addition, the ANZ Group operates a Markets business which earns revenue from sales, trading and risk management activities. The ANZ Group also provides payments and clearing solutions. The Group previously earned revenue from its wealth activities through the provision of insurance, superannuation and funds management services, which are largely classified as discontinued operations.

The ANZ Group's primary lending activities are personal lending covering residential home loans, credit cards and overdrafts, and lending to corporate and institutional customers.

The ANZ Group's income is derived from a number of sources, primarily:

- Net interest income – represents the difference between the interest income the ANZ Group earns on its lending activities and the interest paid on customer deposits and wholesale funding;
- Net fee and commission income – represents fee income earned on lending and non-lending related financial products and services. It includes net funds management income;
- Share of associates' profits – represents the ANZ Group's share of the profit of an entity over which the ANZ Group has significant influence but not control; and

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<sup>1</sup> Source: Commonwealth Bank of Australia results announcement for the fiscal half year ended 31 December 2019; National Australia Bank results announcement for the fiscal half year ended 31 March 2020; Westpac Banking Corporation results announcement for the fiscal half year ended 31 March 2020.

<sup>2</sup> Source: Reserve Bank of New Zealand Bank Financial Strength Dashboard (<https://bankdashboard.rbnz.govt.nz/summary>) for the quarter ending 31 March 2020.

<sup>3</sup> Source: IRESS.

- Other income – includes income earned from the provision of insurance solutions, revenue generated from sales, trading and risk management activities in the Markets business, net foreign exchange earnings and gains and losses from economic and revenue and expense hedges.

## Strategy

The ANZ Group's strategy is focused on improving the financial wellbeing of its customers; having the right people who listen, learn and adapt; putting the best tools and insights into their hands; and focusing on those few things that it believes really add value to customers and doing them right the first time.

Purpose			
ANZ's purpose is to shape a world where people and communities thrive			
Strategic Imperatives	Strategy		Target Outcomes
Create a simpler, better capitalised, better balanced bank	Improving the financial wellbeing of customers		Improve the financial wellbeing of our customers
Build a superior experience for our people and customers in order to compete in the digital age	Looking to save for, buy and own a home	Looking to start, buy and grow a business	Looking to move capital and goods around the region
Focus our efforts where we can carve out a winning position	With people who listen, learn and adapt	With the best tools and insights	Deliver decent returns for our shareholders <ul style="list-style-type: none"> <li>• target growth</li> <li>• low cost</li> <li>• capital efficient</li> </ul>
Drive a purpose and values led transformation of the Bank	With flexible, resilient, digital infrastructure that supports great customer experience at lower cost		Resilient, adaptable & capable workforce <ul style="list-style-type: none"> <li>• target growth</li> <li>• low cost</li> <li>• capital efficient</li> </ul>

## Principal activities of the ANZ Group

The ANZ Group operates on a divisional structure with five continuing divisions: Australia Retail and Commercial, Institutional, New Zealand, Pacific, and TSO and Group Centre.

The divisions reported below are consistent with operating segments as defined in AASB 8 Operating Segments and with internal reporting provided to the chief operating decision maker, being the Chief Executive Officer.

As of 31 March 2020, the principal activities of the five continuing divisions were:

### Australia Retail and Commercial

The Australia Retail and Commercial division comprises the following business units.

- Retail provides products and services to consumer customers in Australia via the branch network, mortgage specialists, contact centres and a variety of self-service channels (internet banking, phone banking, ATMs, website, ANZ share investing and digital banking) and third party brokers in addition to financial planning services provided by salaried financial planners.
- Commercial (previously named Business & Private Banking) provides a full range of banking products and financial services, including asset financing, across the following customer segments: medium to large commercial customers and agribusiness customers across regional Australia, small business owners and high net worth individuals and family groups.

### Institutional

The Institutional division services government, global institutional and corporate customers across three product sets: Transaction Banking, Loans & Specialised Finance and Markets.

- Transaction Banking provides working capital and liquidity solutions including documentary trade, supply chain financing, commodity financing as well as cash management solutions, deposits, payments and clearing.

- (b) Loans & Specialised Finance provides loan products, loan syndication, specialised loan structuring and execution, project and export finance, debt structuring and acquisition finance and corporate advisory.
- (c) Markets provides risk management services on foreign exchange, interest rates, credit, commodities and debt capital markets in addition to managing the ANZ Group's interest rate exposure and liquidity position across Franchise Sales, Franchise Trading and Balance Sheet subdivisions.

### **New Zealand**

See "*The ANZ New Zealand Group's organisational structure*" in this Base Prospectus.

### **Pacific**

The Pacific division provides products and services to retail customers, small to medium-sized enterprises, institutional customers and governments located in the Pacific Islands. Products and services include retail products provided to consumers, traditional relationship banking and sophisticated financial solutions provided to business customers through dedicated managers.

### **TSO and Group Centre**

TSO and Group Centre division provides support to the operating divisions, including technology, group operations, shared services, property, risk management, financial management, strategy, marketing, human resources and corporate affairs. The Group Centre includes residual Asia Retail and Wealth, Group Treasury, Shareholder Functions and minority investments in Asia.

## THE ANZ NZ COVERED BOND TRUST

### The Trust

The ANZ NZ Covered Bond Trust (the "**Trust**") is a special purpose trust established by the Establishment Deed under New Zealand law on 11 February 2011. The Covered Bond Guarantor is the trustee of the Trust.

The Covered Bond Guarantor's principal office is at Level 9, 34 Shortland Street, Auckland, 1010, New Zealand. The telephone number of the Covered Bond Guarantor's principal office is +64 9 985 6838.

The Covered Bond Guarantor is dependent on the Trust Manager, the Servicer and the Calculation Manager (among 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, Housing 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 it is or will be a party and other matters which are incidental or ancillary to the foregoing.

### Beneficiaries

The Residual Income Beneficiary and the Residual Capital Beneficiary of the Trust as at the date of this Base Prospectus is The ANZ Staff Foundation.

### Trustee of the ANZ NZ Covered Bond Trust

The Covered Bond Guarantor is the trustee of the Trust. In its capacity as trustee of the Trust, the Covered Bond Guarantor's principal business is to acquire, *inter alia*, Housing Loans and the Related Security from the Seller pursuant to the terms of the Mortgage Sale Agreement and to guarantee certain payments in respect of the Covered Bonds. The Covered Bond Guarantor will hold the Housing Loans forming part of the assets of the Trust and the Secured Obligations as trustee in accordance with the terms of the Programme Documents.

The Covered Bond Guarantor has provided a guarantee covering all Guaranteed Amounts when the same become Due for Payment, but only following service on the Relevant Issuer and, as applicable, the Guarantor (if ANZNIL is the Issuer) of an Issuer Acceleration Notice and service 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 on the Covered Bond Guarantor, the Issuers and the Guarantor. The obligations of the Covered Bond Guarantor under the Covered Bond Guarantee and the other Programme Documents to which it is a party are secured by the Security Deed under which the Covered Bond Guarantor has granted security over the Charged Property.

### Trust Manager

At the date of this Base Prospectus, the Trust Manager is ANZ Capel Court Limited. The registered office address of the Trust Manager is ANZ Centre Melbourne, Level 9, 833 Collins Street, Docklands, Victoria 3008, Australia.

Pursuant to the Establishment Deed, the Trust Manager will act as manager of the Trust and will provide certain administrative services required by the Trust 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 will be entitled to a fee, which will be paid in accordance with the applicable Priority of Payments.

The directors of ANZ Capel Court Limited, the principal business address of each of whom should be regarded for the purposes of this Base Prospectus as being Level 9, 833 Collins Street, Docklands, Victoria 3008, Australia, and their principal outside activities, where significant, are as follows:

Graham David Metcalf	Director	Head of Structured Capital Markets, Markets, Australia and New Zealand Banking Group Limited
Michael John Prosser	Director	Head of Institutional Portfolio Management, Australia and New Zealand Banking Group Limited
Joanne Elizabeth Scanlan	Director	Head, Markets Transaction Management, Australia and New Zealand Banking Group Limited

As at the date of this Base Prospectus, no potential conflicts or conflicts of interest exist between any duties owed to ANZ Capel Court Limited by the members of its Board of Directors listed above and their private interests and/or other duties in respect of their management roles.

#### **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 Issuers, the Guarantor, 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" below);
- (b) the covenants of the Issuers, the Guarantor and the Covered Bond Guarantor;
- (c) the terms of the Guarantee and the Covered Bond Guarantee (as described below);
- (d) the enforcement procedures relating to the Covered Bonds, the Guarantee 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 Guarantee and the Covered Bond Guarantee***

#### *The Guarantee*

Where the Issuer is ANZNIL the Guarantor has guaranteed to the Bond Trustee, for the benefit of Covered Bondholders and the Bond Trustee, the prompt performance by ANZNIL of its obligations to pay on the due dates all moneys payable under the Bond Trust Deed, the Covered Bonds, the Receipts and the Coupons.

If ANZNIL defaults in the payment on the due date of any moneys payable under or pursuant to the Bond Trust Deed, the Covered Bonds, the Receipts or the Coupons, the Guarantor, as principal obligor, shall, following service of a written demand on the Guarantor by the Bond Trustee, pay or procure to be paid to or to the order of the Bond Trustee (for the benefit of itself and the Covered Bondholders (to be applied in accordance with the Programme Documents)), in the currency and at the place and in a manner specified by the Bond Trust Deed, the amount in respect of which such default has been made or to the extent only of any amounts still then unpaid.

#### *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 Issuers and the Guarantor (in the case of Covered Bonds issued by ANZNIL) of their obligations to pay an amount equal to 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 Relevant Issuer and, if applicable, the Guarantor 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 Relevant Issuer or the Guarantor (in the case of Covered Bonds issued by ANZNIL) to the relevant Covered Bondholder, Receiptholders 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 Relevant Issuer and the Guarantor (in the case of Covered Bonds issued by ANZNIL).

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 Guarantor 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(b) (*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, Receipts 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 taxes, duties, assessment or other charges of whatever nature imposed or levied by or on behalf of New Zealand and/or, where the Relevant Issuer is acting through its branch, the jurisdiction, country or territory in which the branch through which the Relevant Issuer is acting as specified in the relevant Final Terms is located or in each case, any political sub-division thereof, or by any authority therein or thereof having power to tax unless such withholding or deduction is required by law. 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, Receipts and/or Coupons in respect of the amount of such withholding or deduction.

See "*Taxation*" for further information.

*Guarantor and Covered Bond Guarantor as principal debtor and not merely as surety*

The Guarantor and the Covered Bond Guarantor have each agreed that its obligations under the Bond Trust Deed shall be as if it were principal debtor and not merely as surety or guarantor and shall be absolute and (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, irrespective of, and unaffected by, any invalidity, irregularity, illegality or unenforceability of, or defect in, any provisions of the Bond Trust Deed or any other Programme Document, or the absence of any action to enforce the same or the waiver, modification or consent by the Bond Trustee, any of the Covered Bondholders, Receiptholders or Couponholders in respect of any provisions of the same or the obtaining of any judgment or decree against an Issuer or the Guarantor, or any action to enforce the same, or any other circumstances which might otherwise constitute a legal or equitable discharge or defence of a guarantor.

*Excess Proceeds*

Following the occurrence of an Issuer Event of Default and the delivery of an Issuer Acceleration Notice, and Notice to Pay, any Excess Proceeds which are received by the Bond Trustee from an Issuer, the Guarantor (in the case of Covered Bonds issued by ANZNIL) or any receiver, liquidator, administrator or other similar official appointed in relation to the Issuer or the Guarantor 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 Relevant Issuer and the Guarantor (in the case of Covered Bonds issued by ANZNIL) in respect of the Covered Bonds, Receipts and Coupons and the obligations of the Guarantor in respect of the Guarantee (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 (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 each Series or, as applicable, each 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 each Series or, as applicable, each Tranche of Covered Bonds, and for a matching term. Each Term Advance will be used by the Covered Bond Guarantor (if not denominated in NZ dollars upon exchange into NZ dollars under the applicable Covered Bond Swap): (A) if a New Housing Loan Portfolio is being acquired in connection with the issue of the related Series or Tranche of Covered Bonds (i) to fund (in whole or in part) the Purchase Price of the New Housing 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 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): (B) if an existing Series or Tranche or part of an existing Series or Tranche of Covered Bonds is being refinanced by the issue of a further Series or Tranche of Covered Bonds to which the 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 (C) 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 (D) to make a deposit of all or part of the proceeds into the GIC Account (including, without limitation, to fund the Reserve Fund).

Neither the Relevant Issuer nor the Guarantor (in the case of Covered Bonds issued by ANZNIL) will be relying on repayment of any Term Advance in order to meet its repayment obligations under the Covered Bonds. The Covered Bond Guarantor 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, 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 Trust 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 Relevant Issuer or the Guarantor (in the case of Covered Bonds issued by ANZNIL) to pay the relevant amount due on the Covered Bonds.

Any amounts owing by the Intercompany Loan Provider (as Issuer or, in the case of the Covered Bonds issued by ANZNIL, as Guarantor of a particular Series or Tranche of Covered Bonds (as the case may be)) to the Covered Bond Guarantor in respect of amounts paid by the Covered Bond Guarantor under the Covered Bond Guarantee in relation to the particular Series or Tranche of Covered Bonds or the purchase of the particular Series or Tranche of Covered Bonds, 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 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 that Series or Tranche of Covered Bonds. 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(i) (*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 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 Housing 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 Housing 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 pay to the Seller the Purchase Price of a Further Advance or to reimburse the Seller for funding a Cash Redraw (if on any Trust Payment Date the Available Principal Receipts (if any) are not sufficient to pay to the Seller the Purchase Price of a Further Advance or to reimburse the Seller for funding a Cash Redraw that the Covered Bond Guarantor has agreed may remain in the Housing Loan Portfolio in accordance with the Mortgage Sale Agreement).

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 Housing 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 the 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. If on any Trust Payment Date the Asset Coverage Test will be breached after giving effect to a repayment of the Demand Loan, no amount will be repayable on the Demand Loan on such date.

Any amounts owing by the Demand Loan Provider (as Issuer or, in the case of Covered Bonds issued by ANZNIL, as Guarantor of a particular Series or Tranche of Covered Bonds (as the case may be)) to the Covered Bond Guarantor in respect of amounts paid by the Covered Bond Guarantor under the Covered Bond Guarantee in relation to the particular Series or Tranche of Covered Bonds or the purchase of the particular Series or Tranche of Covered Bonds by the Covered Bond Guarantor, as applicable, which are not set-off in accordance with the order of priority contained in paragraphs (a) to (c) of the description of 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 Intercompany 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 Housing Loans and Related Security***

Housing Loans and the Related Security have been and will be sold to the Covered Bond Guarantor from time to time pursuant to the terms of the Mortgage Sale Agreement entered into on the Programme Date between ANZ New Zealand as Seller, Calculation Manager, Issuer, Guarantor, Servicer and All Moneys Mortgage Beneficiary, ANZNIL, the Covered Bond Guarantor, the Trust Manager and the Security Trustee.

The types of Housing Loans forming part of the Housing Loan Portfolio will vary over time provided that at the time the relevant Housing Loans are sold to the Covered Bond Guarantor, the Housing Loans are Qualifying Housing Loans (as described below) on the relevant Transfer Date. Accordingly, New Housing Loans sold by the Seller to the Covered Bond Guarantor on a Transfer Date may have characteristics that differ from Housing Loans already in the Housing 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 Housing Loans and Related Security from the Seller in the four circumstances described below:

- (a) *first*, in relation to the issue of Covered Bonds from time to time in accordance with the Programme, the proceeds of a Demand Loan Advance 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 Housing 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 Housing 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 Housing Loans and the Related Security,

then the Covered Bond Guarantor shall use the Available Principal Receipts to acquire New Housing 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 Housing 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 Housing 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 Housing Loans and the Related Security to the Covered Bond Guarantor so the Asset Coverage Test is met on or before the next Determination Date; and
- (d) *fourth*, if the Servicer notifies the Covered Bond Guarantor and the Seller that the Interest Rate Shortfall Test has not been met and the Covered Bond Guarantor and the Security Trustee notify the Servicer and the Seller that further Housing 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 in accordance with the Mortgage Sale Agreement sufficient New Housing 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.

In exchange for the sale of the Housing 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 the Purchase Price for each New Housing Loan Portfolio shall be set-off against any amount payable on the Transfer Date by ANZ New Zealand 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 Housing Loan Portfolio shall be paid on the applicable Transfer Date.

The Seller will be required to repurchase Housing 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 Housing Loans**

The sale of Housing 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 Housing Loan is a Qualifying Housing Loan. A Qualifying Housing Loan is a Housing Loan that satisfies the following eligibility criteria:

- (a) it is due from a Qualifying Borrower;
- (b) it is repayable in NZ dollars;
- (c) it is fully drawn;

- (d) its term does not exceed 30 years;
- (e) it has a Current Principal Balance no greater than \$2,000,000;
- (f) it is secured by a Mortgage over Property in New Zealand which is a registered first ranking mortgage;
- (g) the Property subject to a Mortgage has erected on it a residential dwelling which is not under construction (excluding renovations permitted by the terms of the Housing Loan);
- (h) it is not 30-days or more in arrears;
- (i) its sale does not contravene or conflict with any applicable law;
- (j) it has been approved and originated by the Seller in accordance with the Servicing Procedures and the Seller has verified the ability of the Borrower to meet his or her payment obligations under the Housing Loan; and
- (k) the Borrower has made at least one interest payment under the Housing Loan.

On each Transfer Date, the Representations and Warranties (described below in "*Representations and Warranties*") will be given by the Seller in respect of the Housing Loans and the Related Security sold by the Seller to the Covered Bond Guarantor on that Transfer Date.

***Transfer of Title to the Housing Loans to the Covered Bond Guarantor***

Housing 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 Housing Loans in the Housing Loan Portfolio and the Related Security to the Covered Bond Guarantor and the transfer of custody of the Housing Loan Files to the Covered Bond Guarantor, or the Trust Manager on its behalf, may be completed by the Covered Bond Guarantor, or the Trust Manager on its behalf, after the earliest to occur of the following events ("**Title Perfection Events**"):

- (a) the occurrence of an Issuer Event of Default and the service on the Issuers and the Guarantor of an Issuer Acceleration Notice and the service on the Covered Bond Guarantor of a Notice to Pay unless the Seller has notified the Covered Bond Guarantor that it will accept the offer set out in a Selected Housing Loan Offer Notice within the prescribed time in relation to the Housing Loans and the Related Security specified in the Selected Housing 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 Housing Loans and the Related Security as specified; or
- (b) in respect of Selected Housing Loans and the Related Security 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 Housing Loans and the Related Security (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 Housing 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 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 ANZ New Zealand's role as Servicer under the Servicing Agreement unless (i) at the relevant date of termination any Substitute Servicer is a member of the ANZ 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 ANZ New Zealand's role as Servicer);
- (f) the Seller requesting the perfection of a sale of Housing Loans and the Related Security and transfer of custody of the Housing Loan Files by giving notice in writing to the Covered Bond Guarantor and the Security Trustee;
- (g) the occurrence of an Insolvency Event in relation to the Seller; or
- (h) the Seller's unsecured, unsubordinated, long-term senior debt obligations being 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 Housing Loans in the Housing Loan Portfolio and the Related Security, following the acquisition of such Housing 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 Housing 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 A&I Form relating to any Housing Loans 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 ANZ New Zealand and 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 Housing Loans. The power of attorney will not be exercisable by the Covered Bond Guarantor until the occurrence of a Title Perfection Event. Upon the occurrence of a Title Perfection Event, the Servicer must deliver to or at the written direction of the Covered Bond Guarantor all Housing 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 Housing 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 Housing 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 Housing Loans and the Related Security (where entitled to do so as provided above).

### ***Representations and Warranties***

Neither the Covered Bond Guarantor, the Trust Manager nor the Security Trustee has made or has caused to be made on its behalf any enquiries, searches or investigations in respect of the Housing Loans and the Related Security to be sold to the Covered Bond Guarantor. Instead, each will rely entirely on the Representations and Warranties to the Covered Bond Guarantor, the Trust Manager and the Security Trustee made by the Seller and contained in the Mortgage Sale Agreement. The Seller makes the following Representations and Warranties to the Covered Bond Guarantor, the Trust Manager and the Security Trustee in relation to each Housing Loan and the Related Security on the relevant Transfer Date:

- (a) At the time the Seller entered into the Housing Loan the Housing Loan and each Related Security complied with all applicable laws.

- (b) The Housing Loan was originated by the Seller in accordance with, in all material respects, its Servicing Procedures in force at the time of the origination of the Housing Loan and the exercise of any discretion by the Seller in making the Housing Loan was consistent with the practice of a Prudent Mortgage Lender.
- (c) Immediately prior to making the Housing Loan, the nature and amount of the Housing Loan and the Related Security and the circumstances of the relevant Borrower and the relevant Property satisfied the Servicing Procedures in all material respects.
- (d) The Servicing Procedures of the Seller are consistent with those of a Prudent Mortgage Lender.
- (e) The terms of the Housing Loan and any Related Security, have not been impaired, waived, altered or modified in any respect, except changes to the terms of the Housing Loan to which a Prudent Mortgage Lender would have agreed, recorded in a written instrument forming part of the mortgage documentation applicable to the Housing Loan.
- (f) The Housing 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 Housing 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 Housing Loan is a Qualifying Housing 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 Housing 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 Housing 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 Housing Loan.
- (k) The Seller is the sole legal and beneficial owner of the Housing Loan, the related Mortgage and any other Related Security, and no Security Interest exists in relation to its right, title and interests in the Housing 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 Housing Loan.
- (n) The Housing Loan is (or is a combination of) a fixed interest rate Housing Loan or a variable interest rate Housing Loan. If it is a variable interest rate Housing Loan, the terms of the Housing Loan allow the Seller to change the applicable variable interest rate in accordance with the applicable Housing Loan Conditions.
- (o) Except if the Housing 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 Housing 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 Housing Loan and any change will be

effective on notice being given to the Borrower in accordance with the Housing Loan Conditions.

- (p) Prior to making the Housing 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 Housing Loan, having regard to the Servicing Procedures.
- (q) In relation to a Housing Loan prior to making the Housing Loan, and where required under the relevant Servicing Procedures the relevant Property was valued in accordance with the Servicing Procedures and, where the Servicing Procedures required a full registered valuation, by an independent registered valuer appointed by the Seller or as otherwise permitted under the Servicing Procedures, 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 Housing Loan or its Related Security.
- (s) There is no obligation on the Seller under the Housing Loan to make any further financial accommodation available to the relevant Borrower.
- (t) Each Housing Loan and its Related Security complies with the relevant requirements for credit contracts and consumer credit contracts in the Credit Contracts Act 1981 ("CCA") and the CCCFA (to the extent those statutes are applicable to the Housing 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 Housing Loan or the Related Security).
- (u) The Seller has not been notified of any application to a court in respect of any Housing Loan or other document included in the Housing 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 Housing 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 Housing 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 Housing 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.
- (z) Since the origination of the Housing Loan, full and proper accounts, books and records have been kept showing clearly all material transactions, payments, receipts, notices and proceedings relating to the Housing 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 Housing 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 Housing Loan and/or the Related Security.
- (cc) The Seller is lawfully entitled to assign the Housing 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 Housing 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 Housing Loan, the related Mortgage and any other Related Security is permitted under the Housing Loan Conditions and the terms of the related Mortgage and any other Related Security.
- (dd) Upon the acceptance of the offer contained in a New Housing Loan Portfolio Notice, beneficial ownership of the Housing 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 Housing Loans and the Related Security contemplated by the Mortgage Sale Agreement will have a material adverse effect on any Housing Loan or its Related Security.
- (ff) All formal approvals, consents and other steps necessary to permit the sale of the Housing Loan and the Related Security under the Mortgage Sale Agreement have been obtained or taken.
- (gg) The Housing Loan Conditions 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 Housing Loan in the Housing 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 Housing Loan (each, an "**All Moneys Mortgage**"). Pursuant to a trust to be established on the date that an All Moneys Mortgage is assigned 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 the proceeds of enforcement of such All Moneys Mortgage on trust for the benefit of itself and the Seller. 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 Housing 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 Housing Loan in the Housing 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 Housing 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 Housing 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 Housing Loan secured by the Mortgage, unless the Covered Bond Guarantor or the Security Trustee (as the case may be) notifies the relevant third party receiving that interest in the Mortgage, or the Housing 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 Housing 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 undertakings by the relevant acquirer in favour of, and enforceable by, the Seller and any third party purchaser of any Associated Debt unless expressly agreed otherwise by the Seller.

Neither the Covered Bond Guarantor nor the Security Trustee will grant, provide or agree to any release, discharge, surrender, waiver or variation of that Related Security without the prior written consent of the Seller. If the Seller reasonably believes that the Covered Bond Guarantor or the Security Trustee intends to dispose of, or create an interest in, any Related Security which also secures, or relates to, Associated Debt the Seller may lodge a caveat to protect its interest in the relevant Associated Debt.

#### ***Repurchase by the Seller following breach of Representations and Warranties***

If the Seller receives a Housing Loan Repurchase Notice from the Covered Bond Guarantor identifying a Housing Loan in the Housing Loan Portfolio which did not, as at any date on which such Representation and Warranty was deemed to be 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 Housing Loan and the Related Security, unless the Related Security also secures another Housing Loan in the Housing Loan Portfolio that is not also subject to repurchase, for the Repurchase Price payable at the Repurchase Date.

#### ***Product Switches, Further Advances and Cash Redraws***

A Housing Loan in the Housing Loan Portfolio will be subject to a Product Switch when the Seller agrees to a variation in the Housing Loan Conditions applicable to a Borrower's Housing Loan which means that the Housing Loan would no longer be a Qualifying Housing Loan and/or moving a Borrower to an alternative mortgage product, including a change in Product Type.

If the Seller agrees to a Product Switch in relation to a Housing Loan in the Housing Loan Portfolio, the Covered Bond Guarantor shall be required to sell and the Seller shall be required to repurchase that Housing Loan and (if applicable) the Related Security on the Repurchase Date, being (except to the extent that the Seller and the Covered Bond Guarantor, or the Trust Manager on its behalf, agree otherwise) the next Trust Payment Date to occur following expiry of period of five days following the date of service by the Seller of a Seller Housing Loan Repurchase Notice on the Covered Bond Guarantor or at the Seller's earlier election, 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 Housing Loan may remain in the Housing Loan Portfolio.

The Covered Bond Guarantor is under no obligation whatsoever to agree that a Housing Loan to which an application for or an offer of a Product Switch relates may remain in the Housing 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 Housing Loan to which an application for or an offer of a Product Switch relates may remain in the Housing Loan Portfolio if the Housing Loan would not be a Qualifying Housing Loan immediately after the Product Switch occurs. Any Housing Loan subject to a Product Switch repurchased by the Seller shall be repurchased at the Repurchase Price payable as at the Repurchase Date.

A Housing Loan in the Housing Loan Portfolio will be subject to a Further Advance if the Seller makes any advance of further money to the relevant Borrower following the making of the initial advances of money in respect of such Housing Loan which is secured by the same Mortgage but does not include any Cash Redraw. A Housing Loan in the Housing Loan Portfolio will be subject to a Cash Redraw if the Seller re-advances to the relevant Borrower some or all of the Overpayments that the Borrower has made under the Housing Loan.

As part of the sale of each New Housing Loan Portfolio, the Seller agrees to transfer to the Covered Bond Guarantor all right, title, interest or benefit of the Seller in and to the relevant New Housing Loan Portfolio that arises or is acquired by the Seller after the relevant Transfer Date (including, without limitation, each Further Advance and Cash Redraw), such right, title, interest or benefit to vest immediately upon such right, title, interest or benefit arising or being acquired and without any further act or document being required.

If the Seller makes a Further Advance or a Cash Redraw in relation to a Housing Loan in the Housing Loan Portfolio the Covered Bond Guarantor is entitled under the Mortgage Sale Agreement to request the Seller to repurchase the Housing Loan related to the Further Advance or Cash Redraw (as the case may be).

The Covered Bond Guarantor is under no obligation whatsoever to pay to the Seller the Purchase Price of a Further Advance or to reimburse the Seller for funding a Cash Redraw, 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 to pay to the Seller the Purchase Price of a Further Advance or to reimburse the Seller for funding a Cash Redraw if: (i) the Housing Loan would not be a Qualifying Housing Loan immediately after the Further Advance or Cash Redraw is made; or (ii) on the Determination Date following the date on which the Further Advance or Cash Redraw is made it is determined by the Trust Manager that either there will be insufficient Available Principal Receipts that are able to be applied for that purpose on the next Trust Payment Date in accordance with the Pre Acceleration Principal Priority of Payments or a Reimbursement Demand Loan Advance will not be made by the Demand Loan Provider for that purpose, in respect of that request, for whatever reason. The Covered Bond Guarantor, or the Trust Manager on its behalf, shall notify the Seller on or before the relevant Trust Payment Date as to whether the Covered Bond Guarantor has agreed to pay to the Seller the Purchase Price of a Further Advance or to reimburse the Seller for funding the Cash Redraw.

If the Covered Bond Guarantor, or the Trust Manager on its behalf, notifies the Seller that it has determined not to pay the Seller the Purchase Price of a Further Advance or to reimburse the Seller for funding a Cash Redraw, then the Seller must serve a Seller Housing Loan Repurchase Notice on the Covered Bond Guarantor. The Covered Bond Guarantor shall be required to sell and the Seller shall be required to repurchase the relevant Housing Loan and (if applicable) the Related Security on the relevant Repurchase Date in accordance with the Mortgage Sale Agreement. Any Housing Loan repurchased by the Seller pursuant to these provisions shall be repurchased at the Repurchase Price of the Housing Loan payable as at the Repurchase Date less the Further Advance or the Cash Redraw (as the case may be).

#### ***Seller remains responsible***

The Seller will be solely responsible for funding a Further Advance and/or a Cash Redraw to a Borrower in respect of any Housing Loan in the Housing Loan Portfolio and the Covered Bond Guarantor is not required to make or fund any Further Advance or Cash Redraw unless it expressly agrees to do so in accordance with the Mortgage Sale Agreement.

#### ***Defaulted Housing Loans***

If a Housing Loan becomes a Defaulted Housing Loan, then that Defaulted Housing 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 Housing Loan Repurchase Notice on the Covered Bond Guarantor (copied to the Trust Manager), offer to repurchase a Housing Loan and its Related Security (unless the Related Security also secures another Housing Loan in the Housing Loan Portfolio that is not also subject to the offer contained in the Seller Housing Loan Repurchase Notice) from the Covered Bond Guarantor for the Repurchase Price of the Housing 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 Housing Loan and Related Security, the Asset Coverage Test will be met.

### ***Timing of repurchase and payment of repurchase price***

A repurchase of the right, title and interest in a Housing Loan and Related Security in the circumstances described under "Repurchase by the Seller following breach of Representations and Warranties", "Product Switches, Further Advances and Cash Redraws" and "General ability to repurchase" will take place on a date agreed by the Seller and the Covered Bond Guarantor, or the Trust Manager on its behalf, or on the next Trust Payment Date to occur following expiry of a period of five days following the date of the service by the Seller of a Seller Housing Loan Repurchase Notice or the date of the service by the Covered Bond Guarantor of the Housing Loan Repurchase Notice (as applicable), whereupon the Seller shall pay to the Covered Bond Guarantor an amount equal to the Repurchase Price for such Housing Loan or Housing Loans.

### ***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 Housing Loans and the Related Security. The Covered Bond Guarantor may be required to sell Selected Housing Loans and the Related Security in the circumstances described in "*Establishment Deed – Sale of Selected Housing Loans and the Related Security if the Pre-Maturity Test is breached*", "*Establishment Deed—Sale of Selected Housing Loans following the Demand Loan Provider making demand that the Demand Loan be repaid*", "*Establishment Deed—Sale of Selected Housing Loans and the Related Security following service of an Asset Coverage Test Breach Notice*" and "*Establishment Deed – Sale of Selected Housing Loans and the Related Security following service of a Notice to Pay*" below.

In connection with the sale of Selected Housing Loans and Related Security, the Covered Bond Guarantor will serve on the Seller a Selected Housing Loan Offer Notice offering to sell those Selected Housing Loans and the Related Security 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 Housing 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. If the Seller accepts the Covered Bond Guarantor's offer to sell the relevant Selected Housing Loans and the Related Security in accordance with the foregoing, the Seller shall, within ten Local Business Days of service of the Selected Housing Loan Offer Notice on the Seller, countersign and return to the Covered Bond Guarantor the relevant Selected Housing 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 Housing Loan Offer Notice, the Seller will repurchase from the Covered Bond Guarantor and the Covered Bond Guarantor shall transfer to the Seller free from the Security created by the Security Deed: (a) the relevant Selected Housing Loans referred to in the relevant

Selected Housing Loan Offer Notice; and (b) unless the Related Security also secures another Housing Loan in the Housing Loan Portfolio that is not also subject to the offer contained in the Selected Housing 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 Housing Loan Offer Notice countersigned by the Seller or (ii) the Final Maturity Date of the Earliest Maturing Covered Bonds), when the Seller 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 Housing 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 Housing Loans and the Related Security to other Purchasers (as described under "*Establishment Deed – Method of Sale of Selected Housing 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; minus
- (C) (where applicable) amounts standing to the credit of (I) the Pre-Maturity Ledger, (II) the GIC Account and (III) the principal balance of any Substitution Assets and Authorised Investments (excluding all amounts to be applied on the next following Trust Payment Date to repay higher ranking amounts in the relevant Priority of Payments and those amounts that are required to repay any Series of Covered Bonds which mature prior to or on the same date as the relevant Series of Covered Bonds); plus or minus
- (D) the NZ dollar Equivalent of any swap termination amounts payable to or by the Covered Bond Guarantor under the Interest Rate Swap.

The Mortgage Sale Agreement is governed by New Zealand law.

### **Servicing Agreement**

Pursuant to the terms of the Servicing Agreement entered into on the Programme Date between the Covered Bond Guarantor, ANZ New Zealand as Servicer and as Seller, the Trust Manager and the Security Trustee, the Servicer has agreed to administer and service the Housing Loans in the Housing Loan Portfolio and the Related Security on behalf of the Covered Bond Guarantor and to provide certain other administration and management services.

The Servicer will be required to administer and service the Housing Loans in the Housing Loan Portfolio and the Related Security in accordance with the Servicing Procedures.

Subject to the Housing Loan Conditions, the Mortgage Sale Agreement and the Servicing Agreement, the Servicer has the full power, authority and the right to do or cause to be done any and all things which it reasonably considers necessary, convenient or incidental to the administration of the Housing Loans in the Housing Loan Portfolio and the Related Security.

### ***Undertakings of the Servicer***

Pursuant to the terms of the Servicing Agreement, the Servicer has covenanted with and undertaken 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) administer and service the Housing Loans in the Housing Loan Portfolio and the Related Security in accordance with the Servicing Procedures;

- (b) provide the Services in such manner and with the same level of skill, care and diligence as would a Prudent Mortgage Lender;
- (c) maintain all authorisations, licences, permits, approvals and other registrations as may be required under any applicable legislation to act as servicer of the Housing Loans in the Housing Loan Portfolio and the Related Security;
- (d) prepare and collate all reasonably necessary performance statistics of the Housing Loans in the Housing Loan Portfolio and Related Security;
- (e) provide to the Covered Bond Guarantor and the Trust Manager promptly from time to time such information, documents, records, reports or other information relating to the Housing Loans in the Housing Loan Portfolio and the Related Security or the operations of the Servicer as may be reasonably requested by either of them;
- (f) maintain a loan account in respect of each Housing Loan in the Housing Loan Portfolio and give all notices, documents or statement required to be given under the Servicing Procedures to the relevant Borrower;
- (g) not, without the consent of the Security Trustee, consent to the creation or existence of a Security Interest in any Housing Loan in the Housing Loan Portfolio or the Related Security, except either as permitted by the Servicing Procedures or as expressly provided for or permitted by the Programme Documents;
- (h) electronically identify each Housing Loan in the Housing Loan Portfolio and the Related Security in its electronic database in order to identify the Housing Loan Scheduled Payments and other relevant cashflows in respect of each Housing Loan in the Housing Loan Portfolio and the Related Security;
- (i) except as required by law or required or permitted by, the Servicing Procedures and the Housing Loan Conditions, not without the consent of the Covered Bond Guarantor release the Borrower from any amount owing in respect of a Housing Loan in the Housing Loan Portfolio or otherwise vary or discharge any such Housing Loan or the Related Security;
- (j) not grant any extension of the maturity of a Housing Loan in the Housing Loan Portfolio or allow any reduced payment that would result in such extension except:
  - (i) as required or permitted by the Servicing Procedures and the Housing Loan Conditions;
  - (ii) as approved by the Covered Bond Guarantor (as directed by the Trust Manager) and the relevant Mortgage Insurer (if applicable); or
  - (iii) as required by applicable law and any regulatory undertakings binding on the Servicer;
- (k) make all payments required to be made by it pursuant to the Servicing Agreement on the due date for payment thereof in NZ dollars (or as otherwise required under the Programme Documents) in immediately available funds for value on such day without set-off (including, without limitation, any fees owed to it) or counterclaim, but subject to any deductions required by law;
- (l) forthwith upon becoming aware of any event which may reasonably give rise to an obligation of the Seller to repurchase any Housing Loan pursuant to the Mortgage Sale Agreement, notify the Covered Bond Guarantor in writing of such event; and
- (m) comply with the CCCFA as if the Servicer were a creditor under the Housing Loans and Related Security in the Housing Loan Portfolio.

***Interest Rate Shortfall Test***

The Servicer shall, if the Interest Rate Swap is not in effect in accordance with its terms, determine on each Determination Date, having regard to:

- (a) the fixed interest rate and the variable interest rate and any other discretionary rate or margin in respect of the Housing Loans in the Housing Loan Portfolio which the Servicer proposes to set under the Servicing Agreement for the next succeeding Trust Payment Period (the "**relevant Trust Payment Period**"); 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 relevant Trust Payment Period which, when aggregated with the funds otherwise available to the Covered Bond Guarantor, is less than the amount which is the aggregate of (i) the amount of interest which would be payable (or provisioned to be paid) by or on behalf of the Covered Bond Guarantor under the Intercompany 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 falling at the end of the relevant Trust Payment Period, 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 falling at the end of the relevant Trust Payment Period; and (ii) the other expenses payable (or provisioned to be paid) by the Covered Bond Guarantor on the Trust Payment Date falling at the end of the relevant Trust Payment Period ranking 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**").

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 Housing Loans in the Housing 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 Housing 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 Housing 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 Interest Rate Swap is not in effect in accordance with its terms, determine on each Determination Date, having regard to the aggregate of:

- (a) the fixed interest rate and the variable interest rate (as the case may be) and any other discretionary rate or margin, in respect of the Housing Loans in the Housing Loan Portfolio which the Servicer proposes to set under the Servicing Agreement for the relevant Trust Payment Period; and
- (b) the resources available to the Covered Bond Guarantor under the Covered Bond Swap Agreements (if any),

whether the Covered Bond Guarantor would receive an aggregate amount of interest from the Housing Loans in the Housing Loan Portfolio and the amounts under the Swap Agreements during the relevant Trust Payment Period 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 immediately prior to the Determination Date (the "**Yield Shortfall Test**").

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 in respect of the Housing Loans in the Housing Loan Portfolio 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 Servicing Agreement and/or the Housing Loan Conditions.

#### ***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 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 Housing Loans in the Housing Loan Portfolio (including, without limitation, a Housing Loan Scheduled Payment). If the Servicer receives, during a Collection Period, any money whatsoever arising from the Housing Loans in the Housing 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 or any of the other Programme Documents or otherwise, 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. 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 ANZ New Zealand has short-term credit ratings of no lower than P-1 from Moody's and no lower than F1 from Fitch and a long-term credit rating of no lower than A from Fitch) or, in any other case, within two Local Business Days of receipt.

ANZ New Zealand 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 ANZ New Zealand. Any such interest is to be calculated on the Determination Date immediately following the end of the Collection Period by ANZ New Zealand in its absolute discretion on the daily balance of the amount of money for the period during which it was held by ANZ New Zealand and at a rate determined on the first day of that Collection Period as the rate equal to the applicable 30-day Bank Bill Rate determined by ANZ New Zealand in its sole discretion.

#### ***Removal or resignation of the Servicer***

The Covered Bond Guarantor, or the Trust Manager on its behalf (with the consent of the Security Trustee), or the Security Trustee may (acting on the directions of (if there are Covered Bonds outstanding) the Bond Trustee or (if there are no Covered Bonds outstanding) the Majority Secured Creditors), upon written notice to the Servicer, terminate the appointment of the Servicer if any of the following events (each a "**Servicer Termination Event**") occurs:

- (a) the Servicer fails to remit, or pay, any amount due under the Programme Documents within seven Local Business Days of receipt of a notice from either the Covered Bond Guarantor or the Trust Manager to do so;
- (b) the Servicer fails to prepare and submit to the Covered Bond Guarantor or the Trust Manager in a timely and accurate fashion any information so required under the Programme Documents which the Security Trustee considers (acting on the directions of (if there are Covered Bonds outstanding) the Bond Trustee or (if there are no Covered Bonds outstanding) the Majority Secured Creditors) is materially prejudicial to the Covered Bondholders and, if capable of remedy, is not remedied within 20 Local Business Days after notice delivered to the Servicer by the Covered Bond Guarantor or the Trust Manager;
- (c) an Insolvency Event occurs in respect of the Servicer;
- (d) the Servicer fails to observe or perform any term, covenant, condition or obligation provided for in the Programme Documents (other than those referred to in paragraphs (a) and (b) above) which the Security Trustee considers (acting on the directions of (if there are Covered Bonds outstanding) the Bond Trustee or (if there are no Covered Bonds outstanding) the Majority Secured Creditors) is materially prejudicial to the Covered Bondholders and continues unremedied for 20 Local Business Days after notice delivered to the Servicer by the Covered Bond Guarantor or the Trust Manager (or such longer period as may be agreed between the Servicer and the Covered Bond Guarantor); or
- (e) the Servicer's unsecured, unsubordinated, long-term senior debt obligations have been downgraded below Baa3 by Moody's or BBB- by Fitch.

Any termination of the appointment of the Servicer (and the appointment of a Substitute Servicer as described below) is conditional upon the Trust Manager having delivered a Rating Affirmation Notice to the Covered Bond Guarantor, the Seller, the Servicer and the Substitute Servicer in respect of such termination of the appointment of the Servicer and appointment of the Substitute Servicer.

In addition, subject to the fulfilment of a number of conditions, at any time including, without limitation, that a Substitute Servicer has been appointed, the Servicer may resign at any time by giving not less than 12 months' notice to the Covered Bond Guarantor, the Trust Manager, the Security Trustee and the All Moneys Mortgage Beneficiaries provided that:

- (a) each of the Covered Bond Guarantor (or the Trust Manager on its behalf), the Seller and the Security Trustee consents in writing to such resignation (such consent not to be unreasonably withheld or delayed);
- (b) a Substitute Servicer shall have been appointed and, among other things, such Substitute Servicer has entered into an agreement in accordance with the Servicing Agreement; and
- (c) the rights of the Covered Bond Guarantor under such agreement are subject to a Security Interest in favour of the Security Trustee on terms satisfactory to the Security Trustee.

Any Substitute Servicer appointed in accordance with the Servicing Agreement must:

- (a) have experience of administering and servicing housing loans secured on residential property in New Zealand;



- (b) have all authorisations, permissions and licences for the purposes of administering and servicing mortgages of residential property in New Zealand; and
- (c) agree to enter into an agreement with the Covered Bond Guarantor, the Trust Manager and the Security Trustee substantially on the same terms as the Servicing Agreement or on such terms as are satisfactory to the Covered Bond Guarantor, or the Trust Manager on its behalf and the Security Trustee.

Upon termination or resignation of the appointment of the Servicer, the Servicer must, subject to all applicable privacy legislation forthwith deliver (and in the meantime, hold on trust for, and to the order of, the Security Trustee) the Housing Loan Files, all books of account, papers, records, registers, correspondence and documents in its possession or under its control relating to the affairs of, or belonging to, the Covered Bond Guarantor and the Housing Loans in the Housing Loan Portfolio and the Related Security (if practicable, on the date of receipt) any moneys and any other assets then held by the Servicer on behalf of the Covered Bond Guarantor and any other assets of the Trust to, or at the direction of, the Covered Bond Guarantor, and the Servicer shall take such further action as the Covered Bond Guarantor (or the Trust Manager on its behalf) and the Security Trustee shall require provided that the Servicer shall not be required to take or direct to be taken any such further action unless it has been indemnified to its satisfaction.

The Servicing Agreement will terminate automatically at such time as the Covered Bond Guarantor has no further interest in any of the Housing Loans in the Housing Loan Portfolio or the Related Security.

The Servicer may sub-contract or delegate the performance of all or any of its powers and obligations under the Servicing Agreement, provided that it meets conditions as set out in the Servicing Agreement.

Neither the Bond Trustee nor the Security Trustee is obliged to act as 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, ANZ New Zealand as Issuer, Guarantor, Seller and Calculation Manager, ANZNIL, the Bond Trustee and the Security Trustee, the Asset Monitor has agreed, subject to receipt of the information to be provided by the Calculation Manager to the Asset Monitor, to test and report on the arithmetic accuracy of the calculations performed by the Calculation Manager in respect of the Asset Coverage Test or the Amortisation Test and compliance by the Calculation Manager with its obligations in relation to the Asset Register on the Determination Date immediately prior to each anniversary of the Programme Date.

If the long-term 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 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 be required to report on such arithmetic accuracy in respect of every Determination Date as soon as reasonably practical.

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 relevant Determination Date (where the Calculation Manager had recorded it as being satisfied) or the reported Adjusted Aggregate Housing Loan Amount or the reported Amortisation Test Aggregate Housing Loan Amount was misstated by the Calculation Manager by an amount exceeding 1 per cent of the actual Adjusted Aggregate Housing Loan Amount or the actual Amortisation Test Aggregate Housing 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 in respect of every Determination Date occurring in the period of no less than six months thereafter until the Asset Monitor is satisfied the relevant test does not reveal arithmetical error.

The Asset Monitor must assess the Calculation Manager's compliance with its obligations in relation to the Asset Register, including ensuring the Asset Register is maintained and complies with the procedures and internal controls for ensuring the Asset Register is kept up-to-date and accurate and that the Asset Pool remains consistent with any Asset Class Designation. If the Asset Monitor's assessment reveals that

the Calculation Manager is not in compliance, the Asset Monitor will be required to conduct the assessment in respect of each Determination Date following the date of the assessment that revealed non-compliance until the Asset Monitor is satisfied that the Calculation Manager is in compliance with these obligations.

The Asset Monitor is 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 calculations performed by the Calculation Manager or compliance by the Calculation Manager with its obligations in relation to the Asset Register is true and correct and not misleading, and is not required to conduct an audit or other similar examination in respect of or otherwise take steps to verify the accuracy or completeness of such information. The Asset Monitor Report and the Asset Register Report will be delivered to the Calculation Manager, the Covered Bond Guarantor, ANZ New Zealand, ANZNIL, the Bond Trustee and the Security Trustee.

The Covered Bond Guarantor will pay to the Asset Monitor a fee of up to NZ\$5,000 per Asset Monitor Report, up to NZ\$20,000 for the first Asset Register Report and up to NZ\$15,000 for each subsequent Asset Register Report, provided that the maximum aggregate fee payable in respect of Asset Register Reports in any 12 month period is NZ\$60,000 (all amounts exclusive of GST, if any).

The Covered Bond Guarantor, or the Trust Manager on its behalf, may, if the Asset Monitor ceases to be a Qualifying Asset Monitor, without notice, or at any time, but only with the prior written consent of the Security Trustee acting on the instructions of the Bond Trustee (if there are Covered Bonds outstanding) or (if there are no Covered Bonds outstanding) the Majority Secured Creditors, terminate the appointment of the Asset Monitor 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 substitute asset monitor that is a Qualifying Asset Monitor has been found by the Covered Bond Guarantor, or the Trust Manager on its behalf.

The Asset Monitor may, at any time, resign by giving 40 Local Business Days' prior written notice to the Covered Bond Guarantor, the Trust Manager and the Security Trustee, 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 terms of 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 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 or accountancy firm to carry out the relevant tests and assessments.

Neither the Bond Trustee nor the Security Trustee will be obliged to act as Asset Monitor in any circumstances.

The Asset Monitor Agreement is governed by New Zealand law.

### **Establishment Deed**

The Establishment Deed, made between the Covered Bond Guarantor, the Trust Manager, ANZ New Zealand as Issuer, Guarantor, Seller, Servicer and Calculation Manager, ANZNIL as Issuer, the Bond Trustee and the Security Trustee, establishes the Trust and provides that the Covered Bond Guarantor will be the trustee of the Trust. The purpose of the Trust is the acquisition, management and sale of, amongst other things, Housing 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).

### ***Beneficiaries***

The Beneficiaries of the Trust are the Residual Income Beneficiary and the Residual Capital Beneficiary. Pursuant to the Establishment Deed, the Residual Income Beneficiary is entitled to an annual distribution equal to the net income, if any, of the Trust for each fiscal year. The Residual Capital Beneficiary is not entitled to receive any distributions in respect of the Trust other than its right to receive the Settlement Amount of NZ\$2,000 on the Vesting Date.

### ***Asset Register***

The Covered Bond Guarantor agrees to maintain, or ensure that 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 Housing 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 Housing 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 Housing Loans and the 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 Housing Loans and Related Security*"); (ii) purchase Substitution Assets; 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 Housing 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 Housing 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 Housing Loans and the Related Security (as further described under "*Sale of Selected Housing Loans and Related Security 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 "*Allocation and distribution of Available Revenue Receipts and Available Principal Receipts following service of an Asset Coverage Test Breach Notice*" below; and

- (c) the Issuers will not be permitted to issue any further Covered Bonds.

If an Asset Coverage Test Breach Notice has been served and has not been revoked by the Bond Trustee 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 Housing 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 Housing Loan Balance Amount of each Housing Loan in the Housing Loan Portfolio; and (ii) the sum of the Asset Percentage Adjusted Housing Loan Balance Amount of each Housing Loan in the Housing Loan Portfolio; as at the Determination Date.

The **"LVR Adjusted Housing Loan Balance Amount"** shall be calculated for a Housing Loan, on the relevant Determination Date, as:

- (d) for each Housing Loan in the Housing Loan Portfolio that is not then a Defaulted Housing Loan, the lesser of (A) the outstanding Current Principal Balance of the Housing Loan as at the last day of the immediately preceding Collection Period and (B) 80 per cent of the Indexed Valuation for the Property charged by a Mortgage which secures the Housing Loan as at the last day of the immediately preceding Collection Period (but without double counting across Housing Loans); and
- (e) for each Housing Loan in the Housing Loan Portfolio that is then a Defaulted Housing Loan, zero;

less:

- (A) where a Housing Loan in the Housing 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 contained in the Mortgage Sale Agreement as at the date of its sale to the Covered Bond Guarantor, and the Seller has not repurchased the Housing Loan and the Related Security to the extent required by the terms of the Mortgage Sale Agreement: an amount equal to the LVR Adjusted Housing Loan Balance Amount (calculated as at the last day of the immediately preceding Collection Period) for each Housing 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 Housing Loan Balance Amount"** shall be calculated for a Housing Loan, on the relevant Determination Date, as the Asset Percentage multiplied by:

- (a) for each Housing Loan in the Housing Loan Portfolio that is not then a Defaulted Housing Loan, the lower of:

- (i) the outstanding Current Principal Balance of the Housing 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 Housing Loan as at the last day of the immediately preceding Collection Period (but without double counting across Housing Loans); and
- (b) for each Housing Loan in the Housing Loan Portfolio that is then a Defaulted Housing Loan, zero;

less:

- (i) where a Housing Loan in the Housing 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 contained in the Mortgage Sale Agreement as at the date of its sale to the Covered Bond Guarantor, and the Seller has not repurchased the Housing 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 Housing Loan Balance Amount (calculated as at the last day of the immediately preceding Collection Period) for each Housing 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 Housing 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 (without double counting any amounts already covered in B above) 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:

- (a) 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
- (b) remaining Available Principal Receipts credited to the GIC Account under paragraph (h) of the Pre-Acceleration Principal Priority of Payments and standing to the credit of the Principal Ledger,

(in each case without double counting any amounts already covered in D above 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); and

"Z" = the product of:

- (a) 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 Interest Rate Swap is in effect in accordance with the terms thereof,  $(B + C + D + E) / (A + B + C + D + E)$ ; 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:

90 per cent;

- (i) 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 credit ratings assigned to them by Fitch; and
- (ii) 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 credit rating by Moody's using Moody's expected loss methodology (regardless of the actual Moody's credit rating of the Covered Bonds at the time).

There is no obligation on the Covered Bond Guarantor to ensure that an AAA credit rating is maintained by Fitch or an Aaa credit rating is maintained by Moody's and the Covered Bond Guarantor is under no obligation to change the percentage figure selected by it and notified to Fitch, Moody's and the Security Trustee in line with the level of credit enhancement required to ensure an AAA credit rating by Fitch or an Aaa credit 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 (but prior to the enforcement of the Security in accordance with the Security Deed), the Amortisation Test Aggregate Housing 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 "**Amortisation Test**").

If on any Determination Date following service of a Notice to Pay on the Covered Bond Guarantor (but prior to the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor, the Issuers and the Guarantor and/or the commencement of winding up proceedings against the Trust and/or the realisation of the Security), the Amortisation Test Aggregate Housing 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 Housing 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 Housing Loan, which shall be the product of:
- (a) the lesser of (i) the outstanding Current Principal Balance of the Housing Loan as calculated on the last day of the immediately preceding Collection Period and (ii) 80 per cent of the Indexed Valuation for the Property charged by a Mortgage which secures the Housing Loan as at the immediately preceding Collection Period (but without double counting across Housing Loans); and
  - (b) M, where:
    - (i) for each Housing Loan that is not then a Defaulted Housing Loan, M = 1.0; or
    - (ii) for each Housing Loan that is then a Defaulted Housing Loan, M = zero;
- "B" = the sum of the amount of any cash standing to the credit of the GIC Account and the principal amount of any Authorised Investments (excluding any Housing 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 Interest Rate Swap is in effect in accordance with the terms thereof,  $(B + C) / (A + B + C)$ ; or
    - (ii) otherwise, one; and
  - (d) the Negative Carry Factor.

***Sale of Selected Housing Loans and Related Security if the Pre-Maturity Test is breached***

The Covered Bond Guarantor, or the Trust Manager on its behalf, is required to immediately offer to sell Selected Housing Loans to Purchasers following a breach of the Pre-Maturity Test in respect of a Series of Hard Bullet Covered Bonds, after taking into account the amount standing to the credit of the Pre-Maturity Ledger and subject to (a) any Pre-Maturity Demand Loan Advance having been made by the

Demand Loan Provider, and (b) the exercise of any right of pre-emption by the Seller in accordance with the Mortgage Sale Agreement.

The Pre-Maturity Test will be breached in relation to a Series of Hard Bullet Covered Bonds if ANZ New Zealand's short-term credit rating from Moody's falls to P-2 (or lower) or from Fitch falls to F1 (or lower) during the period commencing on the day 12 months prior to the Final Maturity Date of the Series of Hard Bullet Covered Bonds.

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 an 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 as set out in "*Credit Structure*" below.

For a description of the Pre-Maturity Test, see "*Credit Structure – Pre-Maturity Test*" below.

***Sale of Selected Housing Loans following the Demand Loan Provider making a 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 Housing Loans and the Related Security in the Housing 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 Housing Loans and the Related Security 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 Housing Loans and Related Security following service of an Asset Coverage Test Breach Notice***

After service of an Asset Coverage Test Breach Notice (which has not been revoked) but prior to 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 Housing Loans and the Related Security in the Housing 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 Housing Loans and the Related Security 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.

***Sale of Selected Housing Loans and Related Security following service of a Notice to Pay***

After a Notice to Pay has been served on the Covered Bond Guarantor following the occurrence of an Issuer Event of Default, the Covered Bond Guarantor will be obliged to sell Selected Housing Loans and the Related Security in the Housing 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 Housing Loans and the Related Security 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 Housing Loans***

If the Covered Bond Guarantor is required to sell Selected Housing Loans and the Related Security to Purchasers following 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, the Covered Bond Guarantor, or the Trust Manager on its behalf, will be required to ensure that before offering Selected Housing Loans for sale:

- (a) the Selected Housing Loans are selected on a basis that is representative of the Housing Loans in the Housing Loan Portfolio as a whole and that if a Housing Loan is selected, its Related Security is also selected unless the Related Security also secures a Housing Loan in the Housing Loan Portfolio that is not also a Selected Housing Loan; and
- (b) the Selected Housing 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 Housing 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 service of a Notice to Pay), such amount that would ensure that, if the Selected Housing 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:

$$N_x \frac{\text{Aggregate Current Principal Balance for all Housing Loans in the Housing Loan Portfolio}}{\text{Aggregate NZ dollar Equivalent of the Required Redemption Amount in respect of each Series of Covered Bonds then outstanding}}$$

Where "N" is an amount equal to the NZ dollar Equivalent of:

- (x) in respect of Selected Housing Loans and the Related Security 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 Housing Loans and the Related Security being sold following the service of a Notice to Pay on the Covered Bond Guarantor, the Required Redemption Amount of the Earliest Maturing Covered Bonds less amounts standing to the credit of the GIC Account and the principal amount of any Authorised Investments and the principal amount of any 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 Housing Loans and the Related Security for sale to Purchasers for the best price reasonably available but in any event:

- (a) following the service of an Asset Coverage Test Breach Notice (but prior to the service of a Notice to Pay), for an amount not less than the Current Principal Balance of the Selected Housing 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 Housing Loans and the Related Security have not been sold (in whole or in part) in an amount equal to the Adjusted Required Redemption Amount by the date which is six months prior to, 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 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 Housing 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 but prior to the occurrence of a Covered Bond Guarantor Event of Default, in addition to offering Selected Housing 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 Housing Loans, in accordance with the provisions summarised above, 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 Housing Loans (a "**Partial Portfolio**"). Except in circumstances where the portfolio of Selected Housing 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 Housing Loans in the Partial Portfolio bears to the aggregate Current Principal Balance of the Housing Loans in the relevant portfolio of Selected Housing 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 Housing Loans (if such terms are commercially available in the market) to advise it in relation to the sale of the Selected Housing Loans to Purchasers (except where the Seller is buying the Selected Housing 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 Housing 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 Housing Loans and the Related Security following service 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 Housing 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 Housing 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 Housing Loans are being sold to the Seller following the exercise of its rights of pre-emption under the Mortgage Sale Agreement). The Security Trustee will not be required to release the Selected Housing Loans from the Security unless the conditions relating to the release of the Security (as described under "*Security Deed – Release of Security*" below) are satisfied.

Following the service of a Notice to Pay, if Purchasers accept the offer or offers from the Covered Bond Guarantor so that some or all of the Selected Housing Loans and the Related Security 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 related Purchasers, which will require, amongst other things, a cash payment from the relevant Purchasers. Any such sale will not include any representations or warranties from the Covered Bond Guarantor or the Seller in respect of the Selected Housing Loans and the Related Security 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 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 monies 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 has covenanted with the Trust Manager and for the benefit of the Secured Creditors that:

- (a) it will act continuously as trustee of the Trust 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) it will exercise due diligence in carrying out its functions and duties under the Establishment Deed;
- (c) it will take all such corporate actions which are necessary (including, without limitation, obtaining all such corporate authorisations and approvals) to ensure that it is able to exercise all its powers and remedies and perform all its obligations under the Programme Documents;
- (d) except where required by statute or law, it will not sell, mortgage, charge 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 Programme Documents;

- (e) it will forward promptly to the Trust Manager all notices, reports, circulars and other documents received by it as holder of the assets of the Trust;
- (f) it will act honestly and in good faith in the performance of its duties and the exercise of its discretions under the Programme Documents in relation to the Trust, having regard to the interests of the Beneficiaries and the Secured Creditors;
- (g) it will exercise such diligence and prudence as a prudent person of business would exercise in performing its express functions and in exercising its discretions under the Programme Documents in relation to the Trust, having regard to the interests of the Beneficiaries and the Secured Creditors;
- (h) it will use its best endeavours to carry on and conduct its business insofar as it relates to the Establishment Deed and the other Programme Documents in a proper and efficient manner;
- (i) it will not create any Security Interest over the assets of the Trust for the benefit of any person except for the Security;
- (j) it will give any reasonable assistance to the Trust Manager in relation to the Trust as is reasonably requested by the Trust Manager (at the cost of the Trust Manager);
- (k) it will act on all written directions given to it by the Trust Manager which it is satisfied are given in accordance with the terms of the Programme Documents;
- (l) it will promptly notify the Trust Manager and the Rating Agencies of the occurrence of an event requiring mandatory retirement of the Covered Bond Guarantor pursuant to the terms of the Establishment Deed;
- (m) it will remain Tax Resident in New Zealand while it is acting as trustee of the Trust; and
- (n) except to the extent it is required to do so, it will not perform any of its duties, or exercise any rights in relation to the Trust, or otherwise manage the Trust outside of New Zealand.

#### ***Indemnification of Covered Bond Guarantor***

Subject to the Establishment Deed and the applicable Priority of Payments, the Covered Bond Guarantor will be indemnified out of the assets of the Trust against all costs, expenses, loss and liabilities properly incurred by the Covered Bond Guarantor (including, for the avoidance of doubt, any liability of it under an indemnity given by it) in performing any of its duties or exercising any of its powers under the Establishment Deed in relation to the Trust to the extent that the cost, expense, loss or liability has been incurred by the Covered Bond Guarantor in connection with the performance of its duties or the exercise of its powers in respect of the trust and except to the extent that any such cost, expense, loss or liability is caused by the Covered Bond Guarantor's breach of trust, fraud, gross negligence or wilful default.

#### ***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 the Calculation Manager will provide certain Calculation Management Services and Asset Registry 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, ANZ New Zealand 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 Housing Loan Revenue Receipts and the Housing Loan Principal Receipts collected during each Collection Period and the amount of Available Revenue Receipts and Available Principal Receipts to be distributed on the immediately following Trust Payment Date;
- (c) determining the amount of Losses incurred on the Housing Loans in the Housing Loan Portfolio during each Collection Period and the amounts payable by the Covered Bond Guarantor on the immediately following Trust Payment Date under the applicable Priority of Payments described under "*Cashflows*" 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 Calculation Management Services will include but will not be limited to:

- (a) determining whether the Housing 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 Housing 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 but prior to the service of a Covered Bond Guarantee Acceleration Notice 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 Asset Registry Services will include but will not be limited to, in accordance with the Asset Register Procedures:

- (a) establishing the Asset Register so that it is an up-to-date and accurate record of the Asset Pool;
- (b) updating the Asset Register, within five Local Business Days of receiving notice from the Covered Bond Guarantor (or the Trust Manager on its behalf) of the occurrence of the relevant transaction (as set out below), to record the following:
  - (i) the acquisition of a New Housing Loan Portfolio;
  - (ii) the sale of a Housing Loan in the Housing Loan Portfolio and (if applicable) the Related Security;
  - (iii) the repayment in full of the Current Principal Balance of a Housing Loan in the Housing 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;
  - (vi) the opening or closing of a Trust Account;

- (c) assessing whether the Asset Pool remains consistent with any Asset Class Designation.

The Establishment Deed provides that, subject to the applicable Priority of Payments, the Trust Manager will be indemnified by the Covered Bond Guarantor against all costs, expenses, loss and liability properly incurred by the Trust Manager in its capacity as Trust Manager of the Trust except to the extent that the relevant cost, expense, loss or liability is caused or contributed to by the Trust Manager's fraud, gross negligence or wilful default.

In certain circumstances the Covered Bond Guarantor and/or the Security Trustee will each have the right to terminate the appointment of the Calculation Manager, in which event the Covered Bond Guarantor will 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 and/or the Security Trustee may terminate the appointment of the Trust Manager to perform the Cash Management Services, in which event the Covered Bond Guarantor will use its reasonable endeavours to appoint a substitute (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 trust manager will have substantially the same rights and obligations as the Trust Manager (although the fee payable to the substitute trust manager may be higher).

The Trust Manager is entitled to a fee for the provision of the Cash Management Services under the Management Agreement which has been agreed in writing between the Covered Bond Guarantor, the Security Trustee and the Trust Manager.

The Calculation Manager is entitled to a fee for the provision of the Calculation Management Services and Asset Registry Services under the Management Agreement which has been agreed in writing between the Covered Bond Guarantor, the Security Trustee and the Calculation Manager. The Management Agreement is governed by New Zealand law.

### **Delegation Agreement**

Pursuant to the terms of the Delegation Agreement entered into on the Programme Date between the Trust Manager and ANZ New Zealand, the Trust Manager has delegated certain of its functions in relation to the Trust and the Cash Management Services to ANZ New Zealand. The Delegation Agreement may be terminated at any time by either party by giving three months' written notice to the other party (or such shorter period as the parties may agree). Following the occurrence of an Issuer Event of Default, the Covered Bond Guarantor is permitted to terminate the Delegation Agreement upon written notice to ANZ New Zealand and the Trust Manager.

The Delegation 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 Housing Loans and amounts payable by the Covered Bond Guarantor under the Intercompany Loan Agreement to the Intercompany Loan Provider and/or under the Demand Loan Agreement to the Demand 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 Interest Rate 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 2002 ISDA 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**").

### ***Interest Rate Swap Agreement***

Some of the Housing Loans in the Housing Loan Portfolio from time to time pay a variable amount of interest. Other Housing Loans pay a fixed rate of interest for a period of time. However, the NZ dollar payments to be made by the Covered Bond Guarantor under the Covered Bond Swaps, the Term Advances and the Demand Loan will be based on the 30-day Bank Bill Rate or the rate for such other period as may be agreed in relation to a particular Series of Covered Bonds. To provide a hedge against the variance between:

- (a) the rates of interest payable on the Housing Loans in the Housing Loan Portfolio; 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 Interest Rate Swap Provider will enter into an Interest Rate Swap under the Interest Rate Swap Agreement.

The Interest Rate Swap Agreement and any non-contractual obligations arising out of or in connection with it is 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 Interest Rate Swap, the Covered Bond Guarantor will enter into one or more Covered Bond Swaps with one or more Covered Bond Swap Providers. As at the date of the Base Prospectus, ANZ New Zealand is the Covered Bond Swap Provider in relation to each outstanding Series of Covered Bonds. For information in relation to ANZ New Zealand, see the section "*ANZ Bank New Zealand Limited*" in this Base Prospectus.

Each Covered Bond Swap may be either a "**Forward Starting Covered Bond Swap**" or a "**Non-Forward Starting Covered Bond Swap**" and each will constitute the sole Transaction (as described in the relevant Covered Bond Swap) under a single 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 Housing Loans and the Interest Rate 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 Housing Loans and the Interest Rate Swap and amounts payable by the Covered Bond Guarantor under the related Term Advance (prior to service of a Notice to Pay on the Covered Bond Guarantor) and under the Covered Bond Guarantee in respect of the Covered Bonds (after service of a Notice to Pay on the Covered Bond Guarantor).

Where required to hedge such risks, there will be one (or more) Covered Bond Swap Agreement(s) and Covered Bond Swap(s) in relation to each Series or Tranche, as applicable, of Covered Bonds.

Under the Forward Starting Covered Bond Swaps, the Covered Bond Swap Provider will pay to the Covered Bond Guarantor on each Interest Payment Date (or 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 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 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 of Covered Bonds in exchange for payment by the Covered Bond Guarantor of the NZ dollar Equivalent of that amount.

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 30-day Bank Bill Rate plus a spread. In return the Covered Bond Swap Provider will pay to the Covered Bond Guarantor, on each Interest Payment Date, an amount in NZ dollars calculated by reference to the 30-day Bank Bill Rate (or the rate for such period as may be specified in the relevant Confirmation) plus a spread; 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 30-day Bank Bill Rate plus a spread. In return, the Covered Bond Swap Provider will pay to the Covered Bond Guarantor, on each Interest Payment Date, an amount in the relevant currency equal to the relevant amount of interest then payable under the related Term Advance in accordance with the Intercompany Loan Agreement. Unless the Covered Bond Swap terminates earlier, on the first to occur of (i) the date on which the Early Redemption Amount is payable; and (ii) the Final Maturity Date, in each case in relation to the relevant Series 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 later of (i) Trust Payment Date that falls on or immediately following the Final Maturity Date for the relevant Series or Tranche of Covered Bonds; and (ii) the date on which all of the relevant Series 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 credit 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 credit 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 but not limited to:

- (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) an event or circumstance occurs 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 such that the Covered Bond Guarantor's obligations under the Swap Agreement are further contractually subordinated to its obligations to any other Secured Creditor; 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 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 (the "**Swap Collateral**") 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 obligations 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 at present may be delivered in the form of cash only. 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 them 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, ANZ New Zealand 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 described below, the Transaction Accounts and the Swap Collateral Cash 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 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 is, in the opinion of the Security Trustee, materially prejudicial to the holders of Covered Bonds (and such failure is not waived by the Covered Bond Guarantor with the prior written consent of the Security Trustee) 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 or 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 Housing Loans (including Selected Housing 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 Housing Loans and the Related Security from the Security created by and pursuant to the Security Deed, only if:

- (a) the Security Trustee provides its prior written consent to the terms of such sale as described under "*Establishment Deed – Method of Sale of Selected Housing Loans*" above; and
- (b) in the case of the sale of Selected Housing Loans, the Trust Manager provides to the Security Trustee a certificate confirming that the Selected Housing Loans being sold have been selected on a basis that is representative of the Housing Loans in the Housing Loan Portfolio as a whole.

In the event of the repurchase of a Housing 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 Housing 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 Housing 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 Relevant Issuer (and the Guarantor if ANZNIL is 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 Issuers and the Guarantor 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 Issuers and the Guarantor of a Covered Bond Guarantee Acceleration Notice. Neither the Issuers nor the Guarantor will be relying on any payments by the Covered Bond Guarantor in order to pay interest or repay principal under the Covered Bonds or amounts under the Guarantee (in the case of Covered Bonds issued by ANZNIL).

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 Relevant Issuer and the Guarantor (if ANZNIL is 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 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 if the credit ratings of ANZ New Zealand's short-term, unsecured, unsubordinated and unguaranteed obligations fall below F1+ by Fitch or below P-1 by Moody's; 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 each Determination Date 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 Issuers. 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 Relevant Issuer and the Guarantor (in the case of Covered Bonds issued by ANZNIL). The obligations of the Covered Bond Guarantor under the Covered Bond Guarantee constitute direct, unconditional (following service of a Notice to Pay or a Covered Bond Guarantee Acceleration Notice) and unsubordinated obligations of the Covered Bond Guarantor, secured as provided in the Security Deed. The Bond Trustee will be required to serve a Notice to Pay on the Covered Bond Guarantor following the occurrence of an Issuer Event of Default (whereupon the Covered Bonds will become immediately due and payable as against the Relevant Issuer (and the Guarantor if ANZNIL is the Issuer) but not at such time as against the Covered Bond Guarantor).

A Covered Bond Guarantee Acceleration Notice may be served by the Bond Trustee on the Relevant Issuer, the Guarantor (if ANZNIL is 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 commencement of winding up proceedings against the Trust and/or realisation of the Security shall be held by it in the Trust Accounts on trust to be applied in accordance with the Post-Enforcement Priority of Payments.

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 ANZ New Zealand'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, the Adjusted Aggregate Housing Loan Amount is in an amount at least equal to the NZ dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds from time to time. 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 Housing Loans and the Related Security to the Covered Bond Guarantor in order to ensure that the Housing Loan Portfolio is in compliance with the Asset Coverage Test. The consideration payable to the Seller for the sale of such Housing Loans and Related Security to the Covered Bond Guarantor to rectify a breach of the Asset Coverage Test will be funded by 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 Housing 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 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 but prior to the enforcement of the Security in accordance with the Security Deed, the Amortisation Test Aggregate Housing Loan Amount is in an amount at least equal to the NZ dollar Equivalent of the aggregate Principal Amount Outstanding under the Covered Bonds.

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 with the GIC Account which will be credited with the proceeds of Available Revenue Receipts or a Term Advance up to an amount equal to the Reserve Fund Required Amount in accordance with the applicable Priority of Payments.

If ANZ New Zealand's short-term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least P-1 by Moody's and F1+ by Fitch, the Reserve Fund Required Amount will be nil or such other amount as ANZ New Zealand shall advise the Covered Bond Guarantor from time to time and otherwise, an amount equal to:

- (a) the higher of the NZ dollar Equivalent of the interest:
  - (i) that will accrue on each Series of Covered Bonds from (and including) that date to (but excluding) the date falling three months after such date; and
  - (ii) due for payment on each Series of Covered Bonds from (and including) that date to (but excluding) the date falling three months after such date; and
- (b) an amount equal to one-quarter of the anticipated aggregate annual amount payable in respect of the items specified in paragraphs (a) to (c) of the Pre-Acceleration Revenue Priority of Payments.

See "*Cashflows—Pre-Acceleration Revenue Priority of Payments*" below.

## 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 Relevant Issuer (and the Guarantor if ANZNIL is the Issuer) only. The Relevant Issuer (or the Guarantor if ANZNIL is the Issuer) are liable to make payments when due on the Covered Bonds, whether or not ANZ New Zealand 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 commencement of winding up proceedings against the Trust and/or realisation of the Security;
- (b) following service of a Notice to Pay (but prior to the service of a Covered Bond Guarantee Acceleration Notice and/or commencement of winding up proceedings against the Trust and/or realisation of the Security); and
- (c) following the service of a Covered Bond Guarantee Acceleration Notice and/or commencement of winding up proceedings against the Trust and/or realisation of the Security,

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 commencement of winding up proceedings against the Trust and/or the realisation of the Security***

Prior to the service of a Notice to Pay or a Covered Bond Guarantee Acceleration Notice and/or the commencement of winding up proceedings against the Trust and/or realisation of the Security, Available Revenue Receipts standing to the credit of the Transaction Accounts 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), 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 the GIC Account (if the Trust Manager has not directed the Covered Bond Guarantor to transfer funds to the Transaction Accounts in accordance with the Establishment Deed) 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 Priorities 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 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 in the Trust Payment Period in which such Trust Payment Date occurs, 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 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 Interest Rate Swap Provider in respect of the Interest Rate Swap (including any termination payment due and payable by the Covered Bond Guarantor under the Interest Rate Swap but excluding any Excluded Swap Termination Amount) (except to the extent that such amounts have been paid out of any premium received from any replacement Interest Rate Swap Provider) pursuant to the terms of the Interest Rate 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 (other than in respect of principal) 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 Calculation Manager may reasonably determine,

but, in the case of any such payment or provision, after taking into account any amounts receivable from the Interest Rate Swap Provider under the Interest Rate Swap Agreement and, 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 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) any amounts standing to the credit of the Pre-Maturity Ledger as at the immediately preceding Determination Date;
- (f) *sixth*, in or towards a credit to the Reserve Ledger and deposit into the GIC Account of an amount up to but not exceeding the amount by which the Reserve Fund Required Amount exceeds the existing balance on the Reserve Ledger as calculated on the immediately preceding Determination Date;
- (g) *seventh*, if a Servicer Termination Event has occurred, all remaining Available Revenue Receipts to be deposited into the GIC Account (with a corresponding credit to the Revenue Ledger) until such Servicer Termination Event is either remedied by the Servicer or waived by the Security Trustee (acting on the directions of the Bond Trustee or, if no Covered Bonds are outstanding, the Majority Secured Creditors) or a replacement servicer is appointed to service the Housing 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 Housing Loans and the Related Security to the Covered Bond Guarantor; and
- (l) *twelfth*, the remainder:
  - (i) subject to subparagraph (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 Fiscal Period has vested absolutely in the Residual Income 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 Fiscal Period has vested absolutely in the Residual Income Beneficiary in accordance with the Establishment Deed, to the Residual Income Beneficiary by way of distribution of the Net Annual Income of the Trust which has vested absolutely in the Residual Income 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 Residual Income 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 the IRD 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 Residual Income 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 Residual Income 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 commencement of winding up proceedings against the Trust and/or realisation of the Security, 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 service of a Notice to Pay, or a Covered Bond Guarantee Acceleration Notice and/or the commencement of winding up proceedings against the Trust and/or the realisation of the Security***

Prior to the service of a Notice to Pay or a Covered Bond Guarantee Acceleration Notice and/or the commencement of winding up proceedings against the Trust and/or the realisation of the Security, 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 the GIC Account (if the Trust Manager has not directed the Covered Bond Guarantor to transfer funds to the Transaction Accounts in accordance with the Establishment Deed) (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 or priority ("**Pre-Acceleration Principal Priority of Payments**") (in each case only if and to the extent that payments or provisions of a higher priority have been paid in full to the extent the same are payable on the relevant Trust Payment Date):

- (a) *first*, if the 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 and deposit into the GIC Account 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 Housing 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 (relating solely to principal) due and payable by the Covered Bond Guarantor under the Covered Bond Swap Agreement, but excluding any Excluded Swap Termination Amount) (except to the extent that such amounts have been paid out of any premiums received from any replacement Swap Provider) 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:
  - (i) pay the Purchase Price for New Housing 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; and
  - (ii) pay to the Seller the Purchase Price of any Further Advances and/or to reimburse the Seller for funding any Cash Redraws that the Covered Bond Guarantor has agreed may remain in the Housing Loan Portfolio in accordance with the Mortgage Sale Agreement;
- (f) *sixth*, to repay such amount of the principal outstanding on the Demand Loan that is due or to become 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 Housing Loans and the Related Security to the Covered Bond Guarantor; and
- (h) *eighth*, to deposit the remaining Available Principal Receipts into the GIC Account.

***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 be revoked), but prior to the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice or, if earlier, the occurrence of a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice and/or the commencement of winding up proceedings against the Trust and/or realisation of the Security, 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 service of a Covered Bond Guarantee Acceleration Notice and/or the commencement of winding up proceedings against the Trust and/or the realisation of the Security, 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 (and transferred from the GIC Account to the Transaction Accounts) to repay the relevant Series.

### ***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, Receiptholders 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, Receiptholders 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;
  - (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 any 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 Interest Rate Swap Provider in respect of the Interest Rate Swap (including any termination payment due and payable by the Covered Bond Guarantor under the Interest Rate Swap but excluding any Excluded Swap Termination Amount) (except to the extent that such amounts have been paid out of any premiums received from any replacement Interest Rate Swap Provider) in accordance with the terms of the Interest Rate 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 (other than in respect of principal) 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, Receipholders 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 any amounts receivable from the Interest Rate Swap Provider under the Interest Rate Swap Agreement and, if applicable, any amounts (other than principal) receivable from 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 (including any termination payment due and payable (in respect of principal) 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) (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 (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) 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 Paying Agent on behalf of the Covered Bondholders,



but, in the case of any such payment or provision, after taking into account any amounts receivable from the Interest Rate Swap Provider in respect of the Interest Rate Swap Agreements and, 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 Amount due and payable by the Covered Bond Guarantor under the Swap Agreements, except to the extent that such amounts have been 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 Housing Loans and the Related Security to the Covered Bond Guarantor; and
- (n) *fourteenth*, the remainder:
  - (i) subject to subparagraph (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 Fiscal Period has vested absolutely in the Residual Income 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 Fiscal Period has vested absolutely in the Residual Income Beneficiary in accordance with the Establishment Deed to the Residual Income Beneficiary by way of distribution of the Net Annual Income of the Trust which has vested absolutely in the Residual Income 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 Residual Income 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 the IRD 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 Residual Income 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 Residual Income 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 commencement of winding up proceedings against the Trust and/or realisation of the Security) 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 Payment. 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 on behalf of the Covered Bond Guarantor in which case the premium shall be applied in accordance with the applicable Priorities of Payment.

***Application of moneys received by the Security Trustee following the service of a Covered Bond Guarantee Acceleration Notice and/or realisation of the Security and/or the commencement of winding up proceedings against the Trust***

From and including the time when the Bond Trustee serves a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and/or winding up proceedings are commenced against the Trust and/or the Security is realised, no amount may be withdrawn from the Trust Accounts without the prior written consent of the Security Trustee.

***Post-Enforcement Priority of Payments***

All moneys received or recovered by the Security Trustee or any Receiver (excluding all amounts due or to become due in respect of any Third Party Amounts and excluding 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) ("**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 appointed by the Security Trustee under the provisions of the Security 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; 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 Interest Rate Swap Provider (including any termination payment, but excluding any Excluded Swap Termination Amount) pursuant to the terms of the Interest Rate 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 Housing Loans and the Related Security to the Covered Bond Guarantor; and
- (j) *tenth*, the remainder as a distribution to the Beneficiaries in accordance with the Establishment Deed.

## THE HOUSING LOAN PORTFOLIO

Each New Housing Loan Portfolio acquired by the Covered Bond Guarantor consists of Housing 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 Housing Loan Portfolio**" means a portfolio of New Housing Loans and the Related Security (other than any New Housing 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 Housing 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 Acquisition Cut-Off 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 Housing Loans and the Related Security after the Acquisition Cut-Off Date (but excluding, for the avoidance of doubt, all Accrued Interest as at the Acquisition Cut-Off Date) in respect of such New Housing 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 Housing Loan Conditions;
- (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 Housing Loans and any other collateral security for the repayment of the relevant Housing 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 Housing Loan Conditions;
- (d) all the estate, title and interest in the Properties in relation thereto vested in the Seller;
- (e) to the extent they are assignable or capable of being put into trust, each certificate of title and Valuation Report and any right of action of the Seller against any solicitor, valuer or other person in connection with any report, valuation, opinion, certificate or other statement of fact or opinion given in connection with any such New Housing Loans and the Related Security, or any part thereof affecting the decision of the Seller to make or offer to make such Housing Loans or part thereof; and
- (f) the benefit of certain Insurance Contracts, in each case so far as they relate to such New Housing Loans comprised in that portfolio of New Housing 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 Housing Loans attached to any New Housing 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 Housing Loans in the Housing Loan Portfolio*".

## LEGAL ASPECTS OF THE HOUSING LOAN PORTFOLIO

### Legal Aspects of the Purchased Receivables

The following discussion is a summary of the material legal aspects of the Housing Loan Portfolio. This summary reflects the laws of New Zealand only and is not an exhaustive analysis of the relevant law.

#### General

In general, there are two parties to a mortgage. The first party is the mortgagor, who is either the borrower and homeowner or, where the relevant loan is guaranteed and the guarantee is secured by a mortgage, the guarantor. The mortgagor grants the mortgage over his or her property. The second party is the mortgagee, who is the lender. Generally, each housing loan will be secured by a mortgage which has a first ranking priority over all other mortgages granted by the relevant borrower and over all unsecured creditors of the borrower, except in respect of certain statutory rights such as some rates (i.e. local government property taxes) and taxes, which are granted statutory priority. All Housing Loans forming part of the Housing Loan Portfolio will be secured by a first ranking registered Mortgage over Land. The terms of the mortgage generally will provide that the mortgagor cannot create another registered mortgage over the relevant mortgaged property without the consent of the prior lender.

#### Types of security in New Zealand

All New Zealand residential housing loans may be secured by a mortgage over one of the following types of interest in land.

##### *Torrens Title*

Torrens title is the most common form by which title to land is held in New Zealand. Torrens title is freehold or leasehold title, interests in which are created by registration pursuant to the Land Transfer Act 2017. Each parcel or parcels of freehold land are represented by a separate record of title.

##### *Unit Title Act 2010*

A subset of the Torrens title are unit titles created pursuant to the Unit Title Act 2010 which provides a system of title under which land is divided into a number of units, usually in stratum estates. The proprietor has title to a unit of that land and may, subject to any restrictions registered against the title to that unit, freely deal with that unit. Certain parts of the property, such as the land on which the building is erected, the stairwells and entrance lobbies, are referred to as "common property" and are owned by a "Body Corporate" ("**Body Corporate**") for the benefit of all of the proprietors. All proprietors are members of the Body Corporate, which is vested with the control, management and administration of the common property and the property generally, including the regulations governing the apartment block, for the benefit of the proprietors.

#### Taking security over Land

The following is a summary of the material issues involved in taking security over land in New Zealand.

A mortgage is a charge on land only - the mortgagor (the borrower or guarantor) remains the registered owner of the land to which the mortgage relates.

New Zealand does not have a prescribed form of mortgage and most New Zealand mortgage providers (including ANZ New Zealand) employ their own form of mortgage contract.

A mortgage registered under the Land Transfer Act 2017 (or any preceding act or statute) will generally receive priority over a mortgage that has not been registered. To this extent, the mortgagee is said to have a legal or registered interest in the land. However, registration does not transfer title in the property, and the mortgagor remains as legal owner; in short, the mortgage operates as a charge over the property. The mortgagee obtains an interest in the land which is registered against the title for the property at LINZ. A search of the LINZ register by any subsequent creditor or proposed creditor will reveal the existence of the prior mortgage.

Once the mortgagor has repaid his or her debt, a discharge executed by the mortgagee is lodged by the mortgagor or the mortgagee, and the land ceases to be subject to the charge created by the mortgage as security for the debt.

A lender may also take a second mortgage over land in New Zealand. This discussion assumes that each of the first and second ranking mortgages are registered under the Land Transfer Act 2017 (or any preceding act or statute).

A mortgage may be registered with the benefit of a stated priority amount. That mortgagee may then recover in priority to subsequent mortgagees the lesser of the amount owing and the priority amount. The priority amount is only relevant for sharing the proceeds of sale between mortgagees. It does not limit the amount a sole mortgagee can seek to recover from the mortgagor.

Where two or more mortgagees agree to vary the priorities of their mortgages a priority agreement may be entered into between the mortgagees. The priority agreement will generally regulate the enforcement and sale process in respect of the mortgaged property and the application of the sale proceeds between the first and second ranking mortgagees.

If no such priority agreement is entered into, then the holder of a second ranking mortgage may commence the enforcement and sale process in respect of the mortgaged property, without the consent or control of the holder of the first ranking mortgage, but upon the sale of the related property will be required to obtain the release of the first ranking mortgage from the related property, by payment of all amounts secured to the first mortgage (or the priority amount stated in the first mortgage if lower). Equally, the holder of the first ranking mortgage may take these actions and is required only to account to the holder of a second ranking mortgage for any sale proceeds that exceed the amount due to the holder of the first ranking mortgage (or the priority amount stated in the first mortgage if lower).

In each case, the sale proceeds are generally applied first towards repayment of all amounts due to the holder of the first ranking mortgage. The holder of the second ranking mortgage is entitled to the sale proceeds only to the extent that all amounts due to the holder of the first ranking mortgage have been paid up to the lesser of the amount of the debt then outstanding and the priority amount of that mortgage (as recorded in the mortgage and/or any priority agreement). If a priority amount is not stated or the amounts owing to the first mortgagee exceed the priority amount then the rule against tacking will apply. This prevents a first ranking mortgagee obtaining priority for further advances made by the first mortgagee after receipt of notice of the second mortgage, unless there is a pre-existing obligation on the first mortgagee to make the further advance or the further advance is made in accordance with the terms of a priority agreement with the second mortgagee.

Where a mortgage is over a leasehold title, the value of that security is dependent on the leasehold interest continuing to exist.

### ***Enforcement of Registered Mortgages***

#### *Enforcement Generally*

The following is a summary of the material issues involved in enforcing registered mortgages in New Zealand.

Subject to the discussion in this section (and, in particular, the requirements of the Property Law Act 2007), if a borrower defaults under a housing loan, the loan documents will generally provide that all moneys under the mortgage loan become due and payable either, in limited circumstances, immediately, or otherwise after a default notice has been given and the default has not been remedied within a prescribed period of time (generally at least 20 working days). The lender then has a number of remedies, including the right to sue to recover all outstanding principal, interest and fees under the borrower's personal covenant to repay the amounts set out in the loan documents.

In addition, the lender may enforce a registered mortgage in a number of ways. These include:

- **selling the property:** The power of sale is usually expressly contained in the mortgage documents, and is also implied in registered mortgages under the Land Transfer Act 2017 (or any preceding act or statute) and/or the Property Law Act 2007. The legislation prescribes certain forms and periods of notice (usually not less than 20 working days) to be given to the

mortgagor prior to enforcement which apply notwithstanding any contrary provision in the mortgage. The mortgagee is under a duty to take reasonable care to obtain the best price reasonably obtainable for the sale of the mortgaged property. Subject to this duty, the sale may be by public auction or private treaty. The purchaser of the property sold pursuant to a mortgagee's power of sale becomes the owner of the property subject to any interests registered prior to the mortgage and any other estates and interests that are otherwise binding on the vendor mortgagee (for example, where the mortgagee has agreed that the property may be subject to an easement). The Property Law Act 2007 allows for the sale either with the assistance of the High Court or through the Registrar of the High Court. The only way that a mortgagee can become the proprietor of the land is either a sale with the assistance of the High Court or a sale through the Registrar of the High Court.

- **entering into possession of the property:** If the mortgagee enters into possession, it does so in its own right and not as agent of the mortgagor, and so may be personally liable for mismanagement of the property and to third parties as occupier of the property. The mortgagee may lease the property to third parties subject to the duty to obtain the best rent reasonably obtainable. The mortgagee may apply rent or profits received from the possession of the property in satisfaction of the amount owing in respect of the mortgage loan and the related mortgage. Upon taking possession, the mortgagee has a number of duties including the duty to account, to realise assets conscientiously, to get in rents and other income, to improve the property and make repairs if necessary to satisfy the duty of sale, and to take reasonable steps to maintain the security for the benefit of the guarantor (if any) (see below also for information relating to environmental liability); and
- **appointing a receiver or receiver and manager ("receiver") to deal with the property or with income from the property or exercise other rights delegated to the receiver by the mortgagee:** For mortgages that came into operation on or after 1 January 2008, there is an implied power to appoint a receiver; prior to 1 January 2008 there was no implied power to appoint a receiver and any power to appoint a receiver had to be contractual. A receiver will generally manage and administer the property in the interests of the mortgagee in order to preserve the mortgagee's security and collect the income from the property. A receiver is the agent of the mortgagor and so, unlike when the mortgagee enters possession of property, the mortgagor is liable for the receiver's acts as occupier of the property. The receiver will also owe duties to the mortgagor, guarantor (if any) and other interested parties to act in good faith. In the case of a company mortgagor the receiver will also be subject to a duty to obtain the best price reasonably obtainable.

Each Housing Loan is a credit contract regulated by the CCCFA or the Credit Contracts Act 1981. For further detail regarding the obligations and possible remedies imposed under these Acts, please see pages 275 to 277 of this Base Prospectus.

#### *Bankruptcy and Insolvency*

The insolvency of a natural person is governed by the provisions of the Insolvency Act 2006. Secured creditors of a natural person, such as mortgagees under land mortgages, stand outside the bankruptcy. That is, the property of the bankrupt which is available for distribution to creditors by the Official Assignee in bankruptcy does not include the mortgaged property. The mortgagee may prove, or file a claim, in the bankruptcy as an unsecured creditor if it has realised the mortgaged property and its debt has not been fully repaid, in which case it can prove for the unpaid balance. If the mortgagee proves in the bankruptcy for the full amount of its debt without taking into account the value of the mortgaged property, it will be deemed to have surrendered its security.

Certain dispositions of property (including the granting of a mortgage) by a bankrupt prior to the commencement of the bankruptcy may be avoided by the Official Assignee in bankruptcy. These include where:

- the transaction was made in the two years immediately prior to the bankrupt's adjudication, the bankrupt was insolvent at the time and the transaction resulted in a creditor receiving more than they would have in an insolvency (i.e. a preference);



- the bankrupt, with the intent to prejudice a creditor, by way of gift or without receiving reasonably equivalent value in exchange, makes a disposition while insolvent or becomes insolvent as a result of the disposition; and
- the disposition was a gift made by the bankrupt within 2 years of the bankruptcy or within 2 to 5 years of the bankruptcy at a time when the bankrupt was insolvent.

Additionally, the Official Assignee may recover the value lost where the bankrupt has, within the past two years, entered into a transaction at an undervalue.

The insolvency of a company is governed by the NZ Companies Act. Again, secured creditors generally stand outside the liquidation. However, a liquidator may avoid a mortgage under the NZ Companies Act including where:

- it is an insolvent transaction, that is, the company gave a preference to a creditor;
- the company, with the intent to prejudice a creditor, by way of gift or without receiving reasonably equivalent value in exchange, makes a disposition while insolvent or becomes insolvent as a result of the disposition; or
- the company enters into a transaction at an undervalue at a time when the Company was insolvent or became insolvent because of the transaction.

The liquidator may also avoid a loan or mortgage which is fraudulent.

In addition to bankruptcy and liquidation, the Insolvency Act and NZ Companies Act provide for the appointment of an administrator to assume control of an insolvent mortgagor's affairs to enable a workout arrangement to be put to the mortgagor's creditors. In this event a temporary moratorium may apply to prevent mortgagees and other creditors from taking enforcement action against the mortgagor or the mortgagor's property.

### **Environmental Considerations**

Land which is mortgaged to a lender may be subject to unforeseen environmental problems, including land contamination. No New Zealand statute expressly imposes liability on "passive" lenders or security holders for environmentally damaged land, including the cost of rectifying the damage, but liability may attach to a person who is, for instance, an owner, occupier or person in control of the relevant property.

Merely holding security over property does not convert a lender into an owner or occupier. However, a lender or receiver who takes possession of contaminated mortgaged property or otherwise enforces its security may be liable as an owner or occupier.

To the extent that the official assignee or a receiver incur any of these liabilities in the proper administration of the insolvent estate, it will be entitled to be indemnified out of the assets of the insolvent estate.

### **Tax Treatment of Interest on New Zealand Mortgage Loans**

Under New Zealand law, interest on loans used to purchase a person's primary place of residence is not ordinarily deductible for taxation purposes. Conversely, interest payments on loans and other non-capital expenditures relating to non-owner occupied residential properties that generate assessable income are generally allowable as tax deductions.

With effect from the 2019-20 income year, investors' ability to deduct expenditure incurred in relation to residential rental properties is restricted to the extent the expenditure exceeds the income from those properties. The excess amounts may be carried forward and are ring-fenced such that they could only be used to offset against specified types of future income from residential properties, and not against the investors' other taxable income.

## **The Seller as Mortgagee**

The Seller is and, at least until a Title Perfection Event occurs, intends to remain, the registered mortgagee of all the mortgages. The borrowers and guarantors will not be aware of the assignment of the mortgage loans and mortgages to the Covered Bond Guarantor.

Prior to any Title Perfection Event, the Servicer will undertake any necessary enforcement action with respect to defaulted mortgage loans and mortgages. Following a Title Perfection Event, the Covered Bond Guarantor is entitled, under an irrevocable power of attorney granted to the Covered Bond Guarantor by the Seller, to be registered as mortgagee of the mortgages.

Each New Housing Loan Portfolio acquired by the Covered Bond Guarantor consists of Housing Loans 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 Housing Loan Portfolio"** means a portfolio of New Housing Loans and the Related Security (other than any New Housing 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 Housing 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 Acquisition Cut-Off 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 Housing Loans and the Related Security after the Acquisition Cut-Off Date (but excluding, for the avoidance of doubt, all Accrued Interest as at the Acquisition Cut-Off Date) in respect of such New Housing 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 Housing Loan Conditions;
- (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 Housing Loans and any other collateral security for the repayment of the relevant Housing 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 Housing Loan Conditions;
- (d) all the estate, title and interest in the Properties in relation thereto vested in the Seller;
- (e) to the extent they are assignable or capable of being put into trust, each certificate of title and Valuation Report and any right of action of the Seller against any solicitor, valuer or other person in connection with any report, valuation, opinion, certificate or other statement of fact or opinion given in connection with any such New Housing Loans and the Related Security, or any part thereof affecting the decision of the Seller to make or offer to make such Housing Loans or part thereof; and
- (f) the benefit of certain Insurance Contracts, in each case so far as they relate to such New Housing Loans comprised in that portfolio of New Housing 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.

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 Housing Loans in the Housing Loan Portfolio*".

## **Consumer Legislation**

The following discussion is a summary of the CCA, the CCCFA and certain provisions of the Fair Trading Act 1986 ("FTA"), the key consumer legislation in New Zealand affecting the Housing Loan Portfolio. This summary reflects New Zealand law only and is not an exhaustive analysis of the CCA, CCCFA or FTA, nor is this the only New Zealand legislation which is relevant to the Housing Loan Portfolio.

### ***Housing Loans regulated by the CCA and the CCCFA***

The CCA and the CCCFA impose requirements on Housing Loans which are regulated credit contracts.

Each Housing 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.

Both the CCA and the CCCFA set out specific requirements for certain credit contracts in relation to required initial and on-going 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 represents and warrants to, among others, the Covered Bond Guarantor that each Housing Loan and the Related Security complies with the relevant requirements for controlled credit contracts and consumer credit contracts in the CCA and the CCCFA (to the extent that those statutes are applicable to the Housing Loan and the Related Security) (or to the extent of any non-compliance, such non-compliance would not affect the enforceability of the Housing 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, 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 before the change takes effect. However, if the change reduces the debtor's obligations, extends the time for payment, releases any security or increases 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 Housing 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 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 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 incurred by the creditor. In determining whether the fee reasonably compensates the creditor for costs, the court must have regard to reasonable standards of commercial practice.

### ***Lender responsibility principles***

In relation to New 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 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 below), ensure that the relevant credit contract is not oppressive and that the lender does not deal with borrowers and guarantors by oppressive means.

### ***Enforceability***

Non-compliance with certain provisions of the Financial Service Providers (Registration and Dispute Resolution) Act 2008 and the CCCFA can affect the enforceability of credit contracts and, in some circumstances, the ability of the lender to recover costs of borrowing and other fees in relation to the credit contracts.

### ***Fair Trading Act 1986***

Each Housing 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 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 upon.

## **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 Issuers, the Guarantor and the Covered Bond Guarantor believe to be reliable, but none of the Issuers, the Covered Bond Guarantor, the 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 Issuers, the Covered Bond Guarantor, the 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**

#### *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.

### **Transfers of Covered Bonds Represented by Registered Global Covered Bonds**

Transfers of any interests in Covered Bonds represented by a Registered Global Covered Bond within Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system.

Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Covered Bonds among participants and accountholders of Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuers, the Guarantor, the Covered Bond Guarantor, the Bond Trustee, the Security Trustee, the Agents or any Dealer will be responsible for any performance by Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Covered Bonds represented by Registered Global Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial interests.

## TAXATION

### 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 Base Prospectus under the Tax Act. The comments relate only to Covered Bonds issued pursuant to a binding agreement entered into on or after 30 March 2017. 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, the Guarantor 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 (and for the purposes of this section dealing with New Zealand Taxation "**interest**" means interest as defined under New Zealand tax legislation) to the Covered Bondholder, Receiptholder or Couponholder if:

- (a) the person deriving the interest:
  - (i) is a resident of New Zealand for income tax purposes;
  - (ii) is a non-resident that holds the Covered Bond, Coupon or Receipt for the purposes of a business carried on in New Zealand through a fixed establishment in New Zealand; or
  - (iii) is a non-resident that is a registered bank in New Zealand and is engaged in business in New Zealand through a fixed establishment in New Zealand and is not associated with the Issuer,(each a "**New Zealand Bondholder**"); and
- (b) at the time of such payment, the New Zealand Bondholder does not have RWT-exempt status in respect of New Zealand resident withholding tax.

If resident withholding tax is required to be deducted from the payment of any interest by the Issuer, the Guarantor or by the Covered Bond Guarantor under the Covered Bond Guarantee, the Issuer, the Guarantor or the Covered Bond Guarantor (as the case may be) will not be obliged to pay any additional amount.

### Non-Resident Withholding Tax

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) with a New Zealand source to a Covered Bondholder, Receiptholder or Couponholder who is not a New Zealand Bondholder. If non-resident withholding tax is required to be deducted from the payment of any interest to any holder of a Covered Bond, ANZ New Zealand and ANZNIL intend (for so long as they do not incur any increased cost or detriment for so doing and are legally able to do 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 IRD and paying, on its own account, an approved issuer levy (currently equal to 2 per cent of such payments of interest).

Where a Covered Bondholder, Receiptholder or Couponholder who is not a New Zealand Bondholder holds the Covered Bond, Receipt or Coupon jointly with a person who is a New Zealand tax resident, 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 IRD for a refund of over-deducted tax. The Issuer will not pay an additional amount to the Covered Bondholder, Receiptholder 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 the approved issuer levy (unless required by law).

If the Covered Bond Guarantor is required by law to pay 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.

### **New Zealand Income Tax Implications**

For a Covered Bondholder, Receiptholder or Couponholder who is a New Zealand tax resident, or who is not New Zealand tax resident but is party to a Covered Bond, Receipt or Coupon for the purpose of a business carried on by that Covered Bondholder, Receiptholder or Couponholder through a fixed establishment in New Zealand, the Covered Bonds, Receipts 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.

### **United Kingdom Taxation**

*The comments below are of a general nature based on the Issuers' understanding of current United Kingdom law and published HM Revenue & Customs ("HMRC") practice. They relate only to the position of persons who are the absolute beneficial owners of their Covered Bonds and all payments made thereon. The comments relate only to withholding tax on payments of, or in respect of, interest on the Covered Bonds issued by ANZNIL acting through its London branch and do not deal with any other aspect of the United Kingdom taxation treatment that may be applicable to holders of such Covered Bonds (including, for instance, income tax, capital gains tax and corporation tax). Prospective holders of Covered Bonds should note that the particular terms of issue of any Series of Covered Bonds as specified in the applicable Final Terms may affect the tax treatment of that and any other Series of Covered Bonds and should be treated with appropriate caution. The comments below do not deal with the tax consequences of any substitution of the Relevant Issuer in accordance with Condition 11 (Meetings of Covered Bondholders, Modification, Waiver, Substitution and Legislative Exchange). References to "interest" in this section mean "interest" as understood in United Kingdom tax law, and does not take account of any different definitions of "interest" which may prevail under any other law or which may be created by the terms and conditions of the Covered Bonds or any related documentation.*

*The United Kingdom tax treatment of holders of Covered Bonds depends on their individual circumstances and may be subject to change. Any holders of Covered Bonds who are in doubt as to their tax position should consult their professional advisers. Holders of Covered Bonds who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of Covered Bonds are particularly advised to consult their professional advisers as to whether they are so liable (and, if so, under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Covered Bonds. In particular, holders of Covered Bonds should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Covered Bonds even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.*

#### *Payment of interest in respect of the Covered Bonds issued by ANZNIL*

Where the Covered Bonds issued by ANZNIL carry a right to interest, and are and continue to be listed on a recognised stock exchange within the meaning of section 1005 of the United Kingdom Income Tax Act 2007 (the "ITA"), payments of interest may be made by ANZNIL without withholding or deduction for or on account of United Kingdom income tax. The London Stock Exchange is a recognised stock exchange for the purposes of section 1005 of the ITA. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000) and are admitted to trading on the London Stock Exchange.



Interest on the Covered Bonds may also be paid by ANZNIL without withholding or deduction on account of United Kingdom income tax where, at the time the payment is made, ANZNIL reasonably believes (and any person by or through whom interest on the Covered Bonds is paid reasonably believes) either:

- (a) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest; or
- (b) that the payment is made to one of the bodies or persons set out in sections 935 to 937 of the ITA,

provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that the relevant above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

Interest on Covered Bonds may be paid by ANZNIL without withholding or deduction for or on account of United Kingdom income tax provided the maturity of the Covered Bonds is less than 365 days and those Covered Bonds do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days.

In all other cases, an amount must generally be withheld from payments of interest on the Covered Bonds on account of United Kingdom income tax at the basic rate (currently 20 per cent), subject to such relief as may be available pursuant to the provisions of any applicable double taxation treaty, or any other exemption which may apply.

*Payments by the Covered Bond Guarantor in respect of the Covered Bonds issued by ANZNIL*

If the Covered Bond Guarantor, pursuant to the Covered Bond Guarantee, makes any payment in respect of interest on the Covered Bonds (or any other amounts due under the Covered Bonds other than the repayment of amounts subscribed for the Covered Bonds), such payment may be subject to United Kingdom withholding tax, subject to such relief as may be available under the provisions of any applicable double taxation treaty or any other relief that may apply. Such payments by the Covered Bond Guarantor may not, however, be eligible for the exemptions from the obligation to withhold tax described in the paragraphs above. If payments by the Covered Bond Guarantor are subject to any withholding or deduction for or on account of tax, the Covered Bond Guarantor will not be required to pay any additional amounts.

*Payments by the Guarantor in respect of the Covered Bonds issued by ANZNIL*

If the Guarantor makes any payment in respect of interest on the Covered Bonds (or any other amounts due under the Covered Bonds other than the repayment of amounts subscribed for the Covered Bonds), such payment may be subject to United Kingdom withholding tax, subject to such relief as may be available under the provisions of any applicable double taxation treaty or any other relief that may apply. Such payments by the Guarantor may not, however, be eligible for the exemptions from the obligation to withhold tax described in the paragraphs above. If payments by the Guarantor are subject to any withholding or deduction for or on account of tax, the Guarantor will be required to pay additional amounts subject to the exceptions set out in Condition 7 (*Taxation*) of the Covered Bonds.

## SUBSCRIPTION AND SALE

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 17 June 2014, agreed with the Issuers, the Guarantor 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 Base Prospectus, the Dealers are Australia and New Zealand Banking Group Limited and Barclays Bank PLC but the Issuers may appoint other dealers from time to time in accordance with the respective terms of the Programme Agreement, which appointment may be for a specific issue or on an on-going basis. An Issuer may also sell Covered Bonds directly to, and may solicit and accept offers to purchase directly from, investors on its own behalf in those jurisdictions where it is authorised to do so.

The Issuers may pay the Dealers commissions from time to time in connection with the sale of any Covered Bonds. In the Programme Agreement, the Dealers are (or may be) entitled to be released and discharged from their obligations in relation to any agreement to purchase Covered Bonds under the Programme Agreement in certain circumstances prior to payment to the Issuer.

In order to facilitate the offering of any Tranche of the Covered Bonds, certain persons participating in the offering of the Tranche may, in jurisdictions where such action is permitted, 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, in jurisdictions where such action is permitted, stabilise or maintain the price of the Covered Bonds by bidding for or purchasing Covered Bonds in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker dealers participating in the offering of the Covered Bonds are reclaimed if Covered Bonds previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Covered Bonds at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Covered Bonds to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilising or other transactions. Such transactions, if commenced, may be discontinued at any time. Under United Kingdom laws and regulations stabilising activities may only be carried on by the stabilising manager named in the applicable Final Terms and must end no later than the earlier of 30-days after the Issue Date of the relevant Series or Tranche of the Covered Bonds and 60 days after the date of the allotment of the relevant Tranche of Covered Bonds.

### **Selling Restrictions**

#### **United States**

The Covered Bonds, the Guarantee and the Covered Bond Guarantee have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered, sold or in the case of Covered Bonds in bearer form, delivered within the United States or to or, for the account or benefit of, U.S. persons, except pursuant to an exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, except as permitted by the Programme Agreement, it has not offered or sold Covered Bonds, and will not offer or sell Covered Bonds (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering of the Covered Bonds comprising the relevant Tranche and the completion of the distribution of the Covered Bonds comprising the relevant Tranche, as determined and certified to the Principal Paying Agent or the relevant Issuer by such Dealer (or, in the case of a sale of a Tranche of Covered Bonds to or through more than one Dealer, by each of such Dealers as to the Covered Bonds of such Tranche purchased by or through it, in which case the Principal Paying Agent or the relevant Issuer shall notify each such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, each Dealer has

represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that none of it, its affiliates or any persons acting on its or their behalf have engaged or will engage in any directed selling efforts (as defined in Regulation S under the Securities Act) with respect to the Covered Bonds, and it and they have complied and will comply with any applicable offering restrictions requirement of Regulation S. Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree that, at or prior to the confirmation of any sale of Covered Bonds, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Covered Bonds from it or through it during the distribution compliance period (as defined in Regulation S under the Securities Act) a confirmation or notice to substantially the following effect:

"Neither the Covered Bonds covered hereby nor the Guarantee or the Covered Bond Guarantee have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered, sold or, in the case of Covered Bonds in bearer form, delivered within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering of the Covered Bonds comprising the relevant Tranche and the completion of the distribution of the Covered Bonds comprising the relevant Tranche as determined and certified by [*Name of Dealer or Dealers, as the case may be*], except, in either case, in accordance with Rule 903 of Regulation S under the Securities Act. Terms used above have the meaning given to them by Regulation S under the Securities Act."

In addition, until the expiration of the period ending 40 days after the later of the commencement of the offering and the issue date of the Covered Bonds, an offer or sale of Covered Bonds within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

The Covered Bonds in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Each Dealer has agreed that it will not offer, sell or deliver a Covered Bond in bearer form within the United States or its possessions or to U.S. persons except as permitted by the Programme Agreement. Terms used in this paragraph have the meanings given to them by the Code and U.S. Treasury regulations thereunder.

In respect of Bearer Covered Bonds where TEFRA D is specified in the applicable Final Terms:

- except to the extent permitted under U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D) (the "**D Rules**"), each Dealer has (i) represented, warranted and agreed that it has not offered or sold, and agrees that during the restricted period it will not offer or sell, Bearer Covered Bonds to a person who is within the United States or its possessions or to a United States person, and (ii) represented, warranted and agreed that it has not delivered and agrees that it will not deliver within the United States or its possessions Bearer Definitive Covered Bonds that are sold during the restricted period;
- each Dealer has represented, warranted and agreed that it has and that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Bearer Covered Bonds are aware that such Bearer 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;
- each Dealer which is a United States person has represented, warranted and agreed that it is acquiring Bearer Covered Bonds for purposes of resale in connection with their original issuance and that if it retains Bearer Covered Bonds for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(6);
- with respect to each affiliate that acquires Bearer Covered Bonds from a Dealer for the purpose of offering or selling such Bearer Covered Bonds during the restricted period, such Dealer has repeated and confirmed the representations, warranties and agreements contained in (a), (b), (c) and (e) on such affiliate's behalf; and

- each Dealer has represented, warranted and agreed that it will obtain from any distributor (within the meaning of U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(4)(ii)) that purchases any Bearer Covered Bonds from it pursuant to a written contract with such Dealer (except a distributor that is one of its affiliates or is another Dealer), for the benefit of the Relevant Issuer and each other Dealer, the representations and warranties contained in, and such distributor's agreement to comply with, the provisions of (a), (b), (c) and (d) of this paragraph insofar as they relate to the D Rules, as if such distributor were a Dealer hereunder.

Terms used in the above paragraph have the meanings given to them by the Code, as amended and the U.S. Treasury regulations thereunder (the Regulations), including the D Rules.

In respect of Bearer Covered Bonds where TEFRA C is specified in the applicable Final Terms, each Dealer has represented that it understands that under U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(C) (the C Rules) such Bearer Covered Bonds must be issued and delivered outside the United States and its possessions in connection with their original issuance. Each Dealer has represented, warranted and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, such Bearer Covered Bonds within the United States or its possessions in connection with their original issuance. Further, each Dealer has represented, warranted and agreed in connection with the original issuance of such Bearer Covered Bonds that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either the Dealer or such prospective purchaser is within the United States or its possessions or otherwise involve a U.S. office of the Dealer in the offer or sale of such Bearer Covered Bonds. Terms used in this paragraph have the meanings given to them by the Code and the Regulations, including the C Rules.]

#### **Prohibition of Sales to EEA and UK Retail Investors**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Covered Bonds which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
  - (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; and
- (b) the expression **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds.

#### **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Covered Bonds in circumstances in which Section 21(1) of the FSMA does not apply to ANZ New Zealand, ANZNIL or the Covered Bond Guarantor;
- (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 relevant Issuer.

### **Australia**

Neither this Base Prospectus, nor any other prospectus or disclosure document (as defined in the Australian Corporations Act) in respect of the Programme or any Covered Bonds, has been, or will be, lodged with 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 each Tranche of Covered Bonds, it:

- (a) has not made and will not make, directly or indirectly, any offer or invitation in Australia (including an offer or invitation which is received by a person 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 a prospectus, 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 (or its equivalent in other currencies, disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Part 7.9 of the Australian Corporations Act; (ii) the offer or invitation is not made to a person who is a "retail client" within the meaning of section 761G of the Australian Corporations Act, (iii) such action complies with all applicable laws, regulations and directives in Australia and (iv) such action does not require any document to be lodged 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 the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**"), by means of any document, any Covered Bonds (except for Covered Bonds which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**"), other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32) of Hong Kong (the "**C(WUMPO)**") or which do not constitute an offer to the public within the meaning of the C(WUMPO); and
- (b) it has not issued, or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Covered Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Covered Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under 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, accordingly, 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 Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FIEA and all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, "Japanese Person" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

## France

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold and will not offer or sell directly or indirectly, any Covered Bonds to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Covered Bonds. That such offers, sales and distributions have been and will be made in France to (a) qualified investors (*investisseurs qualifiés*), as defined in and in accordance with Article L.411-2 1° of the French Code Monétaire et Financier (CMF) and article 2(e) of the Prospectus Regulation (Regulation (EU) 2017/1129) and/or (b) a restricted group of investors (*cercle restreint d'investisseurs*), other than qualified investors, provided that such investors are acting for their own account, in accordance with Articles L.411-2 1° and D.411-4 of the CMF and/or (c) investors who acquire Covered Bonds for a total consideration of at least EUR 100,000 (or its equivalent in another currency) per investor, for each separate offer in accordance with Article L. 411-2-1 2° of the CMF and Article 211-2 II of the Règlement general of the AMF (RG AMF) and/or (d) Covered Bonds whose nominal amount or equivalent amounts is at least EUR 100,000 (or its equivalent in another currency) in accordance with Article L. 411-2-1 3° of the CMF and Article 211-2 III of the RG AMF. Accordingly, the offer of Covered Bonds constitute an offer to the public exempted from the obligation to publish a prospectus pursuant to Article L.411-2 of the CMF, and this Base Prospectus has not been approved by the Autorité des Marchés Financiers.

The direct or indirect resale of Covered Bonds which have been acquired in with respect to an offer to the public exempted from the obligation to publish a prospectus may be made only as provided by and in accordance with Articles L.411-2 and L. 411-2-1 of the CMF.

## New Zealand

No action has been or will be taken by any Issuer, the Guarantor, the Covered Bond Guarantor or the Dealers which would permit a public or regulated offering of any of the Covered Bonds, or possession or distribution of any offering material in relation to the Covered Bonds, in New Zealand.

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 delivered and will not directly or indirectly offer, sell or deliver any Covered Bond, and it will not distribute any offering memorandum or advertisement in relation to any offer of Covered Bonds in New Zealand, other than to any or all of the following persons only:

- (a) "wholesale investors" as that term is defined in clauses 3(2)(a), (c) and (d) of Schedule 1 to the Financial Markets Conduct Act 2013 of New Zealand ("FMC Act"), being a person who is:
  - (i) an "investment business";
  - (ii) "large"; or
  - (iii) a "government agency",

in each case as defined in Schedule 1 to the FMC Act; and

- (b) in other circumstances where there is no contravention of the FMC Act, provided that (without limiting paragraph (a) above) Covered Bonds may not be offered or transferred to any "eligible investors" (as defined in the FMC Act) or any person that meets the investment activity criteria specified in clause 38 of Schedule 1 to the FMC Act.

In addition, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Covered Bonds to persons whom it believes to be persons to whom any amounts payable on the Covered Bonds are or would be subject to New Zealand resident withholding tax, unless such persons certify that they have RWT-exempt status in respect of New Zealand 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 Relevant 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 the Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Base Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Covered Bonds may not be circulated or distributed, nor may the Covered Bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Covered Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

the securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Covered Bonds pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; or
- (ii) where no consideration is or will be given for the transfer; or
- (iii) where the transfer is by operation of law; or
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

A reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

## **General**

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Covered Bonds or possesses or distributes this Base Prospectus, any Drawdown 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 Issuers, the Guarantor, the Covered Bond Guarantor nor any of the other Dealers shall have any responsibility therefor.

None of the Issuers, the Guarantor, 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.



## INDEPENDENT AUDITORS

The ANZ New Zealand Consolidated Financial Statements have been audited by KPMG, of 18 Viaduct Harbour Avenue, Auckland, New Zealand for the year ended 30 September 2019 and KPMG of 10 Customhouse Quay, P.O. Box 996, Wellington, New Zealand for the year ended 30 September 2018, independent auditors of ANZ New Zealand and its subsidiaries, for those periods, and unqualified opinions have been reported thereon. KPMG has no material interest in ANZ New Zealand.

With respect to the ANZ New Zealand Interim Financial Statements as at and for the six month period ended 31 March 2020, which are incorporated by reference herein, the independent auditors have reported that they applied limited procedures in accordance with professional standards in New Zealand for a review of such financial statements. However, their separate report which is incorporated by reference herein states that they did not audit and they do not express an opinion on those interim financial statements. Accordingly, the degree of reliance on their report on such financial statements should be restricted in light of the limited nature of the review procedures applied.

Section B1 of the Half Year Disclosure Statement describes the ANZ New Zealand Group's non-compliance with BS2B for the six months ended 31 March 2020. The opinion is qualified in respect of the capital adequacy disclosures in section B4 of the Half Year Disclosure Statement.

The ANZNIL Audited Financial Statements have been audited by KPMG, of 18 Viaduct Harbour Avenue, Auckland, New Zealand for the year ended 30 September 2019 and 30 September 2018, independent auditors of ANZNIL, for those periods, and unqualified opinions have been reported thereon. KPMG has no material interest in ANZNIL.

With respect to the ANZNIL Interim Financial Statements as at and for the six month period ended 31 March 2020, which are incorporated by reference herein, the independent auditors have reported that they applied limited procedures in accordance with professional standards in New Zealand for a review of such financial statements. However, their separate report which are incorporated by reference herein states that they did not audit and they do not express an opinion on those interim financial statements. Accordingly, the degree of reliance on their report on such financial statements should be restricted in light of the limited nature of the review procedures applied.

The Trust Financial Statements have been audited by KPMG, of 10 Customhouse Quay, P.O. Box 996, Wellington, New Zealand for the years ended 30 September 2019 and 30 September 2018, independent auditors of the ANZNZ Covered Bond Trust for that period, and unqualified opinions have been reported thereon. KPMG has no material interest in the ANZNZ Covered Bond Trust.

KPMG partners are members or affiliate members of Chartered Accountants Australia and New Zealand.

## GENERAL INFORMATION

### Authorisation

Each 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, implementation and operation of the Programme and the issue of the Covered Bonds by it thereunder have been duly authorised (i) by resolutions of the Board of Directors of ANZ New Zealand on 22 November 2010, 24 April 2012 and 22 April 2016; (ii) by resolutions of the Board of Directors of ANZNIL on 17 December 2010, 15 May 2012 and 29 June 2016; and (iii) by resolutions of the shareholder of ANZNIL on 22 November 2010 and 15 May 2012. The establishment, implementation and operation of the Programme and the giving of the Covered Bond Guarantee have been duly confirmed and authorised by resolutions of the Covered Bond Guarantor on 27 January 2011 and 18 April 2012.

### Listing of Covered Bonds

The admission of the Programme to listing on the Official List of the FCA and to trading on the regulated market of the London Stock Exchange is expected to take effect on or around 1 September 2020. 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 regulated 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 Relevant Issuer and the Relevant Dealer(s) may agree.

### Documents Available

For the life of this Base Prospectus or whilst any Covered Bonds are outstanding, the following documents will be available, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the office of the Principal Paying Agent and at the registered office of the Relevant Issuer:

- (a) the constitutive documents of the Relevant Issuer, the Guarantor and the Covered Bond Guarantor which may also be viewed at the following websites:

- (i) in respect of ANZ Bank New Zealand:

<https://app.companiesoffice.govt.nz/companies/app/service/services/documents/1D713091AC470A1D9D57B6A4057E1DA3>; and

<https://app.companiesoffice.govt.nz/companies/app/service/services/documents/87E52C494E0D6492CCE81EE1E84E588B>

- (ii) in respect of ANZNIL:

<https://app.companiesoffice.govt.nz/companies/app/service/services/documents/40B551AC3C43E02A4EBC7B8DD619B3F6>; and

<https://app.companiesoffice.govt.nz/companies/app/service/services/documents/D8FA4B0EF3445198C67861C863A657A0>

- (iii) In respect of the Covered Bond Guarantor:

<https://app.companiesoffice.govt.nz/companies/app/service/services/documents/7DD78FD2C44F560223697FA413EEA74B>

- (b) the Bond Trust Deed (which includes the Guarantee, the Covered Bond Guarantee and the forms of the Global Covered Bonds, the definitive Covered Bonds, the Coupons, the Receipts and the Talons) which may also be viewed at the following website: <https://www.anz.com/debtinvestors/centre/covered-bonds/>;
- (c) the Principal Agency Agreement;
- (d) any Final Terms relating to Covered Bonds of the Relevant 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);
- (e) a copy of this Base Prospectus, together with any supplement to this Base Prospectus or further Base Prospectus and any documents incorporated by reference; and
- (f) copies of the most recent publicly available annual audited consolidated and/or non-consolidated (as applicable) accounts of each of the Issuers and their subsidiaries incorporated by reference into this Base Prospectus, beginning with the annual audited consolidated and/or non-consolidated (as applicable) accounts of ANZ New Zealand and ANZNIL for the financial years ended 30 September 2019 and 2018 (see "*Documents Incorporated by Reference*" above for further details).

The Base Prospectus and the Final Terms for Covered Bonds that are listed on the Official List of the FCA and admitted to trading on the regulated market of the London Stock Exchange will be published on the website of the Regulatory News Service operated by the London Stock Exchange at [www.londonstockexchange.com](http://www.londonstockexchange.com).

### **Clearing Systems**

The Covered Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The Common Code and the International Securities Identification Number ("**ISIN**") for each Tranche of Covered Bonds allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Covered Bonds are to clear through an additional or alternative clearing system, the appropriate information will be specified in the applicable Final Terms. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg, Luxembourg. The address of any alternative clearing system will be specified in the applicable Final Terms.

### **Significant or Material Change**

There has been no significant change in the financial position of ANZ New Zealand or the ANZ New Zealand Group since 31 March 2020 to the date of this Base Prospectus. There has been no significant change in the financial performance of ANZ New Zealand or the ANZ New Zealand Group since 31 March 2020 to the date of this Base Prospectus, except as set out in the section entitled "*Recent Developments – COVID-19*". There has been no material adverse change in the prospects of ANZ New Zealand since 30 September 2019, except as set out above in the section entitled "*Risk Factors— Risks related to the Issuers' and Guarantor's business activities and industry— The COVID-19 pandemic has, and future outbreaks of other communicable diseases or pandemics may, materially and adversely affect the ANZ New Zealand Group's Position*".

There has been no significant change in the financial position or in the financial performance of ANZNIL since 31 March 2020 to the date of this Base Prospectus. There has been no material adverse change in the prospects of ANZNIL since 30 September 2019, except as set out above in the section entitled "*Risk Factors— Risks related to the Issuers' and Guarantor's business activities and industry— The COVID-*

*19 pandemic has, and future outbreaks of other communicable diseases or pandemics may, materially and adversely affect the ANZ New Zealand Group's Position".*

There has been no significant change in the financial position or in the financial performance of the Trust or the Covered Bond Guarantor since 30 September 2019 to the date of this Base Prospectus. There has been no material adverse change in the prospects of the Trust or the Covered Bond Guarantor since 30 September 2019.

### **Litigation**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which either Issuer or the Guarantor is aware) during the 12 months before the date of this Base Prospectus which may have, or have had in the recent past, a significant effect on the financial position or profitability of either Issuer or the Guarantor or, in respect of ANZ New Zealand only, the Issuer and its subsidiaries taken as a whole, except in the case of ANZ New Zealand only, as set out in Note 13 to the ANZ New Zealand Interim Financial Statements and Note 28 "Commitments and Contingent Liabilities" to the ANZ New Zealand 2019 Audited Consolidated Financial Statements, which are incorporated by reference into this Base Prospectus.

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Covered Bond Guarantor or the Trust is aware) during the 12 months before the date of this Base Prospectus which may have, or have had in the recent past, significant effects on the Covered Bond Guarantor's or the Trust's financial position or profitability.

### **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 Issuers do not intend to provide any post-issuance information in relation to any issue of Covered Bonds other than the monthly investor reports which are available online from the Issuer's website, detailing, *inter alia*, compliance with the Asset Coverage Test. In addition, the Issuers may prepare one or more supplements to this Base Prospectus to reflect, among other things, developments in their business or affairs.

### **Legal Entity Identifiers**

The Legal Entity Identifier of each Issuer is as follows:

- (i) ANZ Bank New Zealand Limited: HZSN7FQBPO5IEWYIGC72; and
- (ii) ANZ New Zealand (Int'l) Limited: 213800VD256NU2D97H12.

### **Legends**

The following legend must appear on every form of Covered Bond, Receipt, 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/ RECEIPT] WHICH IS SUBJECT TO NEW ZEALAND RESIDENT WITHHOLDING TAX UNLESS ANY SUCH HOLDER CERTIFIES THAT IT HAS RWT-EXEMPT STATUS IN RESPECT OF NEW ZEALAND 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/RECEIPT] 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 NEW ZEALAND RESIDENT WITHHOLDING TAX."

## GLOSSARY

"**A&I Form**" means any client authority and instruction form for an e-dealing that conforms with the Land Transfer Act 2017 (or any preceding act or statute, as applicable) and is approved by the New Zealand Law Society and the Registrar General of Land of New Zealand.

"**Account Bank**" means ANZ New Zealand 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 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.

"**Accrued Interest**" means in respect of a Housing Loan and a Cut-Off Date, the aggregate of all interest accrued but not yet due and payable on the Housing Loan from (but excluding) the Housing Loan Scheduled Payment Date immediately preceding the Cut-Off Date to (and including) the Cut-Off Date.

"**Acquisition Cut-Off Date**" means, in respect of a Housing Loan to be acquired by the Covered Bond Guarantor, the date specified in the relevant notice as the date on which the Housing Loan is selected for acquisition with the actual transfer occurring on the Transfer Date.

"**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 Housing Loan Amount**" has the meaning given to it on page 236.

"**Adjusted Required Redemption Amount**" has the meaning given to it on page 228.

"**Agents**" means the Principal Paying Agent, the Transfer Agent, each Paying Agent and the Registrar, and each an "**Agent**".

"**All Moneys Mortgage**" means a Mortgage that secures or purports to secure the repayment of Associated Debt as well as a Housing Loan.

"**All Moneys Mortgage Beneficiaries**" means in relation to the 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 the All Moneys Mortgage Trust.

"**Alternative Clearing System**" has the meaning given to it on page 76 of this Base Prospectus.

"**Alternative Rate**" has the meaning given to it on page 143 of this Base Prospectus.

"**AMA**" has the meaning given to it on page 201 of this Base Prospectus.

"**Amendment Act**" has the meaning given to it on page 19 of this Base Prospectus.

"**Amortisation Test**" has the meaning given to it on page 238.

"**Amortisation Test Aggregate Housing Loan Amount**" has the meaning given to it on page 239].

"**AML**" has the meaning given to it on page 55] of this Base Prospectus.

"**Amortisation Test Current Principal Balance**" has the meaning given to it on page 239].

"**Annual Accounting Date**" means in respect of the Trust, 30 September in each year or such other date as the Covered Bond Guarantor (acting on the directions of the Trust Manager) may determine.

"**ANZBGL**" means Australia and New Zealand Banking Group Limited.

"**ANZCCL**" means ANZ Capel Court Limited (ABN 30 004 768 807).

"**ANZ Group**" means Australia and New Zealand Banking Group Limited and its subsidiaries.

"**ANZ New Zealand**" means ANZ Bank New Zealand Limited.

"**ANZ New Zealand Consolidated Financial Statements**" has the meaning given to it on page 15] of this Base Prospectus.

"**ANZ New Zealand Financial Statements**" has the meaning given to it on page 15] of this Base Prospectus.

"**ANZ New Zealand Group**" means ANZ New Zealand together with its consolidated subsidiaries (including, among others, ANZNIL).

"**ANZ New Zealand Interim Financial Statements**" has the meaning given to it on page 15] of this Base Prospectus.

"**ANZ New Zealand 2018 Audited Consolidated Financial Statements**" has the meaning given to it on page 15] of this Base Prospectus.

"**ANZ New Zealand 2019 Audited Consolidated Financial Statements**" has the meaning given to it on page 15] of this Base Prospectus.

"**ANZNIL**" means ANZ New Zealand (Int'l) Limited.

"**ANZNIL Audited Financial Statements**" has the meaning given to it on page 15] of this Prospectus.

"**ANZNIL Interim Financial Statements**" has the meaning given to it on page 16] of this Base Prospectus.

"**ANZNIL Financial Statements**" has the meaning given to it on page 16] of this Base Prospectus.

"**ANZNIL Base Prospectus**" has the meaning given to it on page vii] of this Base Prospectus.

"**ANZNIL 2018 Financial Statements**" has the meaning given to it on page 15] of this Base Prospectus.

"**ANZNIL 2019 Financial Statements**" has the meaning given to it on page 15] of this Base Prospectus.

"**ANZ Share Investing**" means Share Investing Limited, a wholly-owned subsidiary of ANZBGL, formerly known as ETrade Australia Limited.

"**APS111**" has the meaning given to it on page 47 of this Base Prospectus.

"**APS222**" has the meaning given to it on page 47 of this Base Prospectus.

"**Arranger**" means each of ANZ Bank New Zealand Limited and Barclays Bank PLC.

**"Arrears of Interest"** means, in respect of a Housing Loan and a Cut-Off Date, interest (other than interest that has been capitalised or interest that is Accrued Interest) on that Housing Loan which is currently due and payable and unpaid on that date.

**"Asset Class Designation"** means the designation (if any) of the Programme to a particular class of registered covered bond programme by the RBNZ in accordance with the Reserve Bank Act.

**"Asset Coverage Reports"** means the monthly reports in a form agreed from time to time between the parties to the Management Agreement, and each an **"Asset Coverage Report"**.

**"Asset Coverage Test"** has the meaning given to it on page 235.

**"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 KPMG whose head office is at 18 Viaduct Harbour Avenue, 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 the Programme Date, between the Asset Monitor, the Covered Bond Guarantor, the Trust Manager, the Calculation Manager, the Issuers, the Guarantor, the Bond Trustee and the Security Trustee.

**"Asset Monitor Report"** means the results of the tests of arithmetical accuracy of the calculations in relation to the Asset Coverage Test and 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 Issuers, the Guarantor, the Bond Trustee and the Security Trustee in accordance with the Asset Monitor Agreement.

**"Asset Percentage"** has the meaning given to it on page 238.

**"Asset Percentage Adjusted Housing Loan Balance Amount"** has the meaning given to it on page 236.

**"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 Housing Loan Portfolio and the Related Securities held by the Covered Bond Guarantor;
- (b) Authorised Investments;
- (c) Substitution Assets;
- (d) the rights of the Covered Bond Guarantor in the Programme Documents and the Trust Accounts;
- (e) the benefit of all representations, warranties, undertakings, covenants, indemnities and promises made by any party in favour of the Covered Bond Guarantor under the Programme Documents; and
- (f) amounts derived or accrued from any of the assets referred to in the preceding paragraphs of this definition.

**"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 produced by the Calculation Manager 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 Calculation Manager from time to time and which may be amended by the Calculation Manager from time to time.

**"Asset Register Report"** means the results of the assessments of the Calculation 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 Covered Bond Guarantor, the Trust Manager, the Issuers, the Guarantor, 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 Calculation Manager pursuant to the Management Agreement.

**"Associated Debt"** means the indebtedness which a Borrower owes or may owe to the Seller from time to time and which (i) is not a Housing Loan in the Housing Loan Portfolio or (ii) is not transferable to the Covered Bond Guarantor pursuant to the terms of the Mortgage Sale Agreement.

**"ASIC"** has the meaning given to it on page 53 of this Base Prospectus.

**"ASX"** has the meaning given to it on page 209 of this Base Prospectus.

**"AT1"** has the meaning given to it on page 46 of this Base Prospectus.

**"Australian Royal Commission"** has the meaning given to it on page 53 of this Base Prospectus.

**"Authorised Institution"** means a registered bank as defined in the Reserve Bank Act.

**"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 an Authorised Institution) 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 Housing 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 Housing Loans pursuant to the terms of the Establishment Deed or the Mortgage Sale Agreement that are to be credited on the immediately following Trust Payment Date to the Principal Ledger on the GIC Account but excluding any amount of principal received or to be received on that date under the Swap Agreements;
- (c) any other amount standing to the credit of the Principal Ledger including (i) the proceeds of any Demand Loan Advance (where such proceeds have not been applied to acquire New Housing Loan Portfolios or to invest in Substitution Assets), (ii) the proceeds from any sale of Housing Loans pursuant to the terms of the Establishment Deed or the Mortgage Sale Agreement but excluding any amount of principal received under the Swap Agreements, (iii) any Excess Proceeds and (iv) any amount credited to the GIC Account under paragraph (h) of the Pre-Acceleration Principal Priority of Payments;
- (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; and

- (e) following repayment of any Hard Bullet Covered Bonds, any amounts standing to the credit of the Pre-Maturity Ledger (unless such amounts are required to be retained in accordance with clause 9.11 of the Establishment Deed),

but excluding

- (f) 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 Housing 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) the proceeds from any sale of Housing Loans (including, but not limited to, Selected Housing Loans) pursuant to the terms of the Establishment Deed or the Mortgage Sale Agreement to the extent that such proceeds comprise Accrued Interest or Arrears of Interest (if any) that have been, or are to be, on the immediately following Trust Payment Date, credited to the Revenue Ledger on the GIC Account;
- (c) other net income of the Covered Bond Guarantor received during the immediately preceding Collection Period, including all amounts of interest received on the Trust Accounts, the Substitution Assets and Authorised Investments, the amount paid to the Covered Bond Guarantor under clause 5.4 of the Servicing Agreement but excluding amounts received by the Covered Bond Guarantor under the Swap Agreements;
- (d) prior to the service on the Covered Bond Guarantor of a Notice to Pay or an Asset Coverage Test Breach Notice, amounts standing to the credit of the Reserve Fund as at the Determination Date in excess of the Reserve Fund Required Amount;
- (e) following the service on the Covered Bond Guarantor of a Notice to Pay or an Asset Coverage Test Breach Notice, amounts standing to the credit of the Reserve Fund as at the Determination Date; and
- (f) any other revenue receipts not referred to in paragraphs (a) to (e) (inclusive) above received during previous Collection Periods and standing to the credit of the Revenue Ledger on the GIC Account,

but excluding

- (g) Third Party Amounts, which shall be paid on receipt in cleared funds to the Seller; and
- (h) Swap Collateral Excluded Amounts which shall be applied in accordance with the terms of the relevant Swap Agreements.

**"Banking Act"** has the meaning given to it on page 195 of this Base Prospectus.

**"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.

"**Bank Rate**" has the meaning given to it on page 34 of this Base Prospectus.

"**Basel III**" has the meaning given to it on page 78 of this Base Prospectus.

"**BBSW**" means the Australian Bank Bill Swap Rate.

"**BBSW Covered Bond**" means a Floating Rate Covered Bond denominated in Australian dollars.

"**BBSW Reuters Page**" has the meaning given to it in the Conditions.

"**BCBS**" has the meaning given to it on page 46 of this Base Prospectus.

"**BDH**" has the meaning given to it on page 93 of this Base Prospectus.

"**BEAR**" has the meaning given to it on page 196 of this Base Prospectus.

"**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**" has the meaning given to it on page 145 of this Base Prospectus.

"**Benchmark Amendments**" has the meaning given to it on page 143 of this Base Prospectus.

"**Benchmark Disruption Event**" has the meaning given to it on page 143 of this Base Prospectus.

"**Benchmarks Regulation**" has the meaning given to it on page iv of this Base Prospectus.

"**Benchmark Replacement**" has the meaning given to it on page 145 of this Base Prospectus.

"**Benchmark Replacement Adjustment**" has the meaning given to it on page 145 of this Base Prospectus.

"**Benchmark Replacement Conforming Changes**" has the meaning given to it on page 146 of this Base Prospectus.

"**Benchmark Replacement Date**" has the meaning given to it on page 146 of this Base Prospectus.

"**Benchmark Transition Event**" has the meaning given to it on page 146 of this Base Prospectus.

"**Beneficiaries**" means the Residual Capital Beneficiary and Residual Income Beneficiary, and Beneficiary means either of them.

"**Bond Trust Deed**" means the trust deed entered into on the Programme Date, between the Issuers, the Guarantor, the Covered Bond Guarantor and the Bond Trustee.

"**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 as amended or supplemented from time to time.

"**Borrower**" means in relation to a Housing Loan, the individual or individuals specified as such in the relevant Mortgage together with the individual or individuals (if any) from time to time assuming an obligation to repay such Housing Loan or any part of it.

"**BS2B**" has the meaning given to it on page 94 of this Base Prospectus.

"**BS11**" has the meaning given to it on page 52 of this Base Prospectus.

"**BS13**" has the meaning given to it on page 51 of this Base Prospectus.

"**BS13 Thematic Review**" has the meaning given to it on page 186 of this Base Prospectus.

"**buffer ratio**" has the meaning given to it on page 202 of this Base Prospectus.

"**Business Day**" means:

- (a) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments generally in London, Auckland and Wellington; and
- (b) in the case of:
  - (i) a Specified Currency other than Euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments generally in the Principal Financial Centre (as defined in the Conditions) for such Specified Currency; or
  - (ii) in the case of Euro, a TARGET2 Business Day (as defined in the Conditions); and
- (c) in the case of one or more Additional Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in the Additional Business Centres or, if no currency is indicated, generally in each of the Additional Business Centres,

unless otherwise specified in the relevant applicable Final Terms.

"**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 Issuers, the Guarantor 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 ANZ New Zealand, 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 (if there are Covered Bonds outstanding) the Bond Trustee or (if there are no Covered Bonds outstanding) the Majority Secured Creditors) is materially prejudicial to the interests of the Covered Bondholders 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 Housing Loan in the Housing Loan Portfolio, a re-advance by the Seller of some or all of the Overpayments that the Borrower has made under the Housing Loan.

"**Capital Notes**" has the meaning given to it on page 91 of this Base Prospectus.

"**CCA**" means the Credit Contracts Act 1981 (New Zealand).

"**CCCFA**" means the Credit Contracts and Consumer Finance Act 2003 (New Zealand).

"**CCLA Act**" has the meaning given to it on page 53 of this Base Prospectus.

"**CET1**" has the meaning given to it on page 93 of this Base Prospectus.

"**CFTC**" has the meaning given to it on page 197 of this Base Prospectus.

"**Charged Other Property**" has the meaning given to it on page 251.

"**Charged Personal Property**" has the meaning given to it on page 251.

"**Charged Property**" means the Charged Other Property and Charged Personal Property.

"**CIM Act**" means the Corporations (Investigation and Management) Act 1989 (New Zealand).

"**Clearing Systems**" means the settlement system operated by Euroclear, the settlement system operated by Clearstream, Luxembourg and any other settlement systems operated by any Alternative Clearing Systems.

"**Clearstream, Luxembourg**" means Clearstream Banking, *société anonyme*.

"**Code**" means the U.S. Internal Revenue Code of 1986, as amended.

"**Collection Period**" means each calendar month. However, the first Collection Period commences on (but excludes) the first Acquisition Cut-Off Date and ends on the last day of the calendar month in which the related Transfer Date occurs.

"**Common Safekeeper**" means a common safekeeper for Euroclear and Clearstream, Luxembourg.

"**Compounded Daily SOFR**" has the meaning given to it on page 135 of this Base Prospectus.

"**Compounded Daily SONIA**" has the meaning given to it on page 134 of this Base Prospectus.

"**Compounded SOFR**" has the meaning given to it on page 147 of this Base Prospectus.

"**Common Depository**" means a common depository for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system.

"**Conditions**" means the terms and conditions of the Covered Bonds.

"**Contingent Covered Bond**" means a Covered Bond treated as a contingent payment debt instrument for U.S. federal income tax purposes.

"**Couponholders**" has the meaning given to it in the Conditions.

"**Coupons**" has the meaning given to it in the Conditions.

"**Covered Bondholders**" 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**" means, following the occurrence of a Covered Bond Guarantor Event of Default which is continuing, a notice in writing given by the Bond Trustee to the Issuers, the Guarantor and the Covered Bond Guarantor, that each Covered Bond of each Series is, and each Covered Bond of each Series shall as against the Issuers and the Guarantor (if not already due and repayable against it following an Issuer Event of Default) and as against the Covered Bond Guarantor, thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in and in accordance with the Bond Trust Deed and thereafter the Security shall become enforceable.

"**Covered Bond Guarantor**" means ANZNZ Covered Bond Trust 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(b) (*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 Bonds"** means the covered bonds issued or to be issued pursuant to the Programme Agreement and which are or are to be constituted under the Bond Trust Deed, which covered bonds may be represented by a Global Covered Bond or any Definitive Covered Bond and includes any replacements or a Covered Bond issued pursuant to Condition 12 (*Replacement of Covered Bonds, Receipts, Coupons and Talons and Exchange of Talons*), and each a Covered Bond.

**"COVID-19"** has the meaning given to it on page 37 of this Base Prospectus.

**"CP"** has the meaning given to it on page 89 of this Base Prospectus.

**"CRA Regulation"** has the meaning given to it on page iii of this Base Prospectus.

**"Crisis Management Act"** has the meaning given to it on page 195 of this Base Prospectus.

**"CRO"** has the meaning given to it on page 100 of this Base Prospectus.

**"CRS"** has the meaning given to it on page 57 of this Base Prospectus.

**"Current Principal Balance"** means in relation to any Housing Loan in the Housing Loan Portfolio as at any given date, the principal balance of that Housing Loan to which the Seller applies the relevant interest rate to and at which interest on that Housing 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 Housing Loan secured or intended to be secured by the Related Security; and
- (b) the amount of any Cash Redraws and Further Advances secured or purported to be secured by the Related Security; and
- (c) any interest or expenses that have been capitalised,

less any repayment or payment of any of the foregoing made on or before the end of the Local Business Day immediately preceding that given date.

**"CTF"** has the meaning given to it on page 55 of this Base Prospectus.

**"Cut-Off Date"** means, in relation to a Housing Loan, either the Acquisition Cut-Off Date or the Repurchase Cut-Off Date, as the case may be.

**"C(WUMP)O"** has the meaning given to it on page 285 of this Base Prospectus.

**"2019 Disclosure Statement"** has the meaning given to it on page 15 of this Base Prospectus.

**"D Rules"** has the meaning given to it on page 283 of this Base Prospectus.

**"D-SIBs"** has the meaning given to it on page 187 of this Base Prospectus.

**"Day Count Fraction"** has the meaning given to it in the Conditions.

**"Dealer"** and **"Dealers"** have the meanings given to them in the Programme Agreement.

**"Deed of Accession"** means any deed of accession entered into between, amongst others, the Covered Bond Guarantor, the Trust Manager and Security Trustee on the terms substantially set out in the form set out in schedule 1 of the Security Deed.

**"Defaulted Housing Loan"** means any Housing Loan in the Housing Loan Portfolio which is more than three months in arrears.

**"Deferred Consideration"** means the consideration payable to the Seller in accordance with the Mortgage Sale Agreement in respect of the Housing 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.

**"Definitions Schedule"** means the ANZ covered bond trust definitions schedule entered into on the Programme Date between the Transaction Parties.

**"Definitive Covered Bond"** means a Bearer Definitive Covered Bond and/or, as the context may require, a Registered Definitive Covered Bond.

**"Delegation Agreement"** means the delegation agreement entered into on the Programme Date between the Trust Manager and ANZ New Zealand.

**"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 the Programme Date between the Covered Bond Guarantor, the Trust Manager, the Demand Loan Provider, the Seller, the Calculation Manager and the Security Trustee.

**"Demand Loan Facility"** has the meaning given to it in clause 2.1 of the Demand Loan Agreement.

**"Demand Loan Provider"** means ANZ New Zealand.

**"Designated Account"** has the meaning given to it on page 162 of this Base Prospectus.

**"Designated Bank"** has the meaning given to it on page 162 of this Base Prospectus.

**"Designated Maturity"** has the meaning given to it on page 132 of this Base Prospectus.

**"Determination Date"** means 15 February 2011 and the 15th day of each month thereafter or, if such day is not a Local Business Day, the following Local Business Day.

**"Disputes"** has the meaning given to it on page 182 of this Base Prospectus.

**"Distribution Compliance Period"** has the meaning given to it in Condition 2(f) (*Definitions*).

**"Dodd-Frank Act"** means the Dodd-Frank Wall Street Reform and Consumer Protection Act.

**"Drawdown Prospectus"** has the meaning given to it on page xii of this Base Prospectus.

**"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 Issuers, the Guarantor 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 (i) 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 (ii) to the extent that the Covered Bond Guarantor having received a Notice to Pay no later than the date falling one Business Day prior to the Extension Determination Date does not pay Guaranteed Amounts equal to the Final Redemption Amount in respect of such Series of Covered Bonds by the Extension Determination Date, as the Covered Bond Guarantor has insufficient moneys available under the Guarantee Priority of Payments to pay such Guaranteed Amounts in full on the earlier of (a) the date which falls two Business Days after service of such Notice to Pay on the Covered Bond Guarantor or, if later, the Final Maturity Date (or, in each case, after the expiry of the grace period set out in Condition 9(b)(i) (*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"** in relation to a Series of Covered Bonds, means the early redemption amount determined in accordance with Condition 5(f) (*Early Redemption Amounts*).

**"Early Repayment Charges"** means any charge or fee which a Borrower is required to pay in accordance with the Housing Loan Conditions applicable to a Housing Loan in the event that the Borrower repays all or part of the relevant Housing Loan before a specified date.

**"ECL"** has the meaning given to it on page 89 of this Base Prospectus.

**"Effective Date"** has the meaning given to it on page 153 of this Base Prospectus.

**"ESMA"** has the meaning given to it on page iv of this Base Prospectus.

**"Establishment Deed"** means the trust deed entered into on the Programme Date, between the Covered Bond Guarantor, the Trust Manager, the Bond Trustee, the Security Trustee, the Seller, the Servicer and the Calculation Manager.

**"€STR"** has the meaning given to it on page 30 of this Base Prospectus.

**"Eurobond Basis"** has the meaning given to it on page 152 of this Base Prospectus.

**"EURIBOR"** has the meaning given to it on page 29 of this Base Prospectus.

**"Euroclear"** means Euroclear Bank S.A./N. V.

**"Excess Proceeds"** means moneys received (following the occurrence of an Issuer Event of Default and delivery of an Issuer Acceleration Notice and service of a Notice to Pay) by the Bond Trustee from the Relevant Issuer or the Guarantor or any administrator, receiver, receiver and manager, liquidator, statutory manager or other similar official appointed in relation to the Issuer or the Guarantor.

**"Exchange Date"** means on or after the date which is 40 days after a Temporary Bearer Global Covered Bond is issued.



**"Exchange Event"** means the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, whether statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available.

**"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.

**"Existing Covered Bonds"** has the meaning given to it on page 177.

**"Extendable Maturity Covered Bonds"** has the meaning given to it on page 35 of this Base Prospectus.

**"Extended Due for Payment Date"** has the meaning given to it in Condition 5(a) (*Final redemption*).

**"Extension Determination Date"** has the meaning given to it in Condition 5(a) (*Final Redemption*).

**"Extraordinary Resolution"** means a resolution of the Covered Bondholders passed as such under the terms of the Bond Trust Deed.

**"FAR"** has the meaning given to it on page 196 of this Base Prospectus.

**"FATCA"** means (i) the U.S. Foreign Account Tax Compliance Act, as codified in Sections 1471 to 1474 of the Code, (ii) any intergovernmental agreement between the U.S. and another country relating thereto and (iii) any agreement entered into between an FFI and the U.S. Internal Revenue Service pursuant to either (i) or (ii).

**"FCA"** means the United Kingdom Financial Conduct Authority.

**"Federal Reserve Bank of New York's Website"** has the meaning given to it on page 147 of this Base Prospectus.

**"FFI"** means a foreign financial institution as defined in FATCA.

**"FIEA"** has the meaning given to it on page 286 of this Base Prospectus.

**"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 4 (*Interest and other Calculations*).

**"Final Redemption Amount"** means, in relation to a Series of Covered Bonds, the meaning given in the applicable Final Terms.

**"Final Rules"** has the meaning given to it on page 197 of this Base Prospectus.

**"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 Base 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 Base Prospectus Regulation, "applicable Final Terms" means the Final Terms applicable to that Tranche.

**"FIs"** has the meaning given to it on page 57 of this Base Prospectus,

**"Fiscal Period"** means a period beginning on 1 October in each year and ending on and including the next following Annual Accounting Date, except for the first Fiscal Period which is the period beginning on the Programme Date and ending on the Annual Accounting Date falling on 30 September 2011.

**"Fitch"** means Fitch Australia Pty Ltd. and includes any successor to its ratings business.

**"Fixed Rate Covered Bond"** has the meaning given to in the Conditions.

**"Floating Rate"** has the meaning given to it in the Conditions.

**"Floating Rate Business Day Convention"** has the meaning given to it in the Conditions.

**"Floating Rate Covered Bond"** has the meaning given to it in the Conditions.

**"Floating Rate Option"** has the meaning given to it in the Conditions.

**"Floating Rate Payer Spread"** has the meaning given to it in the applicable Covered Bond Swap Agreement.

**"FMA"** has the meaning given to it on page 50 of this Base Prospectus.

**"FMCIA Bill"** has the meaning given to it on page 192 of this Base Prospectus.

**"FMRA Act"** has the meaning given to it on page 30 of this Prospectus.

**"Forward Starting Covered Bond Swap"** has the meaning given to it on page 247 of this Base Prospectus.

**"FRB"** has the meaning given to it on page 198 of this Base Prospectus.

**"FSLAA"** has the meaning given to it on page 53 of this Base Prospectus.

**"FSMA"** means the United Kingdom Financial Services and Markets Act 2000.

**"FSP Act"** has the meaning given to it on page 190 of this Base Prospectus.

**"FTA"** means the Fair Trading Act 1986 (New Zealand).

**"Further Advances"** means in relation to a Housing Loan in the Housing Loan Portfolio, any advances of further money to the relevant Borrower following the making of the initial advance of monies in respect of such Housing Loan ("Initial Advance") which is secured by the same Mortgage as the Initial Advance but does not include any Cash Redraw, and each a "Further Advance".

**"General Insurance Policies"** mean any insurance policies in force issued in respect of Property the subject of any Mortgage or any other property the subject of any Related Security in respect of a Housing Loan.

**"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"** means the unconditional and irrevocable guarantee by the Guarantor in clause 7 of the Bond Trust Deed.

**"Guarantee Priority of Payments"** has the meaning given to it on page 156.

**"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 at other amounts due and payable in respect of the Covered Bonds, including all Excluded Scheduled Interest Amounts, all Excluded Scheduled Principal Amounts (whenever the same arose) and all amounts payable by the Covered Bond Guarantor under the Bond Trust Deed.

**"Guarantor"** means ANZ New Zealand as guarantor in respect of Covered Bonds issued by ANZNIL pursuant to the Guarantee.

**"Half Year Disclosure Statement"** has the meaning given to it on page 15 of this Base Prospectus.

**"Hard Bullet Covered Bonds"** means a Series of Covered Bonds which is scheduled to be redeemed in full on the Final Maturity Date for such Covered Bonds and without any provision for scheduled redemption other than on the Final Maturity Date.

**"HIBOR"** has the meaning given to it on page 154 of this Base Prospectus.

**"Higher Redemption Amount"** means the amount (if any) specified in the applicable Final Terms.

**"Housing Loan"** means, unless otherwise specified, a housing 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 (including, without limitation, all Cash Redraws and Further Advances) due or owing with respect to that housing loan under the relevant Housing Loan Conditions by a Borrower on the security of a Mortgage from time to time outstanding or, as the context may require, the Borrower's obligations in respect of the same but excluding, for the avoidance of doubt, any Associated Debt.

**"Housing Loan Conditions"** means all the terms and conditions applicable to a Housing Loan at any time.

**"Housing Loan Files"** means the file or files relating to each Housing Loan in the Housing Loan Portfolio (including files kept in microfiche or scanned format or similar electronic data retrieval system) containing, amongst other things the mortgage documentation applicable to the Housing Loan.

**"Housing Loan Portfolio"** means on any particular date, each New Housing 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 Housing Loans and the addition and/or removal of Housing Loans and the Related Security to or from the Housing Loan Portfolio since the Programme Date.

**"Housing Loan Principal Receipts"** means any payment in respect of principal received from time to time in respect of any Housing Loan in the Housing Loan Portfolio (including, without limitation, whether as all or part of a Housing Loan Scheduled Payment by a Borrower on the relevant Housing Loan, on redemption (in whole or in part), on enforcement or on disposal of such Housing Loan or otherwise (including pursuant to any Insurance Policy)).

**"Housing 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 Housing Loans and the Related Security, as set out in schedule 3 to the Mortgage Sale Agreement.

**"Housing Loan Revenue Receipts"** means any payment received from time to time in respect of any Housing Loan which is not a Housing Loan Principal Receipt (whether as all or part of a Housing Loan Scheduled Payment by a Borrower on the relevant Housing Loan, on redemption (in whole or in part), on enforcement or on disposal of such Housing Loan or otherwise (including pursuant to any Insurance Contract)).

**"Housing Loan Scheduled Payment"** means in respect of a Housing Loan, the amount which the applicable Housing Loan Conditions require a Borrower to pay on a Housing Loan Scheduled Payment Date in respect of such Housing Loan.

**"Housing Loan Scheduled Payment Date"** means, in relation to any Housing Loan, the day on which a Borrower is required to make a payment of interest and, if applicable, principal in accordance with the Housing Loan Conditions applicable to such Housing Loan.

**"IA Determination Cut-Off Date"** has the meaning given to it in the Conditions.

**"IBA"** means the U.S. International Banking Act of 1978.

"**IBORS**" has the meaning given to it on page 30 of this Base Prospectus.

"**ICAAP**" has the meaning given to it on page 201 of this Base Prospectus.

"**IDR**" has the meaning given to it on page 48 of this Base Prospectus.

"**Independent Adviser**" has the meaning given to it in the Conditions.

"**Index Cessation Event**" has the meaning given to it in the Conditions.

"**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 the 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:

- (a) in respect of a Transaction Party (other than the Trust Manager) (for the purposes of this paragraph (a) the "**Relevant Entity**") the happening of any of these events:
  - (i) a statutory manager is appointed in respect of the Relevant Entity under the CIM Act or the Reserve Bank Act;
  - (ii) except for the purpose of a solvent reconstruction or amalgamation:
    - (A) an application or an order is made, proceedings are commenced, a resolution is passed or proposed in a notice of meeting or an application to a court or other steps (other than frivolous or vexatious applications, proceedings, notices and steps) are taken for:
      - (aa) the liquidation or dissolution of the Relevant Entity; or
      - (bb) the Relevant Entity entering into an arrangement, compromise or composition with or assignment for the benefit of its creditors or a class of them; or
    - (B) the Relevant Entity ceases, suspends or threatens to cease or suspend the conduct of all or substantially all of its business or disposes of or threatens to dispose of substantially all of its assets; or
  - (iii) the Relevant Entity is, or under applicable legislation is taken to be, unable to pay its debts (other than as the result of a failure to pay a debt or claim the subject of a good faith dispute) or stops or suspends or threatens to stop or suspend payment of all or a class of its debts (except, in the case of the Covered Bond Guarantor, where this occurs in relation to another trust of which it is the trustee);
  - (iv) a receiver or receiver and manager is appointed (by the Relevant Entity or by any other person) to all or substantially all of the assets and undertaking of the Relevant Entity or any part thereof (except, in the case of the Covered Bond Guarantor, where this occurs in relation to another trust of which it is the trustee) and such appointment is not revoked within 15 Local Business Days;
  - (v) an administrator is appointed to the Relevant Entity or any steps are taken for the appointment of an administrator to the relevant corporation; or
  - (vi) anything analogous to an event referred to in subparagraphs (i) to (v) (inclusive) or having substantially similar effect, occurs with respect to the Relevant Entity;

- (b) in relation to any other body corporate, the happening of any of these events:
- (i) an application (other than a frivolous or vexatious application or an application which is stayed within 15 Local Business Days) is made to a court or any order is made that the relevant body corporate be wound up other than for the purposes of a solvent reconstruction or amalgamation;
  - (ii) an application is made to a court or an order appointing a liquidator or provisional liquidator in respect of the relevant body corporate, or one of them is appointed, whether or not under an order;
  - (iii) a receiver, receiver and manager, liquidator, trustee or similar officer is appointed in respect of any part of the property of the relevant body corporate and such appointment is not revoked within 15 Local Business Days;
  - (iv) an administrator is appointed to the relevant body corporate or any steps are taken for the appointment of an administrator to the relevant body corporate;
  - (v) the relevant body corporate commences negotiations with any one or more of its creditors with a view to the general readjustment or rescheduling of its indebtedness or makes a general assignment for the benefit of or a composition with its creditors;
  - (vi) the relevant body corporate is or states that it is unable to pay its debts as and when they fall due or is deemed unable to pay its debts under any applicable legislation (other than as a result of the failure to pay a debt or claim which is the subject of a good faith dispute);  
or
  - (vii) anything analogous or having a substantially similar effect to any of the events specified above happens under the laws of any applicable jurisdiction.

**"Instalment Covered Bond"** means a Covered Bond whose redemption basis is specified as "instalment" in the applicable Final Terms.

**"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 Housing Loans in the Housing Loan Portfolio, and **"Insurance Contract"** means any one of them.

**"Insurance Distribution Directive"** has the meaning given to it on page iii of this Base Prospectus.

**"Insurance Policies"** means:

- (a) the General Insurance Policies; and
- (b) the Mortgage Insurance Policies,

and each an **"Insurance Policy"**.

**"Intercompany Loan Agreement"** means the intercompany loan agreement dated 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 Provider"** means ANZ New Zealand.

**"Interest Commencement Date"** in relation to a Series of Covered Bonds has the meaning given to it in the applicable Final Terms.

**"Interest Period"** has the meaning given to it in Condition 4(p).

**"Interest Rate Shortfall"** has the meaning given to it in clause 4.3 of the Servicing Agreement.

**"Interest Rate Shortfall Test"** has the meaning given to it on page 230.

**"Interest Rate Swap"** means the interest rate swap transaction entered into between the Covered Bond Guarantor, the Trust Manager, the Security Trustee and the Interest Rate Swap Provider.

**"Interest Rate Swap Agreement"** means the Swap Agreement entered into on the Programme Date governing the Interest Rate Swap.

**"Interest Rate Swap Provider"** means ANZ New Zealand in its capacity as interest rate swap provider under the Interest Rate Swap together with any successor thereto.

**"Interpolated Benchmark"** has the meaning given to it in the Conditions.

**"IRB"** has the meaning given to it on page 46 of this Base Prospectus.

**"IRD"** means the New Zealand Inland Revenue Department.

**"IRS"** means the U.S. Internal Revenue Service.

**"ISDA"** means the International Swaps and Derivatives Association, Inc.

**"ISDA Definitions"** has the meaning given to it in the Conditions.

**"ISDA Determination Fallback Event"** has the meaning given to it in the Conditions.

**"ISDA Fallback Adjustment"** has the meaning given to it in the Conditions.

**"ISDA Fallback Rate"** has the meaning given to it in the Conditions.

**"ISDA Master Agreement"** means the 2002 ISDA master agreement, as published by ISDA.

**"ISDA Rate"** has the meaning given to it in the Conditions.

**"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 Relevant 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 ANZNIL (in respect of Covered bonds issued by ANZNIL) or ANZ New Zealand (in respect of Covered Bonds issued by ANZ New Zealand), and **"Issuers"** means both of them and references to the **"Relevant Issuer"** shall in relation to any Series or Tranche of Covered Bonds be references to the Issuer which is, or is intended to be, the Issuer of such Covered Bonds as indicated in the applicable Final Terms.

**"Issuer Acceleration Notice"** has the meaning given to it in Condition 9(a) (*Issuer Events of Default*).

**"Issuer Event of Default"** has the meaning given to it in Condition 9(a) (*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 1972 (NZ).

**"Latest Valuation"** means, in relation to a Property, the value given to the Property by the most recent Valuation Report held by the Seller 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.

**"Ledgers"** has the meaning given to it in clause 19.1 of the Establishment Deed.

**"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.

**"Local Business Day"** means any day (other than a Saturday, Sunday or public holiday) on which banks are open for business in Auckland, Wellington, Melbourne and Sydney.

**"London Stock Exchange"** means the regulated market of the London Stock Exchange plc.

**"Losses"** means the realised losses on the Housing Loans which are in the Housing Loan Portfolio.

**"LSAP"** has the meaning given to it on page 92 of this Base Prospectus.

**"LVR"** means loan-to-value ratios.

**"LVR Adjusted Housing Loan Balance Amount"** has the meaning given to it on page 236.

**"Majority Secured Creditors"** means Secured Creditors whose Secured Obligations amount in aggregate to more than 66 per cent of the total Secured Obligations.

**"Management Agreement"** means the management agreement entered into on the Programme Date, between the Seller, the Servicer, the Account Bank, the Calculation Manager, the Covered Bond Guarantor, the Trust Manager and the Security Trustee.

**"MBIE"** has the meaning given to it on page 54 of this Base Prospectus.

**"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"** means a registered mortgage over Land situated in New Zealand, which creates, or is intended to create a Security Interest, which is originally granted to the Seller and which secures the repayment of the principal amount of a Housing Loan and all other moneys payable under the Housing Loan, notwithstanding that by its terms the mortgage may also secure other liabilities owing to the Seller.

**"Mortgage Insurance Policies"** means all primary insurance policies issued by a Mortgage Insurer which covers all losses realised in a default to not less than 40 per cent of the value of the Housing Loan.

**"Mortgage Insurer"** means any mortgage insurer approved by the Trust Manager and acceptable to each Rating Agency and notified to the Covered Bond Guarantor.

**"Mortgage Repayment Deferral Scheme"** has the meaning given to it on page 91 of this Base Prospectus.

**"Mortgage Sale Agreement"** means the mortgage sale agreement entered into on the Programme Date, between the Seller, the Issuers, the Covered Bond Guarantor, the Trust Manager and the Security Trustee.

**"MPC"** has the meaning given to it on page 56 of this Base Prospectus.

**"NBDTs"** has the meaning given to it on page 191 of this Base Prospectus.

**"Negative Carry Factor"** has the meaning given to it on page 238.

**"Net Annual Income"** means the net income of the Trust under the provisions of the Income Tax Act 2007 for a Fiscal Period 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 Fiscal Period shall not be less than zero.

**"New Housing Loans"** means Housing Loans which the Seller may transfer to the Covered Bond Guarantor pursuant to the Mortgage Sale Agreement.

**"New Housing Loan Portfolio"** means a portfolio of New Housing Loans and the Related Security (other than any New Housing 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 Housing 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 Acquisition Cut-Off 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 Housing Loans and the Related Security after the Acquisition Cut-Off Date (but excluding, for the avoidance of doubt, all Accrued Interest as at the Acquisition Cut-Off Date) in respect of such New Housing 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 Housing Loan Conditions;
- (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 Housing Loans and any other collateral security for the repayment of the relevant Housing 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 Housing Loan Conditions;
- (d) all the estate, title and interest in the Properties in relation thereto vested in the Seller;
- (e) to the extent they are assignable or capable of being put into trust, each certificate of title and Valuation Report and any right of action of the Seller against any solicitor, valuer or other person in connection with any report, valuation, opinion, certificate or other statement of fact or opinion given in connection with any such New Housing Loans and the Related Security, or any part thereof affecting the decision of the Seller to make or offer to make such Housing Loans or part thereof; and
- (f) the benefit of certain Insurance Contracts, in each case so far as they relate to such New Housing Loans comprised in that portfolio of New Housing 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 Housing Loan Portfolio Notice"** means a notice 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 a new type of housing loan originated or acquired by the Seller, which the Seller intends to transfer to the Covered Bond Guarantor, the terms and conditions of which are materially different (in the opinion of the Seller, acting reasonably) from the Housing Loans in the Housing Loan Portfolio. For the avoidance of doubt, a Housing Loan will not constitute a New Product Type if it differs from the Housing Loans in the Housing 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.

**"NGCB"** means a Temporary Bearer Global Covered Bond or a Permanent Bearer Global Covered Bond, in either case in respect of which the applicable Final Terms specify that it is a new global covered bond.



**"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.

**"NSS"** means the new safekeeping structure.

**"NZ Companies Act"** means the Companies Act 1993 (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.

**"Official List"** means the official list of the FCA.

**"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 Dates that would have applied if the Final Maturity Date of such series had been the Extended Due for Payment Date.

**"Outstanding"** or **"outstanding"** means, in relation to the Covered Bonds of all or any Series, all the Covered Bonds of such Series issued other than:

- (a) those Covered Bonds which have been redeemed in full and cancelled pursuant to the 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 relative Covered Bondholders in accordance with Condition 14 (*Notices*) of the Conditions and remain available for payment against presentation of the relevant Covered Bonds and/or Receipts and/or Coupons;
- (c) those Covered Bonds which have been purchased and cancelled in accordance with Conditions 5(h) (*Redemption and Purchase – Purchases*) and 5(i) (*Redemption and Purchase – 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*) of the Conditions;
- (e) those mutilated or defaced Covered Bonds which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 12 (*Replacement of Covered Bonds, Receipts, Coupons and Talons and Exchange of Talons*) of the Conditions;
- (f) (for the purpose only of ascertaining the Principal Amount Outstanding of the Covered Bonds outstanding and without prejudice to the status for any other purpose of the relevant Covered Bonds) those Covered Bonds which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Condition 12 (*Replacement of Covered Bonds, Receipts, Coupons and Talons and Exchange of Talons*); and
- (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,

provided that for each of the following purposes, namely:

- (a) the right to attend and vote at any meeting of the holders of the Covered Bonds of any Series, to give instruction or direction to the Bond Trustee and for the purposes of a resolution in writing

as envisaged by paragraph 20 of schedule 4 (*Provisions of Meetings for Covered Bondholders*) to the Bond Trust Deed;

- (b) 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 (*Events of Default and Enforcement*) and 11 (*Meetings of Covered Bondholders, Modification, Waiver, Substitution and Legislative Exchange*) of the Conditions and paragraphs 2, 5, 6, and 9 of schedule 4 (*Provisions of Meetings for Covered Bondholders*) to the Bond Trust Deed;
- (c) 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
- (d) 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, the Guarantor 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, the Guarantor 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 Housing Loan in the Housing Loan Portfolio, any additional amounts of Housing Loan Principal Receipts received above the regular Housing Loan Scheduled Payments due in respect of such Housing Loan, paid by the relevant Borrower which (a) is permitted by the terms of such Housing Loan or by agreement with the Borrower and (b) reduces the Current Principal Balance of such Housing Loan.

"**Partial Portfolio**" means part of any portfolio of Selected Housing Loans.

"**Paying Agent**" has the meaning given to it in the Conditions.

"**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 2 (*Forms of Global and Definitive Covered Bonds, Receipts, 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.

"**PLA**" means the Property Law Act 2007 (New Zealand).

"**Post-Enforcement Priority of Payments**" has the meaning given to it on page 266.

"**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 Priority of Payments**" means the Pre-Acceleration Principal Priority of Payments or the Pre-Acceleration Revenue Priority of Payments, as the context requires.

"**Pre-Acceleration Principal Priority of Payments**" has the meaning given to it on page 260.

"**Pre-Acceleration Revenue Priority of Payments**" has the meaning given to it on page 257.

**"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) necessary to rectify a breach of the Pre-Maturity Test.

**"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 ANZ New Zealand'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 ANZ New Zealand'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 the principal 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 Issuers, the Guarantor, the Covered Bond Guarantor, the Bond Trustee, the Principal Paying Agent and the Registrar.

**"Principal Amount Outstanding"** has the meaning given to it in Condition 4(p) (Definitions).

**"Principal Ledger"** means the ledger of such name maintained by the Trust Manager pursuant to the Management Agreement to record the credits and debits of Housing Loan Principal Receipts and the other amounts described in paragraphs (b) and (c) of the definition of Available Principal Receipts 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 Housing Loan Conditions applicable to a Borrower's Housing Loan which means that the Housing Loan would no longer be a Qualifying Housing Loan and/or moving a Borrower to an alternative mortgage product, including a change in Product Type.

**"Product Type"** means a type of housing loan originated by the Seller.

**"Programme"** means the covered bond programme established by ANZ New Zealand and ANZNIL.

**"Programme Agreement"** means the agreement dated 25 May 2011, as amended and restated on 23 August 2012, 17 June 2014, 17 June 2015, 2 August 2017, 3 August 2018, 11 July 2019 and on or around 26 August 2020 (as may be further amended or supplemented from time to time) entered into by the Issuers, the Guarantor, the Covered Bond Guarantor, the Seller, the Arrangers and the Dealers to agree on a basis upon which the Dealer(s) or any of them may from time to time agree to purchase Covered Bonds for issuance to investors outside the United States in accordance with Regulation S.

**"Programme Date"** means 11 February 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 Housing 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) Interest Rate Swap Agreement;
- (i) each Covered Bond Swap Agreement;
- (j) Account Bank Agreement;
- (k) Security Deed (and any documents entered into pursuant to the Security Deed, including without limitation each Deed of Accession);
- (l) Delegation Agreement;
- (m) Bond Trust Deed;
- (n) Programme Agreement;
- (o) Principal Agency Agreement;
- (p) each Subscription Agreement (as applicable in the case of each issue of listed Covered Bonds subscribed pursuant to a subscription agreement);
- (q) Seller's Power of Attorney; and
- (r) the Definitions Schedule,

and each document, agreement or deed ancillary or supplemental to any of such documents or any document, agreement or deed specified by the Issuers, the Guarantor, 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 11(a) (*Meetings of Covered Bondholders, Modification, Waiver, Substitution and Legislative Exchange*).

"**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 Housing Loan and the Related Security being sold, an amount equal to the sum of the Current Principal Balance and all Arrears of Interest (if any) on the Acquisition Cut-Off Date of the Housing Loan;
- (b) in relation to a Housing Loan Portfolio, an amount equal to the sum of the aggregate of the Current Principal Balances and all Arrears of Interest (if any) on the Acquisition Cut-Off Date of the Housing Loans in the Housing Loan Portfolio; and
- (c) in relation to a Further Advance, an amount equal to the principal amount of the Further Advance on the date on which the Further Advance is made.

"**Purchaser**" means the Seller or any third party to whom the Covered Bond Guarantor offers to sell Selected Housing Loans.

**"Qualified Institution"** means an Authorised Institution (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 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.

**"Qualifying Asset Monitor"** means any person who is:

- (a) independent of ANZ New Zealand; and
- (b) one or more of the following:
  - (i) a licensed auditor under the Auditor Regulation Act 2011;
  - (ii) (if ANZ New Zealand 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; 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 Defaulted Housing Loan; and
- (b) is not dead, bankrupt, insane or the subject of an Insolvency Event,

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 Housing Loan"** means a Housing Loan which satisfies the qualifying housing loan eligibility criteria set out on pages 219 to 220.

**"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).

**"Rating Agencies"** means Moody's and Fitch or their successors, to the extent they provide ratings in respect of the Covered Bonds, and each a **"Rating Agency"**.

**"Rating Affirmation Notice"** means, in relation to an event or circumstances, a notice in writing from the 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 or withdrawn by such Rating Agency as a result of such event or circumstance.

**"RBNZ"** means the Reserve Bank of New Zealand.

**"Receiptholders"** has the meaning given to it in the Conditions.

**"Receipts"** has the meaning given to it in the Conditions.

**"Receiver"** means any person or persons appointed (and any additional person or persons appointed or substituted pursuant thereto) by the Security Trustee as a receiver, receiver, manager, or receiver and manager of the property charged or secured under the Security Deed.

**"Reference Banks"** means ANZ New Zealand, Bank of New Zealand and Westpac Banking Corporation.

**"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 on page 126 of this Base Prospectus.

**"Registrar"** Deutsche Bank Luxembourg S.A.

**"Regulation S"** means Regulation S under the Securities Act.

**"Reimbursement 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 Trust Manager) necessary to pay to the Seller the Purchase Price of a Further Advance or to reimburse the Seller for funding a Cash Redraw that the Covered Bond Guarantor has agreed may remain in the Housing Loan Portfolio.

**"Related Security"** means in relation to a Housing Loan, the security for the repayment of that Housing 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 Housing Loan, including for the avoidance of doubt, guarantees, security over life policies, and any replacement security for a Housing 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 Dealers"** has the meaning given to it in the Programme Agreement.

**"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.

**"Representations and Warranties"** means the representations and warranties summarised on pages 221 to 224 (inclusive).

**"Repurchase Cut-Off Date"** means, in respect of a Housing Loan to be repurchased by the Seller, the date specified in the relevant notice as the date on which the Housing Loan is selected for acquisition with the actual transfer occurring on the Repurchase Date.

**"Repurchase Date"** means the date of completion of a repurchase of a Housing Loan by the Seller from the Covered Bond Guarantor in accordance with the Mortgage Sale Agreement.

**"Repurchase Price"** means, in relation to a Housing 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 Cut-Off Date of the Housing Loan.

**"Required Current Principal Balance Amount"** has the meaning given to it on page 241.

**"Required Redemption Amount"** means, in respect of a Series of Covered Bonds, the amount calculated in accordance with the following formula:

$$A \times \left( 1 + \left( B \times \frac{C}{365} \right) \right)$$

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 Bank Act"** means the Reserve Bank of New Zealand Act 1989 (New Zealand).

**"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 or a Term Advance up to an amount equal to the Reserve Fund Required Amount in accordance with the applicable Priority of Payments.

**"Reserve Fund Required Amount"** means if, on any date, ANZ New Zealand's short-term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least P-1 by Moody's and F1+ by Fitch, nil or such other amount as ANZ New Zealand shall advise the Covered Bond Guarantor from time to time and otherwise, an amount equal to:

- (a) the higher of the NZ dollar Equivalent of the interest:
  - (i) that will accrue on each Series of Covered Bonds from (and including) that date to (but excluding) the date falling three months after such date; and
  - (ii) due for payment on each Series of Covered Bonds from (and including) that date to (but excluding) the date falling three months after such date; and
- (b) an amount equal to one-quarter of the anticipated aggregate annual amount payable in respect of the items specified in paragraphs (a) to (c) 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 and the debiting of such Reserve Fund in accordance with the terms of the Establishment Deed.

**"Reset Date"** has the meaning given to it on page 132 of this Base Prospectus.

**"Residual Capital Beneficiary"** means The ANZ National Bank Staff Foundation.

**"Residual Income Beneficiary"** means The ANZ National Bank Staff Foundation.

**"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 and debits of Housing Loan Revenue Receipts and the other amounts described in paragraphs (b) and (c) of the definition of Available Revenue Receipts in accordance with the terms of the Establishment Deed.

**"RMO"** has the meaning given to it on page 51 of this Base Prospectus.

**"RWA"** has the meaning given to it on page 46 of this Base Prospectus.

**"Sale Proceeds"** means the cash proceeds realised from the sale of Selected Housing Loans and the Related Security.

**"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 and other Calculations*) (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.

**"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 6(a) and Condition 6(e) (but excluding any additional amounts relating to prepayments, early redemption, broken funding indemnities, penalties, premiums or default interest ("**Excluded Scheduled Principal Amounts**") payable by the Issuer following 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 Receipholders, the Couponholders, the Issuers, the Guarantor, 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;
- (c) at the express request of the Covered Bond Guarantor; and
- (d) on behalf of the Covered Bond Guarantor;
- (e) 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
- (f) 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
  - (iv) whether the Security Trustee or any Secured Creditor is the original Security Trustee or an original Secured Creditor or an assignee or a transferee of the original Security Trustee or an original Secured Creditor, and whether or not the Covered Bond Guarantor consented to or was aware of the assignment or transfer.

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

**"Security"** means the Security Interests over the Charged Property granted pursuant to the Security Deed.

**"Security Deed"** means the security deed dated 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 Housing 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 Housing Loans and the Related Security to the Seller.

**"Selected Housing Loans"** means Housing 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 ANZ New Zealand in its capacity as seller pursuant to the Mortgage Sale Agreement.

**"Seller Housing Loan Repurchase Notice"** means the notice served on the Covered Bond Guarantor by the Seller offering to purchase certain Housing 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 11.

"**Servicer**" means ANZ New Zealand in its capacity as Servicer under the Servicing Agreement or such other servicer appointed pursuant to the Servicing Agreement from time to time.

"**Servicer Termination Event**" has the meaning given to it on page 232.

"**Services**" has the meaning given to it in clause 2.1 of the Servicing Agreement.

"**Servicing Agreement**" means the servicing agreement entered into on the Programme Date, between the Covered Bond Guarantor, the Trust Manager, the Servicer and the Security Trustee.

"**Servicing Procedures**" means the originating, lending and underwriting, administration, arrears and enforcement policies and procedures which are applied from time to time by the Seller to housing loans and the related security for their repayment which are beneficially owned solely by the Seller and which may be amended by the Seller from time to time.

"**Settlement Amount**" means NZ\$2,000.

"**SIBOR**" has the meaning given to it on page 155 of this Base Prospectus.

"**SIFMA**" has the meaning given to it on page 137 of this Base Prospectus.

"**SOFR**" has the meaning given to it on page 34] of this Base Prospectus.

"**SOFR Determination Date**" has the meaning given to it on pages [136] to [137] of this Base Prospectus.

"**SOFRi**" has the meaning given to it on page 136 of this Base Prospectus.

"**SOFR Index Cessation Effective Date**" has the meaning given to it on page 137 of this Base Prospectus.

"**SOFR Index Cessation Event**" has the meaning given to it on page 137 of this Base Prospectus.

"**SOFR Reset Date**" has the meaning given to it on page 137 of this Base Prospectus.

"**SONIA**" has the meaning given to it on page 32 of this Base Prospectus.

"**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 Guarantor, the Relevant Dealer(s), the Principal Paying Agent and the Bond Trustee and specified in the applicable Final Terms.

"**Standardised approach**" has the meaning given to it on page 46 of this Base Prospectus.

"**Statutory Conversion and Write-Off Provisions**" has the meaning given to it on page 195 of this Base Prospectus.

"**STIBOR**" has the meaning given to it on page 155 of this Base Prospectus.

"**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 Servicer**" means a substitute servicer appointed in accordance with the Servicing Agreement.

"**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 an Authorised Institution) are rated at least 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.

**"Swaps"** means the Interest Rate Swaps and the Covered Bond Swaps.

**"Swap Agreements"** means each agreement between the Covered Bond Guarantor, the Trust Manager, a Swap Provider and the Security Trustee governing Swaps entered into with such Swap Provider in the form of an ISDA Master Agreement, the schedule and any relevant Swap Agreement Credit Support Document and related confirmations, and each a Swap Agreement.

**"Swap Agreement Credit Support Document"** means a credit support document entered into between the Covered Bond Guarantor and a Swap Provider in the form of the ISDA 1995 credit support annex (Transfer - English law) to the ISDA Master 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 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 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).

**"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 Interest Rate 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.

**"Talons"** means, if indicated in the applicable Final Terms, talons for further Coupons on interest-bearing Bearer Definitive Covered Bonds.

**"Tax Act"** means the Income Tax Act 2007 (New Zealand).

**"Tax Resident in New Zealand"** means resident in New Zealand for the purposes of the Tax Act.

**"Taxes"** mean 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 2 (Forms of Global and Definitive Covered Bonds, Receipts, 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.

**"Temporary Global Covered Bond"** means Bearer Covered Bonds without Receipts, interest Coupons or Talons attached.

**"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 SOFR"** has the meaning given to it on page 148 of this Base Prospectus.

**"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 Housing 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 Housing Loan, the Accrued Interest for the Housing Loan as at the related Acquisition Cut-Off Date,

which amounts, if received by the Covered Bond Guarantor, may be paid daily from monies on deposit in the GIC Account.

**"TIBOR"** has the meaning given to it on page 155 of this Base Prospectus.

**"Title Perfection Event"** has the meaning given to it on pages 220 to 221.

**"Tranche"** means Covered Bonds which are identical in all respects (including as to listing).

**"Transaction Accounts"** means the GIC 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"** means Deutsche Bank Luxembourg S.A.

**"Transfer Date"** means the date on which the Seller, subject to the fulfilment of certain conditions, sells a New Housing Loan Portfolio to the Covered Bond Guarantor in accordance with the Mortgage Sale Agreement.

**"Trust"** means the trust known as the "ANZNZ Covered Bond Trust" formed under the Establishment Deed.

**"Trust Accounts"** means the Transaction Accounts, the GIC Account, the All Moneys Mortgage Trust Account, the Swap Collateral Cash Account or any other applicable currency transaction account in the name of the Covered Bond Guarantor held with the Account Bank.

**"Trust Financial Statements"** has the meaning given to it on page xi of this Base Prospectus.

**"Trust Manager"** means ANZCCL, or any other person from time to time appointed to perform the role of trust manager under the Establishment Deed.

**"Trust Manager Termination Event"** means:

- (a) the Trust Manager fails to make any payment it is required to make (including on behalf of the Covered Bond Guarantor) under the Establishment Deed or any of the other Programme Documents 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;
- (b) the Trust Manager fails to comply with any of its other obligations under the Establishment Deed or any of the other Programme Documents, which the Security Trustee considers acting on the directions of (for so long as there are any Covered Bonds outstanding) the Bond Trustee or (where no Covered Bonds are outstanding) the Majority Secured Creditors, is materially prejudicial to the Covered Bondholders and such failure is not remedied or waived within a period of 20 Local Business Days after the Trust Manager is notified, or otherwise becomes aware, of the failure; or
- (c) an Insolvency Event occurs in relation to the Trust Manager.

**"Trust Payment Date"** means each day which is 2 Local Business Days after a Determination Date.

**"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 or from an independent firm of professional valuers appointed by the Seller or from such other source allowed by the Servicing Procedures.

**"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.

**"Website of the Federal Reserve Bank of New York"** has the meaning given to it on page 138 of this Base Prospectus.

**"Yield Shortfall Test"** has the meaning given to it on pages 230 to 231.

**"Zero Coupon Covered Bonds"** means Covered Bonds which will be offered and sold at a discount to their nominal amount and which will not bear interest.

**ANNEX A – POOL SUMMARY REPORT**

## ANZNZ Covered Bond Trust - Pool Summary Report

Summary as at 19 August 2020

### Pool Summary

Acquisition Cut off Date	01 Aug 2020
Current Aggregate Principal Balance (NZD)	\$11,636,502,598
Number of Loans	54,939
Number of Loan Groups	34,805
Average Loan Group Size	334,334
Maximum Loan Group Balance	\$1,983,525
Weighted Average Current Loan to Value Ratio (LVR)	54.85 %
Weighted Average Current Indexed Loan to Value Ratio (LVR)	49.30 %
Weighted Average Interest Rate	3.69 %
Weighted Average Seasoning (Months)	44.69
Weighted Average Remaining Term (Months)	220.89

**Mortgage Pool by Current Loan to Value Ratio (LVR)**

	Number of Loans	(%) Number of Loans	Balance Outstanding	(%) Balance Outstanding
up to and including 25.00%	11,166	20.32 %	\$884,291,305	7.60 %
> 25.00% up to and including 30.00%	3,257	5.93 %	\$471,822,318	4.05 %
> 30.00% up to and including 35.00%	3,457	6.29 %	\$553,931,096	4.76 %
> 35.00% up to and including 40.00%	3,820	6.95 %	\$669,119,883	5.75 %
> 40.00% up to and including 45.00%	4,136	7.53 %	\$777,095,552	6.68 %
> 45.00% up to and including 50.00%	4,044	7.36 %	\$832,362,059	7.15 %
> 50.00% up to and including 55.00%	4,433	8.07 %	\$966,440,765	8.31 %
> 55.00% up to and including 60.00%	4,140	7.54 %	\$1,046,533,061	8.99 %
> 60.00% up to and including 65.00%	4,233	7.70 %	\$1,219,582,012	10.48 %
> 65.00% up to and including 70.00%	4,331	7.88 %	\$1,311,714,409	11.27 %
> 70.00% up to and including 75.00%	4,183	7.61 %	\$1,381,039,108	11.87 %
> 75.00% up to and including 80.00%	3,687	6.71 %	\$1,504,761,163	12.93 %
> 80.00% up to and including 85.00%	46	0.08 %	\$16,535,389	0.14 %
> 85.00% up to and including 90.00%	4	0.01 %	\$1,002,985	0.01 %
> 90.00% up to and including 95.00%	0	0.00 %	\$0	0.00 %
> 95.00% up to and including 100.00%	0	0.00 %	\$0	0.00 %
> 100.00%	2	0.00 %	\$271,492	0.00 %
<b>Total</b>	<b>54,939</b>	<b>100.00 %</b>	<b>\$11,636,502,598</b>	<b>100.00 %</b>

**Mortgage Pool by Current Indexed Loan to Value Ratio (LVR)\***

	Number of Loans	(%) Number of Loans	Balance Outstanding	(%) Balance Outstanding
up to and including 25.00%	14,368	26.15 %	\$1,284,793,447	11.04 %
> 25.00% up to and including 30.00%	4,113	7.49 %	\$646,691,902	5.56 %
> 30.00% up to and including 35.00%	4,409	8.03 %	\$755,631,494	6.49 %
> 35.00% up to and including 40.00%	4,672	8.50 %	\$894,919,246	7.69 %
> 40.00% up to and including 45.00%	4,780	8.70 %	\$988,797,864	8.50 %
> 45.00% up to and including 50.00%	4,410	8.03 %	\$1,018,573,355	8.75 %
> 50.00% up to and including 55.00%	4,030	7.34 %	\$1,089,646,601	9.36 %
> 55.00% up to and including 60.00%	3,682	6.70 %	\$1,091,327,545	9.38 %
> 60.00% up to and including 65.00%	3,304	6.01 %	\$1,059,909,375	9.11 %
> 65.00% up to and including 70.00%	3,102	5.65 %	\$1,129,930,058	9.71 %
> 70.00% up to and including 75.00%	3,345	6.09 %	\$1,374,843,947	11.81 %
> 75.00% up to and including 80.00%	708	1.29 %	\$295,594,170	2.54 %
> 80.00% up to and including 85.00%	14	0.03 %	\$5,572,102	0.05 %
> 85.00% up to and including 90.00%	0	0.00 %	\$0	0.00 %
> 90.00% up to and including 95.00%	0	0.00 %	\$0	0.00 %
> 95.00% up to and including 100.00%	0	0.00 %	\$0	0.00 %
> 100.00%	2	0.00 %	\$271,492	0.00 %
<b>Total</b>	<b>54,939</b>	<b>100.00 %</b>	<b>\$11,636,502,598</b>	<b>100.00 %</b>

\* Based on quarterly data using the latest NZ QV House Price Index values available to the Servicer on each Determination Date falling in January, April, July and October. For further information please refer to the Covered Bond Trust Definitions Schedule.

**Mortgage Pool by Mortgage Loan Interest Rate**

	Number of Loans	(%) Number of Loans	Balance Outstanding	(%) Balance Outstanding
up to and including 4.00%	38,586	70.23 %	\$8,948,986,686	76.90 %
> 4.00% up to and including 4.50%	12,813	23.32 %	\$2,032,429,776	17.47 %
> 4.50% up to and including 5.00%	2,477	4.51 %	\$488,236,964	4.20 %
> 5.00% up to and including 5.50%	833	1.52 %	\$138,306,221	1.19 %
> 5.50% up to and including 6.00%	220	0.40 %	\$28,103,893	0.24 %
> 6.00% up to and including 6.50%	10	0.02 %	\$439,058	0.00 %
> 6.50% up to and including 7.00%	0	0.00 %	\$0	0.00 %
> 7.00% up to and including 7.50%	0	0.00 %	\$0	0.00 %
> 7.50% up to and including 8.00%	0	0.00 %	\$0	0.00 %
> 8.00% up to and including 8.50%	0	0.00 %	\$0	0.00 %
> 8.50% up to and including 9.00%	0	0.00 %	\$0	0.00 %
> 9.00%	0	0.00 %	\$0	0.00 %
<b>Total</b>	<b>54,939</b>	<b>100.00 %</b>	<b>\$11,636,502,598</b>	<b>100.00 %</b>



**Mortgage Pool by Interest Option**

	Number of Loans	(%) Number of Loans	Balance Outstanding	(%) Balance Outstanding
<= 1 Year Fixed	6,675	12.15 %	\$1,641,798,272	14.11 %
<= 2 Year Fixed	15,239	27.74 %	\$3,687,440,821	31.69 %
<= 3 Year Fixed	17,787	32.38 %	\$4,003,682,412	34.41 %
<= 4 Year Fixed	5,966	10.86 %	\$1,224,004,967	10.52 %
<= 5 Year Fixed	959	1.75 %	\$175,723,395	1.51 %
> 5 Year Fixed	406	0.74 %	\$68,636,490	0.59 %
Total Fixed Rate	47,032	85.61 %	\$10,801,286,358	92.82 %
Total Variable Rate	7,907	14.39 %	\$835,216,240	7.18 %
<b>Total</b>	<b>54,939</b>	<b>100.00 %</b>	<b>\$11,636,502,598</b>	<b>100.00 %</b>

**Mortgage Pool by Consolidated Loan Balance**

	Number of Groups	(%) Number of Groups	Balance Outstanding	(%) Balance Outstanding
> \$0 up to and including \$100,000	6,030	17.33 %	\$314,761,423	2.70 %
> \$100,000 up to and including \$200,000	6,830	19.62 %	\$1,023,878,437	8.80 %
> \$200,000 up to and including \$300,000	5,725	16.45 %	\$1,416,028,378	12.17 %
> \$300,000 up to and including \$400,000	4,645	13.35 %	\$1,638,834,289	14.08 %
> \$400,000 up to and including \$500,000	4,131	11.87 %	\$1,856,580,766	15.95 %
> \$500,000 up to and including \$600,000	2,845	8.17 %	\$1,556,174,998	13.37 %
> \$600,000 up to and including \$700,000	1,716	4.93 %	\$1,109,627,452	9.54 %
> \$700,000 up to and including \$800,000	990	2.84 %	\$737,721,396	6.34 %
> \$800,000 up to and including \$900,000	607	1.74 %	\$513,330,299	4.41 %
> \$900,000 up to and including \$1.00m	419	1.20 %	\$397,490,894	3.42 %
> \$1.00m up to and including \$1.25m	548	1.57 %	\$605,085,856	5.20 %
> \$1.25m up to and including \$1.50m	207	0.59 %	\$279,100,119	2.40 %
> \$1.50m up to and including \$1.75m	79	0.23 %	\$126,858,229	1.09 %
> \$1.75m up to and including \$2.00m	33	0.09 %	\$61,030,062	0.52 %
<b>Total</b>	<b>34,805</b>	<b>100.00 %</b>	<b>\$11,636,502,598</b>	<b>100.00 %</b>

**Mortgage Pool by Geographic Distribution**

	Number of Loans	(%) Number of Loans	Balance Outstanding	(%) Balance Outstanding
Auckland	20,018	36.44 %	\$6,063,658,778	52.11 %
Bay of Plenty	3,216	5.85 %	\$544,853,541	4.68 %
Canterbury	6,978	12.70 %	\$1,171,990,374	10.07 %
Gisborne	488	0.89 %	\$50,077,389	0.43 %
Hawke's Bay	1,572	2.86 %	\$216,098,879	1.86 %
Manawatu-Wanganui	2,492	4.54 %	\$288,468,947	2.48 %
Nelson/Marlborough	1,208	2.20 %	\$176,903,160	1.52 %
Northland	1,265	2.30 %	\$171,873,613	1.48 %
Otago	2,900	5.28 %	\$416,592,299	3.58 %
Southland	122	0.22 %	\$14,768,405	0.13 %
Taranaki	757	1.38 %	\$114,005,474	0.98 %
Waikato	5,640	10.27 %	\$1,021,095,350	8.77 %
Wellington	7,949	14.47 %	\$1,355,201,436	11.65 %
West Coast	334	0.61 %	\$30,914,954	0.27 %
<b>Total</b>	<b>54,939</b>	<b>100.00 %</b>	<b>\$11,636,502,598</b>	<b>100.00 %</b>

**Mortgage Pool by Payment Type**

	Number of Loans	(%) Number of Loans	Balance Outstanding	(%) Balance Outstanding
P&I	49,283	89.70 %	\$9,815,187,064	84.35 %
Interest Only	5,656	10.30 %	\$1,821,315,533	15.65 %
<b>Total</b>	<b>54,939</b>	<b>100.00 %</b>	<b>\$11,636,502,598</b>	<b>100.00 %</b>

**Mortgage Pool by Documentation Type**

	Number of Loans	(%) Number of Loans	Balance Outstanding	(%) Balance Outstanding
Low Doc Loans	0	0.00 %	\$0	0.00 %
Full Doc Loans	54,939	100.00 %	\$11,636,502,598	100.00 %
No Doc Loans	0	0.00 %	\$0	0.00 %
<b>Total</b>	<b>54,939</b>	<b>100.00 %</b>	<b>\$11,636,502,598</b>	<b>100.00 %</b>

**Mortgage Pool by Remaining Interest Only Period**

	Number of Loans	(%) Number of Loans	Balance Outstanding	(%) Balance Outstanding
> 0 up to and including 1 years	1,964	34.72 %	\$545,328,948	29.94 %
> 1 up to and including 2 years	925	16.35 %	\$295,994,552	16.25 %
> 2 up to and including 3 years	594	10.50 %	\$211,074,150	11.59 %
> 3 up to and including 4 years	601	10.63 %	\$210,631,426	11.56 %
> 4 up to and including 5 years	731	12.92 %	\$255,319,591	14.02 %
> 5 up to and including 6 years	652	11.53 %	\$244,031,842	13.40 %
> 6 up to and including 7 years	66	1.17 %	\$30,279,583	1.66 %
> 7 up to and including 8 years	4	0.07 %	\$427,575	0.02 %
> 8 up to and including 9 years	2	0.04 %	\$222,643	0.01 %
> 9 up to and including 10 years	5	0.09 %	\$981,916	0.05 %
>10 years	112	1.98 %	\$27,023,309	1.48 %
<b>Total</b>	<b>5,656</b>	<b>100.00 %</b>	<b>\$1,821,315,533</b>	<b>100.00 %</b>

**Mortgage Pool by Occupancy Status**

	Number of Loans	(%) Number of Loans	Balance Outstanding	(%) Balance Outstanding
Owner Occupied (Full Recourse)	46,017	83.76 %	\$9,201,435,131	79.07 %
Residential Investment (Full Recourse)	8,922	16.24 %	\$2,435,067,467	20.93 %
<b>Total</b>	<b>54,939</b>	<b>100.00 %</b>	<b>\$11,636,502,598</b>	<b>100.00 %</b>

**Mortgage Pool by Property Type**

	Number of Loans	(%) Number of Loans	Balance Outstanding	(%) Balance Outstanding
House	49,382	89.89 %	\$10,416,687,409	89.52 %
Unit/ Flat/ Apartment*	5,557	10.11 %	\$1,219,815,189	10.48 %
Other	0	0.00 %	\$0	0.00 %
<b>Total</b>	<b>54,939</b>	<b>100.00 %</b>	<b>\$11,636,502,598</b>	<b>100.00 %</b>

\* Unit/ Flat/ Apartment - refers to properties with more than one title or dwelling recorded against it.

**Mortgage Pool by Loan Seasoning**

	Number of Loans	(%) Number of Loans	Balance Outstanding	(%) Balance Outstanding
up to and including 3 months	111	0.20 %	\$14,261,895	0.12 %
> 3 up to and including 6 months	715	1.30 %	\$96,665,841	0.83 %
> 6 up to and including 9 months	1,610	2.93 %	\$424,472,407	3.65 %
> 9 up to and including 12 months	2,052	3.74 %	\$598,703,516	5.15 %
> 12 up to and including 15 months	1,931	3.51 %	\$534,037,640	4.59 %
> 15 up to and including 18 months	2,054	3.74 %	\$553,285,937	4.75 %
> 18 up to and including 21 months	2,118	3.86 %	\$567,014,866	4.87 %
> 21 up to and including 24 months	1,868	3.40 %	\$494,290,315	4.25 %
> 24 up to and including 27 months	2,163	3.94 %	\$556,650,426	4.78 %
> 27 up to and including 30 months	2,080	3.79 %	\$502,273,279	4.32 %
> 30 up to and including 33 months	1,911	3.48 %	\$466,392,404	4.01 %
> 33 up to and including 36 months	1,689	3.07 %	\$412,662,081	3.55 %
> 36 up to and including 48 months	7,393	13.46 %	\$1,754,634,217	15.08 %
> 48 up to and including 60 months	7,462	13.58 %	\$1,649,213,445	14.17 %
> 60 up to and including 72 months	6,304	11.47 %	\$1,237,940,468	10.64 %
> 72 up to and including 84 months	4,889	8.90 %	\$743,163,307	6.39 %
> 84 up to and including 96 months	3,295	6.00 %	\$461,772,522	3.97 %
> 96 up to and including 108 months	1,512	2.75 %	\$192,235,407	1.65 %
> 108 up to and including 120 months	878	1.60 %	\$94,342,277	0.81 %
> 120 months	2,904	5.29 %	\$282,490,347	2.43 %
<b>Total</b>	<b>54,939</b>	<b>100.00 %</b>	<b>\$11,636,502,598</b>	<b>100.00 %</b>

**Mortgage Pool by Remaining Tenor**

	Number of Loans	(%) Number of Loans	Balance Outstanding	(%) Balance Outstanding
up to and including 1 year	3,167	5.76 %	\$561,425,778	4.82 %
> 1 up to and including 2 years	2,234	4.07 %	\$320,153,403	2.75 %
> 2 up to and including 3 years	2,034	3.70 %	\$254,747,658	2.19 %
> 3 up to and including 4 years	1,991	3.62 %	\$270,610,445	2.33 %
> 4 up to and including 5 years	2,146	3.91 %	\$333,702,483	2.87 %
> 5 up to and including 6 years	1,928	3.51 %	\$331,714,854	2.85 %
> 6 up to and including 7 years	1,391	2.53 %	\$134,881,333	1.16 %
> 7 up to and including 8 years	1,394	2.54 %	\$124,634,683	1.07 %
> 8 up to and including 9 years	1,432	2.61 %	\$149,708,078	1.29 %
> 9 up to and including 10 years	1,493	2.72 %	\$170,333,972	1.46 %
> 10 up to and including 15 years	7,269	13.23 %	\$1,101,659,515	9.47 %
> 15 up to and including 20 years	8,015	14.59 %	\$1,590,577,540	13.67 %
> 20 up to and including 25 years	9,414	17.14 %	\$2,389,408,830	20.53 %
> 25 up to and including 30 years	11,031	20.08 %	\$3,902,944,026	33.54 %
> 30 years	0	0.00 %	\$0	0.00 %
<b>Total</b>	<b>54,939</b>	<b>100.00 %</b>	<b>\$11,636,502,598</b>	<b>100.00 %</b>

**Mortgage Pool by Delinquencies**

	Number of Loans	(%) Number of Loans	Balance Outstanding	(%) Balance Outstanding
Current (0 days)	54,821	99.79 %	\$11,615,636,463	99.82 %
> 0 days up to and including 30 days	73	0.13 %	\$13,461,264	0.12 %
> 30 days up to and including 60 days	30	0.05 %	\$5,303,520	0.05 %
> 60 days up to and including 90 days	15	0.03 %	\$2,101,351	0.02 %
> 90 days up to and including 120 days	0	0.00 %	\$0	0.00 %
> 120 days up to and including 150 days	0	0.00 %	\$0	0.00 %
> 150 days up to and including 180 days	0	0.00 %	\$0	0.00 %
> 180 days	0	0.00 %	\$0	0.00 %
<b>Total</b>	<b>54,939</b>	<b>100.00 %</b>	<b>\$11,636,502,598</b>	<b>100.00 %</b>

**Mortgage Pool by Remaining Term on Fixed Rate Period**

	Number of Loans	(%) Number of Loans	Balance Outstanding	(%) Balance Outstanding
> 0 up to and including 3 months	6,802	14.46 %	\$1,643,329,665	15.21 %
> 3 up to and including 6 months	5,633	11.98 %	\$1,365,496,859	12.64 %
> 6 up to and including 9 months	7,871	16.74 %	\$1,809,367,376	16.75 %
> 9 up to and including 12 months	10,637	22.62 %	\$2,578,683,919	23.87 %
> 12 up to and including 15 months	5,628	11.97 %	\$1,236,053,531	11.44 %
> 15 up to and including 18 months	3,542	7.53 %	\$754,176,382	6.98 %
> 18 up to and including 21 months	1,907	4.05 %	\$357,673,122	3.31 %
> 21 up to and including 24 months	3,462	7.36 %	\$791,416,583	7.33 %
> 24 up to and including 27 months	429	0.91 %	\$84,031,881	0.78 %
> 27 up to and including 30 months	264	0.56 %	\$47,122,841	0.44 %
> 30 up to and including 33 months	307	0.65 %	\$49,019,568	0.45 %
> 33 up to and including 36 months	245	0.52 %	\$38,892,244	0.36 %
> 36 up to and including 48 months	190	0.40 %	\$22,759,682	0.21 %
> 48 up to and including 60 months	115	0.24 %	\$23,262,704	0.22 %
> 60 months	0	0.00 %	\$0	0.00 %
<b>Total</b>	<b>47,032</b>	<b>100.00 %</b>	<b>\$10,801,286,358</b>	<b>100.00 %</b>

**Mortgage Pool by Payment Frequency**

	Number of Loans	(%) Number of Loans	Balance Outstanding	(%) Balance Outstanding
Weekly	12,986	23.64 %	\$2,316,996,572	19.91 %
Fortnightly	26,184	47.66 %	\$5,054,833,036	43.44 %
Monthly	15,767	28.70 %	\$4,264,643,274	36.65 %
Other	2	0.00 %	\$29,716	0.00 %
<b>Total</b>	<b>54,939</b>	<b>100.00 %</b>	<b>\$11,636,502,598</b>	<b>100.00 %</b>

## ANNEX B – INFORMATION MEMORANDUM

Pages B-1 to B-70 of this document comprise an information memorandum (the "**Information Memorandum**") in respect of covered bonds which are not admitted to the Official List of the FCA or any other European Economic Area or United Kingdom regulated market or offered to the public in the European Economic Area or in the United Kingdom for the purposes of the Prospectus Regulation ("**Non-PR Covered Bonds**"). The Non-PR Covered Bonds shall only be offered pursuant to the Programme Agreement (as defined below), and only to non-U.S. persons in offshore transactions in reliance upon Regulation S ("**Regulation S**") under the United States Securities Act of 1933, as amended (the "**Securities Act**"). The Information Memorandum has not been reviewed or approved by the FCA and does not constitute a prospectus for the purposes of the Prospectus Regulation.

The Information Memorandum is to be read in conjunction with the following sections of the Base Prospectus:

- the section entitled "Principal Characteristics of the ANZNZ Covered Bond Programme" on page 14;
- the section entitled "Documents Incorporated by Reference" on pages 15 to 16;
- the section entitled "Structure Overview" on pages 17 to 23;
- the section entitled "Risk Factors" on pages 24 to 79;
- the section entitled "Programme Overview" on pages 80 to 87;
- the section entitled "ANZ Bank New Zealand Limited" on pages 88 to 101;
- the section entitled "Management" on pages 102 to 103;
- the section entitled "ANZ New Zealand (Int'l) Limited" on page 104;
- the section entitled "ANZ Bank New Zealand Limited's Mortgage Business" on pages 105 to 113;
- the section entitled "Form of the Covered Bonds" on pages 114 to 117;
- the section entitled "Use of Proceeds" on page 184;
- the section entitled "Regulation and Supervision" on pages 185 to 208;
- the section entitled "Australia and New Zealand Banking Group Limited" on pages 209 to 211;
- the section entitled "The ANZNZ Covered Bond Trust" on pages 212 to 213;
- the section entitled "Summary of the Principal Documents" on pages 214 to 252;
- the section entitled "Credit Structure" on pages 253 to 255;
- the section entitled "Cashflows" on pages 256 to 268;
- the section entitled "The Housing Loan Portfolio" on page 269;
- the section entitled "Legal Aspects of the Housing Loan Portfolio" on pages 270 to 277;
- the section entitled "Book Entry Clearance Systems" on pages 278;
- the section entitled "Taxation" on pages 279 to 281;
- the section entitled "Subscription and Sale" on pages 282 to 288;
- the section entitled "Independent Auditors" on page 289;

- the section entitled "General Information" on pages 290 to 293;
- the section entitled "Glossary" on pages 294 to 325; and
- the section entitled "Annex A" on pages A-1 to A-6.

Each of the above sections of the Base Prospectus shall be deemed to be incorporated by reference in this Information Memorandum. Any supplements to the Base Prospectus shall also be deemed to be incorporated by reference in this Information Memorandum.

Under the €8,000,000,000 ANZ NZ Covered Bond Programme (the "**Programme**") established by ANZ Bank New Zealand Limited ("**ANZ New Zealand**" or an "**Issuer**") and ANZ New Zealand (Int'l) Limited ("**ANZNIL**" or an "**Issuer**" and together with ANZ New Zealand, the "**Issuers**"). References to the "**Relevant Issuer**" shall, in relation to any Series or Tranche (as defined under the Terms and Conditions of the Non-PR Covered Bonds) of Non-PR Covered Bonds be references to the Issuer which is, or is intended to be, the Issuer of such Non-PR Covered Bonds as indicated in the applicable pricing supplement) on the Programme Date, the Issuers may from time to time issue Non-PR Covered Bonds denominated in any currency agreed between the Relevant Issuer, the Guarantor (as defined below) (in the case of Non-PR Covered Bonds issued by ANZNIL) and the Relevant Dealer(s) at the time of the issue in accordance with the prevailing market conditions.

The payment of all amounts owing by ANZNIL in respect of the Non-PR Covered Bonds issued by ANZNIL will be unconditionally and irrevocably guaranteed by ANZ New Zealand (the "**Guarantor**").

ANZNZ Covered Bond Trust Limited (the "**Non-PR Covered Bond Guarantor**") has guaranteed payments of interest and principal under the Non-PR Covered Bonds pursuant to a guarantee which is secured over the Housing Loans and the Related Security (as defined herein) and its other assets. Recourse against the Non-PR Covered Bond Guarantor under its guarantee is limited to the Housing Loans and the Related Security and its other assets.

The Non-PR 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 Issuers (each a "**Dealer**" and together the "**Dealers**") which appointment may be for a specific time or on an ongoing basis. References in this Information Memorandum to the "**Relevant Dealers**" shall, in the case of an issue of Non-PR Covered Bonds being (or intended to be) subscribed for by more than one Dealer, be to all Dealers agreeing to subscribe for such Non-PR Covered Bonds.

Notice of the aggregate nominal amount of Non-PR Covered Bonds, interest (if any) payable in respect of Non-PR Covered Bonds, the issue price of the Non-PR Covered Bonds and any other terms and conditions not contained herein which are applicable to each Tranche of Non-PR Covered Bonds will be set out in a pricing supplement.

The Non-PR Covered Bonds are not protected accounts or deposit liabilities of the Issuers and, except as expressly stated in this Information Memorandum, are not insured or guaranteed by (i) the Crown or any governmental agency of New Zealand, (ii) the United States of America, the Federal Deposit Insurance Corporation or any other governmental agency of the United States or (iii) the government or any government agency of any other jurisdiction.

There are references in this Information Memorandum to the credit ratings of the issuers and the Non-PR Covered Bonds. A credit rating is not a recommendation to buy, sell or hold the Non-PR Covered Bonds and may be subject to revision, suspension or withdrawal at any time by the relevant rating agency.

The Non-PR Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA or 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 (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); or (ii) a customer within the meaning of the Insurance Distribution Directive (Directive 2016/97/EU (as amended or superseded)) ("**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Non-PR Covered Bonds or otherwise making them available to retail investors in the EEA or in the UK will be prepared

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

**MiFID II Product Governance / target market** - The Pricing Supplement in respect of any Non-PR Covered Bonds may include a legend entitled "*MiFID II Product Governance*" which will outline the conclusion of the target market assessment completed by the relevant "manufacturer(s)" in respect of the Non-PR Covered Bonds and which channels for distribution of the Non-PR Covered Bonds they consider are appropriate. Any person subsequently offering, selling or recommending the Non-PR 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 Non-PR Covered Bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

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

Neither Issuer is subject to MiFID II and any implementation thereof by an EU Member State. It is therefore not a "manufacturer" for the purposes of the MiFID Product Governance Rules and has no responsibility or liability for identifying a target market, or any other product governance obligation set out in MiFID II, for financial instruments it issues (including any target market assessment for the Non-PR Covered Bonds).

**Notification under Section 309B(1) of the Securities and Futures Act of Singapore (the "SFA"):** Unless otherwise stated in the Pricing Supplement, each Issuer has determined and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Covered Bonds issued or to be issued under this Programme shall be capital markets products other than prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Specified Investment Products (as defined in the Monetary Authority of Singapore (the "**MAS**") Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

**Benchmarks Regulation:** Interest and/or other amounts payable under the Covered Bonds may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**"). If any such reference rate does constitute such a benchmark, the Pricing Supplement will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (*Register of administrators and benchmarks*) of the Benchmarks Regulation. Transitional provisions in the Benchmarks Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the applicable Pricing Supplement. The registration status of any administrator under the Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuers do not intend to update the Pricing Supplement to reflect any change in the registration status of the administrator.

All references to "**U.S. dollars**" and "**US\$**" are to the currency of the United States of America, to "**NZ\$**", "**New Zealand \$**", "**NZ dollars**", "**New Zealand dollars**", "**\$**" and "**New Zealand cents**" 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 United Kingdom and to "**Euro**" 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.

None of the Arrangers, the Dealers, the Non-PR Covered Bond Guarantor, the Agents, the Security Trustee, the Trust Manager or the Bond Trustee makes any representation to any investor in the Non-PR Covered Bonds regarding the legality of its investment under any applicable laws. Any investor in the Non-PR Covered Bonds should be able to bear the economic risk of an investment in the Non-PR Covered Bonds for an indefinite period of time.

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

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

The Non-PR 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 Non-PR Covered Bonds unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Non-PR Covered Bonds will perform under changing conditions, the resulting effects on the value of the Non-PR Covered Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

## SCHEDULE A –

### TERMS AND CONDITIONS OF THE NON-PR 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 Pricing Supplement in relation to a Tranche of Covered Bonds) apply to, each Global Covered Bond (as defined below) and each Definitive Covered Bond. The applicable Pricing Supplement (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 ANZ New Zealand (Int'l) Limited ("**ANZNIL**"), whether acting through its head office or a branch, as specified in the relevant Pricing Supplement (an "**Issuer**") and guaranteed by ANZ Bank New Zealand Limited (the "**Guarantor**") or ANZ Bank New Zealand Limited ("**ANZ New Zealand**" and together with ANZNIL, the "**Issuers**") 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 February 2011 (the "**Programme Date**") made between the Issuers, the Guarantor, ANZNZ Covered Bond Trust 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 11 (*Meetings of Covered Bondholders, Modification, Waiver, Substitution and Legislative Exchange*), references herein to the Covered Bonds shall be references to the "**Covered Bonds**" of this Series and shall 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 representing a Tranche of Covered Bonds;
- (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, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an amended and restated principal agency agreement (such amended and restated principal agency agreement as further amended and/or supplemented and/or restated from time to time, the "**Principal Agency Agreement**") dated on or around 26 August 2020 and made between the Issuers, the Covered Bond Guarantor, the 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 together with any additional paying agents appointed pursuant to the Principal Agency Agreement, the "**Paying Agents**"), Deutsche Bank Luxembourg S.A. as registrar (in such capacity, the "**Registrar**", which expression shall include any successor registrar), and Deutsche Bank Luxembourg S.A. as transfer agent (in such capacity, the "**Transfer Agent**", which expression shall include any additional or successor transfer agents). As used herein, "**Agents**" shall mean the Paying Agents, the Registrar and the Transfer Agent, which expression shall include any additional or successor agents).

The Pricing Supplement may specify any other agency agreement that applies to Covered Bonds, Receipts and Coupons issued by the Issuers.

Interest-bearing Bearer Definitive Covered Bonds have interest coupons ("**Coupons**") and, in the case of Covered Bonds which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Bearer Definitive Covered Bonds repayable in instalments have receipts ("**Receipts**") for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Covered Bonds



(which include Registered Global Covered Bonds and/or Registered Definitive Covered Bonds as the case may be) and Global Covered Bonds do not have Receipts, Coupons or Talons attached on issue.

The Pricing Supplement for this Covered Bond (or the relevant provisions thereof) are attached to or endorsed on this Covered Bond and complete these terms and conditions (the "**Conditions**"). References to the "**applicable Pricing Supplement**" are to the Pricing Supplement (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), the holders of the Receipts (the "**Receiptholders**") 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 and/or Issue Prices.

The Guarantor has (in respect of Covered Bonds issued by ANZNIL), in the Bond Trust Deed, unconditionally guaranteed the due and punctual payment of all amounts (including default interest) due from ANZNIL under or in respect of such Covered Bonds and the Bond Trust Deed, as and when the same shall become due and payable.

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 Relevant Issuer and the Guarantor 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 agreement governed by New Zealand law (such security 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 Issuers, the Guarantor, 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 are available for inspection and collection free of charge during normal business hours at the registered office for the time being of the Bond Trustee being at the Programme Date at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom and at the specified office of the Principal Paying Agent. Copies of the applicable Pricing Supplement for all Covered Bonds of each Series are obtainable during normal business hours at the specified office of the Principal Paying Agent and any 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. Copies of the applicable Pricing Supplement for all Covered Bonds of each Series admitted to trading on the regulated market of the London Stock Exchange will be published on the website of the London Stock Exchange through a regulatory information service. The Covered Bondholders, the Receiptholders and the Couponholders are deemed to have notice of, are bound by, and are entitled to the benefit of, all the provisions of, 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 Pricing Supplement which are applicable to them and to have notice of each Pricing Supplement 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 Pricing Supplement and/or the ANZ NZ 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 as described above. In the event of inconsistency between the Bond Trust Deed and the Definitions Schedule, the Bond Trust Deed will prevail.

#### 1. **Form, Denomination and Title**

The Covered Bonds are in bearer form or in registered form as specified in the applicable Pricing Supplement 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) specified in the applicable Pricing Supplement. 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 may be a Fixed Rate Covered Bond, a Floating Rate Covered Bond or a Zero Coupon Covered Bond, depending upon the Interest Basis shown in the applicable Pricing Supplement, and subject, in each case, to confirmation from the Rating Agencies that the then current ratings of any outstanding Series of Covered Bonds will not be adversely affected by the issuance of this Covered Bond.

This Covered Bond may be an Instalment Covered Bond, depending upon the Redemption/Payment Basis shown in the applicable Pricing Supplement and subject 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 this Covered Bond.

Bearer Definitive Covered Bonds are issued with Coupons attached, unless they are Zero Coupon Covered Bonds, in which case references to Coupons and Couponholders in these Conditions are not applicable.

Bearer Definitive Covered Bonds are issued with Receipts, unless they are not Instalment Covered Bonds, in which case references to Receipts and Receiptholders in these Conditions are not applicable.

Subject as set out below, title to the Bearer Covered Bonds, Receipts and Coupons will pass by delivery and title to the Registered Covered Bonds will pass upon registration of transfers in accordance with the provisions of the Principal Agency Agreement. The Issuers, the Guarantor, the Covered Bond Guarantor, the Paying Agents, the Security Trustee and the Bond Trustee will (except as otherwise required by law) deem and treat the bearer of any Bearer Covered Bond, Receipt 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 is represented by a Global Covered Bond held on behalf of, or, as the case may be, registered in the name of a common depositary (in the case of a CGCB) or common safekeeper (in the case of a NGCB) for Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of such Covered Bonds (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Covered Bonds standing to the account of any person 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 Guarantor, (in the case of Covered Bonds issued by ANZNIL) 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, 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 Guarantor, 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 Euroclear and Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits (but not in the case of any NGCB or any Global Covered Bond held under the NSS), be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Pricing Supplement.

## 2. **Transfers of Registered Covered Bonds**

### (a) *Transfers of interests in Registered Global Covered Bonds*

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

### (b) *Transfers of Registered Covered Bonds in definitive form*

Subject as provided in Condition 2(e) below, upon the terms and subject to the conditions set forth in the Principal Agency Agreement, a Registered Covered Bond in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Pricing Supplement). In order to effect any such transfer: (i) the holder or holders must: (A) surrender the Registered Covered Bond for registration of the transfer of the Registered Covered Bond (or the relevant part of the Registered Covered Bond) at the specified office of the Registrar or, as the case may be, the Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing; and (B) complete and deposit such other certifications as may be required by the Registrar or the Transfer Agent; and (ii) the Registrar or the Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the relevant Issuer, the Registrar and the Transfer Agent may from time to time prescribe (the initial such regulations being set out in Schedule 5 to the Principal Agency Agreement).

Subject as provided above, the Registrar or, as the case may be, the Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Covered Bond in definitive form of a like aggregate nominal amount to the Registered Covered Bond (or the

relevant part of the Registered Covered Bond) transferred. In the case of the transfer of part only of a Registered Covered Bond in definitive form, a new Registered Covered Bond in definitive form in respect of the balance of the Registered Covered Bond not transferred will be so authenticated and delivered or (at the risk of the transferor) sent by uninsured mail to the address specified by the transferor.

(c) ***Registration of transfer upon partial redemption***

In the event of a partial redemption of Covered Bonds under Condition 5 (*Redemption and Purchase*), the Issuer shall not be required to register the transfer of any Registered Covered Bond, or part of a Registered Covered Bond, called for partial redemption.

(d) ***Costs of registration***

Covered Bondholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer 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.

(e) ***Exchanges and transfers of Registered Covered Bonds generally***

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

(f) ***Definitions***

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

"**CGCB**" means a Temporary Bearer Global Covered Bond or a Permanent Bearer Global Covered Bond, in either case in respect of which the applicable Pricing Supplement specify that it is not a NGCB;

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

"**NGCB**" means a Temporary Bearer Global Covered Bond or a Permanent Bearer Global Covered Bond, in either case in respect of which the applicable Pricing Supplement specify that it is a new global covered bond;

"**Regulation S**" means Regulation S under the Securities Act;

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

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

(a) ***Status of the Covered Bonds***

The Covered Bonds and any relative Receipts and 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.

(b) ***Status of the Guarantee***

The due and punctual payment of principal and interest in respect of the Covered Bonds issued by ANZNIL and all other monies (including default interest) payable by ANZNIL under or pursuant to the Bond Trust Deed has been unconditionally and irrevocably guaranteed by the Guarantor pursuant to a guarantee (the "**Guarantee**") as set out in the Bond Trust Deed. The obligations of the Guarantor under the Guarantee constitute its direct, unconditional, unsubordinated and unsecured obligations and rank at least *pari passu* with all other present and

future unsubordinated and unsecured obligations of the Guarantor, other than any obligations preferred by mandatory provisions of applicable law.

(c) ***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 and the Guarantor 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 16 (*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 and the Guarantor (in the case of Covered Bonds issued by ANZNIL) in respect of such payment under the Covered Bonds, Receipts and Coupons and the Guarantee 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 and other Calculations**

(a) ***Interest on Fixed Rate Covered Bonds***

- (i) Each Covered Bond where the Interest Basis in the applicable Pricing Supplement is specified to be a Fixed Rate (a "**Fixed Rate Covered Bond**") bears interest on its Principal Amount Outstanding from, and including, the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrears on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown in the applicable Pricing Supplement as specified Interest Payment Dates or, if no Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, Interest Payment Date shall mean each date which falls the number of months or other period shown in the applicable Pricing Supplement as the specified Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
- (ii) If a Fixed Coupon Amount or a Broken Amount is specified in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified in the applicable Pricing Supplement.
- (iii) *Calculation of Interest Amount:* The Interest Amount payable in respect of each Covered Bond for any period for which a Fixed Coupon Amount or Broken Amount is not specified in the applicable Pricing Supplement shall be calculated by applying the Rate of Interest to the Calculation Amount for such Covered Bond, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest unit of the Specified Currency (with halves being rounded up), save in the case of Yen, which shall be rounded down to the nearest

Yen, and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Covered Bond divided by the Calculation Amount. For this purpose, a "unit" means, in the case of any currency other than Euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of Euro, means 0.01 Euro, as the case may be.

(b) ***Interest on Floating Rate Covered Bonds***

- (i) ***Interest Payment Dates:*** Each Covered Bond where the Interest Basis in the applicable Pricing Supplement is specified to be Floating Rate (a "**Floating Rate Covered Bond**") bears interest on its outstanding Principal Amount Outstanding from, and including, the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrears on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown in the applicable Pricing Supplement as specified Interest Payment Dates or, if no Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, Interest Payment Date shall mean each date which falls the number of months or other period shown in the applicable Pricing Supplement as the specified Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
- (ii) ***Business Day Convention:*** If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then that date will be adjusted in accordance with the Business Day Convention specified in the applicable Pricing Supplement. If "No Adjustment" is specified to be applicable in the applicable Pricing Supplement then notwithstanding the bringing forward or postponement (as applicable) of an Interest Payment Date as a result of the application of the Business Day Convention set out in the applicable Pricing Supplement, the Interest Amount in respect of the relevant Interest Period and each subsequent Interest Period shall be calculated as aforesaid on the basis of the original Interest Payment Dates without adjustment in accordance with the applicable Business Day Convention.
- (iii) ***Rate of Interest for Floating Rate Covered Bonds:*** The Rate of Interest in respect of Floating Rate Covered Bonds, other than in the case of BBSW Covered Bonds or BKBM Covered Bonds, provisions in respect of which are set out in Condition 4(c) and Condition 4(d) below, for each Interest Accrual Period shall be determined in the manner specified in the applicable Pricing Supplement and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the applicable Pricing Supplement.

(A) ISDA Determination for Floating Rate Covered Bonds

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Principal Paying Agent as a rate equal to the relevant ISDA Rate. For the purposes of this subparagraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent or other person specified in the applicable Pricing Supplement under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (y) the Designated Maturity is a period specified in the applicable Pricing Supplement; and

- (z) the relevant Reset Date is the day specified in the applicable Pricing Supplement.

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**", and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate/Reference Bank Determination for Floating Rate Covered Bonds other than Floating Rate Covered Bonds where the Reference Rate specified in the applicable Pricing Supplement is SONIA or SOFR:

- (x) If Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be (as determined by the Principal Paying Agent, and subject to Condition 4(k) (*Benchmark Replacement*) and Condition 4(l) (*Effect of Benchmark Transition Event*)), either:

- (I) the offered quotation (if there is only one quotation on the Relevant Screen Page); or

- (II) the arithmetic mean of the offered quotations,

for the Reference Rate in each case appearing on the Relevant Screen Page at the Relevant Time on the Interest Determination Date;

- (y) if sub-paragraph (x)(I) applies and no Reference Rate appears on the Relevant Screen Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (x)(II) applies and fewer than two offered quotations appear on the Relevant Screen Page at the Relevant Time on the Interest Determination Date or, if in either case, the Relevant Screen Page is unavailable, subject as provided below,

- (A) the Issuer will appoint a Reference Banks Agent and the Reference Banks Agent will, at the request of the Issuer, request the principal Relevant Financial Centre office of each of the Reference Banks (or such of them, being at least two, as are so quoting) to provide offered quotations for the Reference Rate that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date for deposits of the Specified Currency for a term equal to the relevant Interest Accrual Period and will provide such offered quotations to the Principal Paying Agent; and

- (B) the Principal Paying Agent shall determine the arithmetic mean of the offered quotations; and

- (z) if paragraph (y) above applies and the Reference Banks Agent advises the Principal Paying Agent that fewer than two Reference Banks are so quoting the Reference Rate, subject as provided below, the Principal Paying Agent shall determine the arithmetic mean of the rates per annum (expressed as a percentage), which the Reference Banks Agent determines (at the request of the Issuer) to be the nearest equivalent to the Reference Rate and notifies to the Principal Paying Agent in respect of deposits of the Specified Currency that at least two out of five leading banks selected by the Reference Banks Agent (after consultation with the Issuer) in the Principal Financial Centre of the country of the Specified Currency, in each case as selected by the Reference Banks Agent (after consultation with the Issuer), are quoting at or about the Relevant Time for a period commencing on the Effective Date equivalent to the relevant Interest

Accrual Period to leading banks carrying on business in (i) Europe, or (ii) (if the Reference Banks Agent determines that fewer than two of such banks are so quoting to such leading banks in Europe) the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to such leading banks (as notified to the Principal Paying Agent and the Issuer by the Reference Banks Agent), the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date (after readjustment for any difference between any Margin or Maximum or Minimum Rate of Interest applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

(C) Screen Rate Determination for Floating Rate Covered Bonds where the Reference Rate specified in the applicable Pricing Supplement is "SONIA":

Where the Reference Rate is specified in the applicable Pricing Supplement as being "SONIA", the Rate of Interest for each Interest Period will, as provided below, be Compounded Daily SONIA as calculated by the Calculation Agent.

"**Compounded Daily SONIA**" means, in relation to any Interest Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Calculation Agent on the Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

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

where:

"**d**" is the number of calendar days in the relevant Interest Period;

"**d<sub>o</sub>**" is the number of London Banking Days in the relevant Interest Period;

"**i**" for any Interest Period is a series of whole numbers from one to d<sub>o</sub>, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in such Interest Period;

"**London Banking Day**" or "**LBD**" means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

"**n<sub>i</sub>**", for any day "i", means the number of calendar days from and including such day "i" up to but excluding the following London Banking Day;

"**Observation Look-Back Period**" is as specified in the applicable Pricing Supplement which shall, unless otherwise agreed with the Calculation Agent (or such other person specified in the applicable Pricing Supplement as the party responsible for calculating the Rate of Interest), be no less than five London Banking Days;

"**Observation Period**" means the period from and including the date falling "p" London Banking Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date falling "p" London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" London Banking Days prior to such earlier date, if any, on which the Covered Bonds become due and payable);



"p", for any Interest Period, the number of London Banking Days included in the Observation Look-Back Period, as specified in the applicable Pricing Supplement, which shall, unless otherwise agreed with the Calculation Agent (or such other person specified in the applicable Pricing Supplement as the Party responsible for calculating the Rate of Interest), be no less than five London Banking Days;

the "**SONIA reference rate**", in respect of any London Banking Day, is a reference rate equal to the daily Sterling Overnight Index Average ("**SONIA**") rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors (on the London Banking Day immediately following such London Banking Day); and

"**SONIA<sub>i-pLBD</sub>**" means, in respect of any London Banking Day falling in the relevant Observation Period, the SONIA reference rate for the London Banking Day falling "p" London Banking Days prior to the relevant London Banking Day "i".

If, in respect of any London Banking Day in the relevant Observation Period, the Calculation Agent determines that the SONIA reference rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, then (unless the Calculation Agent or such other person specified in the applicable Pricing Supplement as the party responsible for determining the Rate of Interest has been notified of any successor or alternative rate (together with any relevant methodology or adjustment factor) pursuant to Condition 4(k) (*Benchmark Replacement*)), such SONIA reference rate shall be: (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant London Banking Day; plus (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five days on which a SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate.

In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions, the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period) or (ii) 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 Interest Period had the Covered Bonds been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Period).

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 Pricing Supplement, be deemed to be the date on which such Covered Bonds became due and payable and the Rate of Interest on such Covered Bonds shall, for so long as any such Covered Bond remains outstanding, be that determined on such date.

(D)Screen Rate Determination for Floating Rate Covered Bonds where the Reference Rate specified in the applicable Pricing Supplement is "**SOFR**":

Where the Reference Rate is specified in the applicable Pricing Supplement as being "SOFR", the Rate of Interest for each Interest Period will, except as provided below, be

the Compounded Daily SOFR (expressed as a percentage rate per annum), as determined by the Calculation Agent on the Interest Determination Date.

For the purposes of this Condition:

"**Compounded Daily SOFR**" means, in relation to any Interest Period, the rate of return of a daily compound interest investment (with the Secured Overnight Financing Rate as the reference rate for the calculation of interest) as calculated by the Calculation Agent on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 being rounded upwards):

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

where:

"**d**" means, in relation to any Interest Period, the number of calendar days in such Interest Period;

"**d<sub>0</sub>**" means, in relation to any Interest Period, the number of U.S. Government Securities Business Days in such Interest Period;

"**i**" means, in relation to any Interest Period, a series of whole numbers from one to **d<sub>0</sub>**, each representing the relevant U.S. Government Securities Business Day in chronological order from (and including) the first U.S. Government Securities Business Day in such Interest Period to (but excluding) the Interest Payment Date of such Interest Period;

"**ni**" means, in relation to any Interest Period and any U.S. Government Securities Business Day "**i**" during such Interest Period, 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;

"**SOFR<sub>i</sub>**" means, in relation to any Interest Period and any U.S. Government Securities Business Day "**i**" during such Interest Period:

- (i) if such U.S. Government Securities Business Day is a SOFR Reset Date, the Secured Overnight Financing Rate for the U.S. Government Securities Business Day that precedes the SOFR Reset Date by the number of U.S. Government Securities Business Days equal to the number of U.S. Government Securities Business Days in the Reset Period; and
- (ii) if such U.S. Government Securities Business Day is not a SOFR Reset Date (being a U.S. Government Securities Business Day falling in the Suspension Period), the Secured Overnight Financing Rate for the U.S. Government Securities Business Day that precedes the first day of the Suspension Period (the "**Suspension Period SOFR<sub>i</sub>**") by the number of U.S. Government Securities Business Days equal to the number of U.S. Government Securities Business Days in the Reset Period. For the avoidance of doubt, the Suspension Period SOFR<sub>i</sub> shall apply to each day falling in the relevant Suspension Period.

For the purposes of this definition "SOFR<sub>i</sub>", (unless otherwise agreed with the Calculation Agent or such other party as is specified in the applicable Pricing Supplement as the party responsible for calculating the Rate of Interest) the sum of the Reset Period and the Suspension Period SOFR<sub>i</sub> shall not be less than five U.S. Government Securities Business Days.

**"Reset Period"** means the number of U.S. Government Securities Business Days as are specified as such in the applicable Pricing Supplement which (unless otherwise agreed with the Calculation Agent or such other party as is specified in the applicable Pricing Supplement as the party responsible for calculating the Rate of Interest) when added to any applicable Suspension Determination Period shall not be less than five U.S. Government Securities Business Days.

**"Secured Overnight Financing Rate" or "SOFR"** means:

- (i) in relation to any U.S. Government Securities Business Day (the **"SOFR Determination Date"**), the daily secured overnight financing rate as published by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator) at or around 3:00 p.m. (New York City time) on the Website of the Federal Reserve Bank of New York on the next succeeding U.S. Government Securities Business Day for trades made on such SOFR Determination Date;
- (ii) if the rate specified in (i) above is not so published, and a SOFR Index Cessation Event and a SOFR Index Cessation Effective Date have not both occurred (all as notified to the Calculation Agent by the Issuer), the daily secured overnight financing rate in respect of the last U.S. Government Securities Business Day for which such rate was published on the Website of the Federal Reserve Bank of New York; or
- (iii) if the rate specified in (i) above is not so published, and a SOFR Index Cessation Event and a SOFR Index Cessation Effective Date have both occurred (all as notified to the Calculation Agent by the Issuer), the rate determined in accordance with Condition (k) (*Benchmark Replacement*).

**"SIFMA"** means the Securities Industry and Financial Markets Association.

**"SOFR Index Cessation Effective Date"** means, in respect of a SOFR Index Cessation Event, the date on which the Federal Reserve Bank of New York (or any successor administrator) ceases to publish the Secured Overnight Financing Rate, or the date as of which the Secured Overnight Financing Rate may no longer be used.

**"SOFR Index Cessation Event"** means the occurrence of one or more of the following events:

- (i) a public statement by the Federal Reserve Bank of New York (or a successor administrator) announcing that it has ceased or will cease to publish or provide the Secured Overnight Financing Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide a daily secured overnight financing rate;
- (ii) the publication of information which reasonably confirms that the Federal Reserve Bank of New York (or a successor administrator) has ceased or will cease to provide the Secured Overnight Financing Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide the Secured Overnight Financing Rate; or
- (iii) a public statement by a U.S. regulator or other U.S. official sector entity prohibiting the use of Secured Overnight Financing Rate that applies to, but need not be limited to, the Covered Bonds.

**"SOFR Reset Date"** means, in relation to any Interest Period, each U.S. Government Securities Business Day during such Interest Period, other than any U.S. Government Securities Business Day falling in the Suspension Period corresponding with such Interest Period.

**"Suspension Determination Period"** means, if Suspension Determination Period is specified as applicable in the relevant Pricing Supplement, the number of U.S.

Government Securities Business Days as are specified as such in the applicable Pricing Supplement.

"**Suspension Period**" means, in relation to any Interest Period, the period from (and including) the U.S. Government Securities Business Day which falls on a date equal to the number of U.S. Government Securities Business Days in the Suspension Determination Period prior to the end of such Interest Period to (but excluding) the Interest Payment Date of such Interest Period.

"**U.S. Government Securities Business Day**" means any calendar day except for a Saturday, Sunday or a calendar day on which SIFMA recommends that the fixed income departments of its members be closed for the entire calendar day for purposes of trading in U.S. government securities.

"**Website of the Federal Reserve Bank of New York**" means the website of the Federal Reserve Bank of New York (currently at <http://www.newyorkfed.org>) or any successor website of the Federal Reserve Bank of New York or other screen page as may be nominated for the purposes of displaying SOFR, as notified by the Issuer to the Covered Bondholders in accordance with Condition 14 (*Notices*).

(c) ***Interest on BBSW Covered Bonds***

If a Covered Bond is specified to be a BBSW Covered Bond, the Rate of Interest for each Interest Accrual Period will be determined by the Calculation Agent on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following:

- (i) the Rate of Interest shall be the rate (expressed as an interest rate per annum and rounded up, if necessary, to the fourth decimal place) for prime bank eligible securities having a tenor approximately equal to the relevant Interest Accrual Period which is designated as the "AVG MID" on the Reuters Screen "BBSW" Page (or its successor or replacement page) ("**BBSW Reuters Page**") at or about the Relevant Time (or such other time at which such rate customarily appears on that page (the "**Publication Time**")) on the relevant Interest Determination Date in respect of such Interest Accrual Period;
- (ii) if, by 10.30 a.m. Sydney time (or such other time that is 15 minutes after the then prevailing Publication Time), on any Interest Determination Date, such rate does not appear on the BBSW Reuters Page, the Rate of Interest means the rate determined by the Calculation Agent on the Interest Determination Date in good faith, having regard, to the extent possible, to:
  - (A) the rates otherwise bid and offered at or around 10.30 a.m. Sydney time (or such other time that is 15 minutes after the then prevailing Publication Time) on the Interest Determination Date for prime bank eligible securities having a tenor approximately equal to the relevant Interest Accrual Period; and
  - (B) if bid and offer rates at or around 10.30 a.m. Sydney time (or such other time that is 15 minutes after the then prevailing Publication Time) on the Interest Determination Date for prime bank eligible securities having a tenor approximately equal to the relevant Interest Accrual Period are not otherwise available, the rates otherwise bid and offered at or around 10.30 a.m. Sydney time (or such other time that is 15 minutes after the then prevailing Publication Time) on the Interest Determination Date for funds having a tenor approximately equal to the relevant Interest Accrual Period; and
- (iii) if, (subject to Condition 4(k) (*Benchmark Replacement*)), on any Interest Determination Date, the Rate of Interest cannot be determined by reference to any of sub-paragraphs (i) and (ii) above, the Rate of Interest for the relevant Interest Accrual Period shall be the Rate of Interest in effect for the last

preceding Interest Accrual Period (after readjustment for any difference between any Margin or Maximum or Minimum Rate of Interest applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

(d) ***Interest on BKBM Covered Bonds***

If a Covered Bond is specified to be a BKBM Covered Bond, the Rate of Interest for each Interest Accrual Period will be (subject to Condition 4(k) (*Benchmark Replacement*)) determined by the Calculation Agent on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following:

- (i) the Rate of Interest shall be the Bank Bill reference rate (rounded, if necessary, to the fifth decimal place) administered by the New Zealand Financial Markets Association (or any other person which takes over the administration of that rate) as set forth on the display page designated on page "BKBM" on the Reuters screen service ("**BKBM Reuters Page**"), or such other information service as may replace the BKBM Reuters Page, at or about the Relevant Time (or such other time at which such rate customarily appears on that page (the "**Publication Time**")) on the relevant Interest Determination Date in respect of such Interest Accrual Period;
- (ii) if, by 11.00 a.m. Wellington time (or such other time that is 15 minutes after the then prevailing Publication Time), on any Interest Determination Date, such rate does not appear on the BKBM Reuters Page, the Rate of Interest means the rate determined by the Calculation Agent on the Interest Determination Date in good faith, having regard, to the extent possible, to the rates otherwise bid and offered at or around 11.00 a.m. Wellington time (or such other time that is 15 minutes after the then prevailing Publication Time) on the Interest Determination Date by participants in the BKBM trading window for New Zealand bank bills having a tenor approximately equal to the relevant Interest Accrual Period; and
- (iii) if, on any Interest Determination Date, the Rate of Interest cannot be determined by reference to any of sub-paragraphs (i) and (ii) above, the Rate of Interest for the relevant Interest Accrual Period shall be the Rate of Interest in effect for the last preceding Interest Accrual Period (after readjustment for any difference between any Margin or Maximum or Minimum Rate of Interest applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

(e) ***Zero Coupon Covered Bonds***

Where a Covered Bond, the Interest Basis of which is specified in the applicable Pricing Supplement to be Zero Coupon (a Zero Coupon Covered Bond), is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Covered Bond, unless otherwise specified in the applicable Pricing Supplement. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Covered Bond shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield.

(f) ***Accrual of Interest***

Interest shall cease to accrue on each Covered Bond on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (after, as well as before, judgement) at the Rate of Interest in the manner provided in this Condition 4 to the Relevant Date.

(g) ***Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding***

- (i) If any Margin is specified in the applicable Pricing Supplement (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an

adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 4(b), Condition 4(c) or Condition 4(d) above, by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph;

- (ii) If any Maximum or Minimum Interest Rate, Instalment Amount or Redemption Amount is specified in the applicable Pricing Supplement, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be. Unless otherwise stated in the applicable Pricing Supplement the Minimum Rate of Interest shall be deemed to be zero;
- (iii) Subject to the requirements of applicable law, for the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven decimal places (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "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 0.01 Euro, as the case may be.

(h) ***Calculations***

Unless otherwise specified in the applicable Pricing Supplement, the amount of interest payable in respect of any Covered Bond for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding Principal Amount Outstanding of such Covered Bond by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in the applicable Pricing Supplement in respect of such period, in which case the amount of interest payable in respect of such Covered Bond for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

(i) ***Determination and Publication of Rate of Interest, Interest Amounts, Final Redemption Amounts and Instalment Amounts***

As soon as practicable after the Relevant Time on each Interest Determination Date or such other time on such date as the Principal Paying Agent or the Calculation Agent (as the case may be) may be required to calculate any rate or amount or Instalment Amount, obtain any quotation or make any determination or calculation, the Principal Paying Agent or the Calculation Agent (as the case may be) shall determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Covered Bonds for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Bond Trustee, the Issuer, the Guarantor (if applicable), each of the Paying Agents, the Covered Bondholders in accordance with Condition 14 (*Notices*), the Registrar, any other Calculation Agent appointed in respect of the Covered Bonds that is to make a further calculation upon receipt of such information and, if the Covered Bonds are listed on a stock exchange (and/or admitted to listing, trading and/or quotation on any other listing authority, stock exchange and/or quotation system) and the rules of such listing authority, stock exchange and/or quotation system so require, such listing authority, stock exchange and/or quotation system as soon as possible after their determination but in no event

later than (y) the commencement of the relevant Interest Accrual Period, if determined prior to such time in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (z) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Accrual Period is subject to adjustment pursuant to Condition 4(b)(ii) (*Interest on Floating Rate Covered Bonds*), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Accrual Period. If the Calculation Amount is less than the minimum Specified Denomination, the Principal Paying Agent or the Calculation Agent (as the case may be) shall not be obligated to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Covered Bond having the minimum Specified Denomination. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Principal Paying Agent or Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(j) ***Calculation Agent and Reference Banks***

The Issuer and, if applicable, the Guarantor shall procure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre and one or more Calculation Agents if provision is made for them in the applicable Pricing Supplement and for so long as any Covered Bond is outstanding (as defined in the Definitions Schedule). If any Reference Bank (acting through its relevant offices) is unable or unwilling to continue to act as a Reference Bank, then the Issuer or, failing which and if applicable, the Guarantor shall appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place.

(k) ***Benchmark Replacement***

This Condition 4(k) (*Benchmark Replacement*) applies where the relevant Reference Rate specified in the applicable Pricing Supplement is a rate other than U.S. Dollar LIBOR.

Where the relevant Rate of Interest is calculated by the Calculation Agent (and not the Principal Paying Agent), references in this Condition 4(k) to the Principal Paying Agent shall be deemed to instead be references to the Calculation Agent.

Notwithstanding the provisions above in Condition 4(b), Condition 4(c) and Condition 4(d), if the Issuer (in consultation with the Calculation Agent) determines that a Benchmark Disruption Event has occurred when any Rate of Interest (or the relevant component part thereof) remains to be determined by reference to such Reference Rate affected by the Benchmark Disruption Event, then the following provisions shall apply:

(i) ***Independent Adviser***

The Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Independent Adviser determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(k)(ii)) and, in either case, an Adjustment Spread if any (in accordance with Condition 4(k)(iv)) and any Benchmark Amendments (in accordance with Condition 4(k)(v)).

(ii) ***Successor Rate or Alternative Rate***

If the Independent Adviser, following consultation with the Issuer and acting in good faith and in a commercially reasonable manner, determines, no later than the IA Determination Cut-off Date that: (A) there is a Successor Rate, then it shall notify the Principal Paying Agent and the Principal Paying Agent shall use such Successor Rate (subject to adjustment as provided in Condition 4(k)(iv)) in place of the 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 subsequent operation of this Condition 4(k)); or (B) there is no Successor Rate but that there is an Alternative Rate, then it shall notify the Principal Paying Agent and the Principal Paying Agent shall use

such Alternative Rate (subject to adjustment as provided in Condition 4(k)(iv)) in place of the 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 subsequent operation of this Condition 4(k)).

(iii) **Issuer Determination**

If the Issuer is unable to appoint an Independent Adviser, or if the Independent Adviser appointed by it fails to determine a Successor Rate or Alternative Rate prior to the IA Determination Cut-off Date, then, if it elects to do so, the Issuer (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate or Alternative Rate for the purposes of Condition 4(k)(ii);

(iv) **Adjustment Spread**

If the Independent Adviser, following consultation with the Issuer (or the Issuer as the case may be) and acting in good faith and in a commercially reasonable manner, determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then Independent Adviser (or the Issuer as the case may be) shall notify the Principal Paying Agent of such Adjustment Spread and the Principal Paying Agent shall apply it to the Successor Rate or the Alternative Rate (as the case may be).

(v) **Benchmark Amendments**

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 4(k) and the Independent Adviser, following consultation with the Issuer (or the Issuer as the case may be), acting in good faith and in a commercially reasonable manner, determines (i) that amendments to these Conditions and/or the Principal Agency Agreement and/or the Bond Trust Deed are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4(k)(vi), without any requirement for the consent or approval of Covered Bondholders, at the Issuer's expense, vary 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. The Bond Trustee and the Principal Paying Agent shall not be obliged to concur if in their opinion doing so would impose more onerous obligations on them or expose them to any additional duties, responsibilities or liabilities or reduce or amend its rights and/or the protective provisions afforded to them in these Conditions, the Bond Trust Deed, the Principal Agency Agreement or any other document to which they are a party (including for the avoidance of doubt, any supplemental trust deed) in any way. For the avoidance of doubt, no consent of the Covered Bondholders of the relevant Series shall be required in connection with effecting the Benchmark Amendments or such other changes, including for the execution of any documents or the taking of other steps by the Bond Trustee, the Issuer or any of the parties to the Principal Agency Agreement (if required).

In connection with any such variation in accordance with this Condition 4(k)(v), 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.

(vi) **Notices, etc**

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4(k) will be notified promptly, and in any event not later than the fifth Business Day prior to the Interest Determination Date by the Issuer to the Bond Trustee, the Principal Paying Agent and each other Paying Agent, and each other party to the Principal Agency Agreement and the Covered Bondholders. Such notice shall be irrevocable and shall specify the effective



date of the Benchmark Amendments, if any, and will be binding on the Issuer, the Bond Trustee, the Principal Paying Agent, each other party to the Principal Agency Agreement and the Covered Bondholders.

(vii) **Survival of Reference Rate**

Without prejudice to the provisions of this Condition 4(k), the Reference Rate and the fallback provisions provided for in Condition 4(b)(iii)(B) will continue to apply unless and until the Principal Paying Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with Condition 4(k)(v).

For the avoidance of doubt and notwithstanding any other provision of this Condition 4(k), in determining any Adjustment Spread or other relevant methodology for the purposes of Condition 4(k)(iii), the Issuer shall not and shall not be obliged to apply and may discount any Adjustment Spread or methodology the application of which may constitute it an administrator for the purposes of Regulation (EU) 2016/1011.

For the purposes of this Condition 4(k) (*Benchmark Replacement*):

**"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, following consultation with the Issuer (or the Issuer as the case may be) and acting in good faith and in a commercially reasonable manner, determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Covered Bondholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
- (ii) the Independent Adviser, following consultation with the Issuer (or the Issuer as the case may be), acting in good faith and in a commercially reasonable manner, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions or is in customary market usage in the debt capital market for transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be) (or if the Independent Adviser (or the Issuer as the case may be) determines that no such industry standard is recognised or acknowledged); or
- (iii) the Independent Adviser, following consultation with the Issuer (or the Issuer as the case may be), in its discretion, and acting in good faith and in a commercially reasonable manner, determines to be appropriate.

**"Alternative Rate"** means an alternative benchmark or screen rate which the Independent Adviser (or the Issuer as the case may be) determines in accordance with Condition 4(k)(ii) has replaced the 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 the same interest period and in the same Specified Currency as the Covered Bonds.

**"Benchmark Amendments"** has the meaning given to it in Condition 4(k)(v).

**"IA Determination Cut-Off Date"** means no later than five Business Days prior to the relevant Interest Determination Date relating to the next relevant Interest Period.

**"Independent Adviser"** means an independent financial institution of international repute or other independent financial adviser with appropriate expertise in the international debt capital markets, in each case appointed by the Issuer at its own expense;

**"Benchmark Disruption Event"** means:

- (i) the relevant Reference Rate (other than SOFR) specified in the relevant Pricing Supplement has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered; or
- (ii) the Issuer determines after consulting the Independent Adviser (if so appointed) that, a change in the generally accepted market practice in the international debt capital markets to refer to a Reference Rate (other than SOFR) is endorsed in a public statement by a Relevant Nominating Body, despite the continued existence of the applicable Reference Rate; or
- (iii) where the relevant Reference Rate is SOFR, (1) the rate specified in clause (i) of the definition of SOFR is not so published and (2) a SOFR Index Cessation Event and a SOFR Index Cessation Effective Date have both occurred.

**"Reference Rate"** means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Covered Bonds.

**"Relevant Nominating Body"** means, in respect of a Reference Rate (other than SOFR):

- (i) the central bank for the currency to which the Reference Rate relates, or any central bank or other supervisory authority which is responsible for administering or supervising the administrator of the Reference Rate;
- (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 Reference Rate relates, (b) any central bank or other supervisory authority which is responsible for administering or supervising the administrator of the Reference Rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof; or
- (iii) any of the Board of Governors of the Federal Reserve, the Federal Reserve Bank of New York, the Bank of England, the Financial Conduct Authority or the Prudential Regulation Authority or any relevant committee or other body established, sponsored or approved by any of the foregoing, including the Working Group on Sterling Risk-Free Reference Rates and the Alternative Reference Rates Committee.

**"Secured Overnight Financing Rate"** or **"SOFR"** has the meaning ascribed to it in Condition 4(b)(iii)(D);

**"SOFR Index Cessation Effective Date"** has the meaning ascribed to it in Condition 4(b)(iii)(D);

**"SOFR Index Cessation Event"** has the meaning ascribed to it in Condition 4(b)(iii)(D); and

**"Website of the Federal Reserve Bank of New York"** has the meaning ascribed to it in Condition 4(b)(iii)(D).

(l) ***Effect of Benchmark Transition Event***

This Condition 4(l) (*Effect of Benchmark Transition Event*) applies where the relevant Reference Rate specified in the applicable Pricing Supplement is U.S. Dollar LIBOR (and for the avoidance of doubt, any subsequent Benchmark determined as a result of a Benchmark Replacement determination):

(i) **Benchmark Replacement**

If the Issuer or its designee determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any determination of the Benchmark on any date, the Benchmark Replacement will

replace the then-current Benchmark for all purposes relating to the Covered Bonds in respect of such determination on such date and all determinations on all subsequent dates.

(ii) **Benchmark Replacement Conforming Changes**

In connection with the implementation of a Benchmark Replacement, the Issuer or its designee will have the right to make Benchmark Replacement Conforming Changes from time to time.

(iii) **Decisions and Determinations**

Any determination, decision or election that may be made by the Issuer or its designee pursuant to this Condition 4(l) (*Effect of Benchmark Transition Event*), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error, may be made in the Issuer or its designee's sole discretion, and, notwithstanding anything to the contrary in the in these Conditions or any other documentation relating to the Covered Bonds, shall become effective without consent from any other party.

For the avoidance of doubt and notwithstanding any other provision of this Condition 4(l) in determining any Benchmark Replacement, Benchmark Replacement Conforming Changes or Benchmark Replacement Adjustment or for the purposes of making any other determination for the purposes of this Condition, the Issuer shall not and shall not be obliged to apply and may discount any factor or methodology the application of which may constitute it an administrator for the purposes of Regulation (EU) 2016/1011.

For the purposes of this Condition 4(l) (*Effect of Benchmark Transition Event*):

**"Benchmark"** means, initially, U.S. Dollar LIBOR; provided that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to U.S. Dollar LIBOR or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement.

**Benchmark Replacement**" means the Interpolated Benchmark; *provided* that if the Issuer or its designee cannot determine the Interpolated Benchmark as of the Benchmark Replacement Date, then "Benchmark Replacement" means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (i) the sum of:
  - (A) Term SOFR; and
  - (B) the Benchmark Replacement Adjustment;
- (ii) the sum of:
  - (A) Compounded SOFR; and
  - (B) the Benchmark Replacement Adjustment;
- (iii) the sum of:
  - (A) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark for the applicable Corresponding Tenor; and
  - (B) the Benchmark Replacement Adjustment;
- (iv) the sum of:

- (A) the ISDA Fallback Rate; and
  - (B) the Benchmark Replacement Adjustment;
- (v) the sum of:
- (A) the alternate rate of interest that has been selected by the Issuer or its designee as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar denominated floating rate covered bonds at such time; and
  - (B) the Benchmark Replacement Adjustment.

**"Benchmark Replacement Adjustment"** means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (i) 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;
- (ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment;
- (iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer or its designee giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar denominated floating rate covered bonds at such time.

**"Benchmark Replacement Conforming Changes"** means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Interest Period," timing and frequency of determining rates and making payments of interest, changes to the definition of "Corresponding Tenor" solely when such tenor is longer than the Interest Period and other administrative matters) that the Issuer or its designee decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or its designee decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer or its designee determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer or its designee determines is reasonably necessary).

**"Benchmark Replacement Date"** means the earliest to occur of the following events with respect to the then-current Benchmark:

- (i) in the case of clause (i) or (ii) of the definition of "Benchmark Transition Event," the later of:
  - (A) the date of the public statement or publication of information referenced therein; and
  - (B) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark; or

- (ii) in the case of clause (iii) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination.

**"Benchmark Transition Event"** means the occurrence of one or more of the following events with respect to the then-current Benchmark:

- (i) a public statement or publication of information by or on behalf of the administrator of the Benchmark announcing that such administrator has ceased or will cease to provide the 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 Benchmark;
- (ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark, the central bank for the currency of the Benchmark, an insolvency official with jurisdiction over the administrator for the Benchmark, a resolution authority with jurisdiction over the administrator for the Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark has ceased or will cease to provide the 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 Benchmark; or
- (iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative.

**"Compounded SOFR"** means the compounded average of SOFRs for the applicable Corresponding Tenor, with the rate, or methodology for this rate, and conventions for this rate (which will be compounded in arrears with a lookback and/or suspension period as a mechanism to determine the interest amount payable prior to the end of each Interest Period) being established by the Issuer or its designee in accordance with:

- (i) the rate, or methodology for this rate, and conventions for this rate selected or recommended by the Relevant Governmental Body for determining compounded SOFR; *provided* that:
- (ii) if, and to the extent that, the Issuer or its designee determines that Compounded SOFR 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 Issuer or its designee giving due consideration to any industry-accepted market practice for U.S. dollar denominated floating rate covered bonds at such time.

**"Corresponding 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 Benchmark.

**"Federal Reserve Bank of New York's Website"** means the website of the Federal Reserve Bank of New York at <http://www.newyorkfed.org>, or any successor source.

**"Interpolated Benchmark"** with respect to the Benchmark means the rate determined for the Corresponding Tenor by interpolating on a linear basis between:

- (i) the Benchmark for the longest period (for which the Benchmark is available) that is shorter than the Corresponding Tenor; and

- (ii) the Benchmark for the shortest period (for which the Benchmark is available) that is longer than the Corresponding Tenor.

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

**"ISDA Fallback Adjustment"** means the spread adjustment, (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark for the applicable tenor.

**"ISDA Fallback Rate"** means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment.

**"Reference Time"** with respect to any determination of the Benchmark means:

- (i) if the Benchmark is LIBOR, 11:00 a.m. (London time) on the day that is two London banking days preceding the date of such determination; and
- (ii) if the Benchmark is not LIBOR, the time determined by the Issuer or its designee in accordance with the Benchmark Replacement Conforming Changes.

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

**"SOFR"** with respect to any day means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator) on the Federal Reserve Bank of New York's Website.

**"Term SOFR"** means the forward-looking term rate for the applicable Corresponding Tenor based on SOFR that has been selected or recommended by the Relevant Governmental Body.

**"Unadjusted Benchmark Replacement"** means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

(m) ***ISDA Determination for Fallback***

Notwithstanding the provisions of Condition 4(k) (*Benchmark Replacement*) and Condition 4(l) (*Effect of Benchmark Transition Event*), if ISDA Determination for Fallback provisions is specified in the relevant Pricing Supplement as being applicable then, upon the occurrence of an ISDA Determination Fallback Event, the Calculation Agent shall determine the Rate of Interest for the relevant Interest Period or Interest Accrual Period as the sum of:

- (A) the ISDA Fallback Rate; and
- (B) the ISDA Fallback Adjustment.

For the purposes of this Condition:

**"Index Cessation Event"** means, in respect of a Reference Rate:

- (i) a public statement or publication of information by or on behalf of the administrator of the Reference Rate announcing that it has ceased or will cease to provide the Reference 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 Reference Rate; or

- (ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Reference Rate, the central bank for the currency of the Reference Rate, an insolvency official with jurisdiction over the administrator for the Reference Rate, a resolution authority with jurisdiction over the administrator for the Reference Rate or a court or an entity with similar insolvency or resolution authority over the administrator for the Reference Rate, which states that the administrator of the Reference Rate has ceased or will cease to provide the Reference 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 Reference Rate.

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

**"ISDA Determination Fallback Event"** means the Reference Rate specified in the applicable Pricing Supplement has not been published by the source that is specified or otherwise ordinarily used to determine the level of the Reference Rate on the day on which it is required or an Index Cessation Event has occurred with respect to the Reference Rate.

**"ISDA Fallback Rate"** means the rate that would apply for derivatives transactions referencing the ISDA Definitions upon the occurrence of an ISDA Determination Fallback Event with respect to the Reference Rate specified in the applicable Pricing Supplement for the applicable tenor excluding the applicable ISDA Fallback Adjustment.

**"ISDA Fallback Adjustment"** means the spread adjustment, (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an ISDA Determination Fallback Event with respect to the Reference Rate specified in the applicable Pricing Supplement for the applicable tenor.

(n) ***Determination by Independent Adviser***

If the Principal Paying Agent or Calculation Agent, as the case may be, is unable or unwilling to act as such or if the Principal Paying Agent or Calculation Agent, as the case may be, fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount or Optional Redemption Amount or to comply with any other requirement, the Issuer may appoint an Independent Adviser to determine the Rate of Interest or any other amount at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Pricing Supplement), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Independent Adviser may calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable. Each determination or calculation made by the Independent Adviser pursuant to this Condition shall be deemed to have been made by the Principal Paying Agent or the Calculation Agent, as the case may be.

For the purposes of this Condition 4(n) (*Determination by Independent Adviser*), the term **"Independent Adviser"** shall have the meaning ascribed to it in Condition 4(k) (*Benchmark Replacement*).

(o) ***Certificates to be final***

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4 (*Interest and other Calculations*) shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor (if applicable), the Principal Paying Agent, the

other Paying Agents (if any), the Registrar and all Covered Bondholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Covered Bondholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or the Calculation Agent (as the case may be) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(p) **Definitions**

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Amortised Face Amount**" has the meaning given in Condition 5(f)(iii) (*Early Redemption Amounts*) unless otherwise specified in the applicable Pricing Supplement.

"**BBSW**" means the Australian Bank Bill Swap Rate.

"**BBSW Covered Bond**" means a Floating Rate Covered Bond denominated in Australian dollars.

"**BBSW Reuters Page**" has the meaning given to it in Condition 4(c).

"**BKBM**" means the New Zealand Bank Bill reference rate (FRA).

"**BKBM Covered Bond**" means a Floating Rate Covered Bond denominated in New Zealand dollars.

"**BKBM Reuters Page**" has the meaning given to it in Condition 4(d).

"**Business Day**" means:

- (a) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments generally in London, Auckland and Wellington; and
- (b) in the case of:
  - (i) a Specified Currency other than Euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments generally in the Principal Financial Centre for such Specified Currency; or
  - (ii) in the case of Euro, a TARGET2 Business Day; and
- (c) in the case of one or more Additional Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in the Additional Business Centres or, if no currency is indicated, generally in each of the Additional Business Centres,

unless otherwise specified in the relevant applicable Pricing Supplement.

"**Business Day Convention**" in relation to an Interest Payment Date or other particular date, unless otherwise specified in the applicable Pricing Supplement, has the following meaning as so specified in the applicable Pricing Supplement:

- (a) "**Floating Rate Business Day Convention**" means that the relevant date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment;
- (b) "**Following Business Day Convention**" means that the relevant date shall be postponed to the next day that is a Business Day;
- (c) "**Modified Following Business Day Convention**" means that the relevant date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next



calendar month, in which event such date shall be brought forward to the immediately preceding Business Day;

- (d) **"Preceding Business Day Convention"** means that the relevant date shall be brought forward to the immediately preceding Business Day; or
- (e) **"No adjustment"** means that the relevant date shall not be adjusted in accordance with any Business Day Convention.

**"Calculation Amount"** has the meaning given in the applicable Pricing Supplement.

**"Day Count Fraction"** means, in relation to the calculation of an amount of interest on any Covered Bond for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Accrual Period, the **"Calculation Period"**):

- (a) if **"Actual/Actual (ICMA)"** is specified in the applicable Pricing Supplement:
  - (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (x) the actual number of days in such Regular Period and (y) the number of Regular Periods in any year; and
  - (ii) where the Calculation Period is longer than one Regular Period, the sum of:
    - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (x) the actual number of days in such Regular Period and (y) the number of Regular Periods in any year; and
    - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (x) the actual number of days in such Regular Period and (y) the number of Regular Periods in any year;

where **"Regular Period"** means:

- (iii) in the case of Covered Bonds where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
  - (iv) in the case of Covered Bonds where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "Regular Date" means the day and month (but not the year) on which any Interest Payment Date falls; and
  - (v) in the case of Covered Bonds where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "Regular Date" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.
- (b) if **"Actual/Actual (ISDA)"** or **"Actual/Actual"** is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

- (c) if "**Actual/365 (Fixed)**" is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365;
- (d) if "**Actual/365 (Sterling)**" is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (e) if "**Actual/360**" is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 360;
- (f) if "**30/360 (ICMA)**" is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;
- (g) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

where:

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

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

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

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

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

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

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (h) if "**30E/360**" or "**Eurobond Basis**" is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

where:

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

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

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

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

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

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

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30; or

- (i) if "30E/360 (ISDA)" is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

where:

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

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

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

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

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

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30,

provided, however, that in each case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period.

"**Early Redemption Amount**" has the meaning given to it in Condition 5(f) (*Early Redemption Amounts*).

"**Effective Date**" means, with respect to any Floating Rate to be determined on an Interest Determination Date, unless otherwise specified in the applicable Pricing Supplement, the first day of the Interest Accrual Period to which such Interest Determination Date relates.

"**EURIBOR**" means the Euro-Zone inter-bank offered rate.

"**Euro-Zone**" means the region comprised of Member States of the European Economic Area that adopt the single currency in accordance with the Treaty establishing the European Community, as amended ("**Treaty**").

"**Extraordinary Resolution**" has the meaning given in paragraph 20 of Schedule 4 to the Trust Deed.

"**Final Redemption Amount**" means, in relation to a Covered Bond, its Principal Amount Outstanding unless otherwise specified in the applicable Pricing Supplement.

"**Interest Amount**" means the amount of interest payable, and in the case of Fixed Rate Covered Bonds, means the Fixed Coupon Amount, Broken Amount or the amount calculated pursuant to Condition 4(a)(iii) (*Interest on Fixed Rate Covered Bonds*), as the case may be.

**"Interest Accrual Period"** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date, except that the final Interest Accrual Period ends on (but excludes) the Maturity Date or the date of any earlier redemption of a Covered Bond in accordance with the Conditions, or any other period specified in the applicable Pricing Supplement.

**"Interest Commencement Date"** means the Issue Date or such other date as may be specified in the applicable Pricing Supplement.

**"Interest Determination Date"** means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the applicable Pricing Supplement or, if none is so specified:

- (a) if the Specified Currency is Sterling or if the Covered Bonds are BBSW Covered Bonds or BKBM Covered Bonds, the first day of such Interest Accrual Period;
- (b) if the Specified Currency is neither Sterling nor Euro, except for BBSW Covered Bonds or BKBM Covered Bonds, the day falling two Business Days for the Specified Currency prior to the first day of such Interest Accrual Period; or
- (c) if the Specified Currency is Euro, the day falling two TARGET2 Business Days prior to the first day of such Interest Accrual Period.

**"Interest Payment Date(s)"** means the date or dates specified in the applicable Pricing Supplement and, unless otherwise specified in the applicable Pricing Supplement, the final Interest Payment Date shall be the Maturity Date or such earlier date on which the relevant Covered Bonds are redeemed in accordance with the Conditions.

**"Interest Period"** means, the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date, except that the final Interest Period ends on (but excludes) the Maturity Date or the date of any earlier redemption of a Covered Bond in accordance with the Conditions, or any other period specified in the applicable Pricing Supplement.

**"ISDA Definitions"** means, unless otherwise specified in the applicable Pricing Supplement, the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Covered Bonds of the relevant Series (as specified in the applicable Pricing Supplement)) or, if so specified in the applicable Pricing Supplement, the 2000 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Covered Bonds of the relevant Series (as specified in the applicable Pricing Supplement)) in each case as published by the International Swaps and Derivatives Association, Inc.).

**"HIBOR"** means the Hong Kong inter-bank offered rate.

**"Issue Date"** means the date of issue of the Covered Bonds as specified in the applicable Pricing Supplement;

**"LIBOR"** means the London inter-bank offered rate.

**"Principal Amount Outstanding"** in respect of a Covered Bond means the outstanding principal amount of that Covered Bond.

**"Principal Financial Centre"** means, in relation to a Specified Currency or any other currency, the principal financial centre of the country of that Specified Currency or other currency, which in the case of Euro, is the Euro-Zone and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be (i) Sydney or (ii) Auckland or Wellington, respectively.

**"Rate of Interest"** means the rate of interest payable from time to time in respect of a Covered Bond and that is either specified or calculated in accordance with these Conditions and the provisions set out in the applicable Pricing Supplement.

**"Record Date"** has the meaning given in Condition 6(e) (*Payments in respect of Registered Covered Bonds*).

**"Redemption Amount(s)"** means the Final Redemption Amount or Early Redemption Amount, Optional Redemption Amount, Minimum Redemption Amount or Maximum Redemption Amount, as the case may be.

**"Reference Banks"** means the institutions specified as such in the applicable Pricing Supplement or, if none, four major banks selected by the Issuer and, if applicable, the Guarantor in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the Reference Rate specified in the applicable Pricing Supplement which, if the relevant Reference Rate is EURIBOR, shall be the Euro-Zone.

**"Reference Banks Agent"** means an independent financial institution of international repute or other independent financial adviser with appropriate expertise in the international debt capital markets, in each case appointed by the Issuer to perform the functions specified of it in Condition 4(b)(iii)(B).

**"Reference Rate"** means the relevant LIBOR, EURIBOR, STIBOR, HIBOR, SIBOR, TIBOR, BBSW or BKBM rate specified in the applicable Pricing Supplement.

**"Relevant Date"** has the meaning given in Condition 7 (*Taxation*).

**"Relevant Financial Centre"** means, with respect to any Floating Rate to be determined in accordance with Screen Rate Determination on an Interest Determination Date:

- (a) (i) in the case of BBSW Covered Bonds, Sydney (ii) in the case of BKBM Covered Bonds, either Wellington or Auckland, New Zealand or (iii) in either case such other financial centre as may be specified in the applicable Pricing Supplement; and
- (b) in all other cases, the financial centre specified as such in the applicable Pricing Supplement or, if none is so specified, the Principal Financial Centre with which the relevant Reference Rate is most closely connected (which, where the Specified Currency is Euro, shall be the Euro-Zone) or, if none is so connected, London.

**"Relevant Screen Page"** means, the screen page specified as such in the relevant Pricing Supplement or such page as may replace or succeed it for the purposes of displaying the relevant rate.

**"Relevant Time"** with respect to any Interest Determination Date, unless otherwise specified in the applicable Pricing Supplement, 10.30 a.m., Sydney time in the case of BBSW Covered Bonds, 10.45 a.m., Wellington time in the case of BKBM Covered Bonds and 11.00 a.m. Relevant Financial Centre time in respect of all other Covered Bonds (or such other time at which such rate customarily appears).

**"Specified Currency"** means the currency specified as such in the applicable Pricing Supplement or, if none is specified, the currency in which the Covered Bonds are denominated.

**"SIBOR"** means the Singapore inter-bank offered rate.

**"STIBOR"** means the Stockholm inter-bank offered rate.

**"TARGET2 Business Day"** means a day on which the TARGET2 System is open.

**"TARGET2 System"** means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.

**"TIBOR"** means the Tokyo inter-bank offered rate.

**"U.S. Dollar LIBOR"** means the London inter-bank offered rate for deposits in USD.

## 5. **Redemption and Purchase**

(a) ***Final redemption***

Unless previously redeemed in full or purchased and cancelled as specified below, each Covered Bond will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Pricing Supplement in the relevant Specified Currency on the Final Maturity Date specified in the applicable Pricing Supplement.

Without prejudice to Condition 9 (*Events of Default and Enforcement*), if an Extended Due for Payment Date is specified as applicable in the Pricing Supplement for a Series of Covered Bonds and the Issuer and the Guarantor have failed to pay the Final Redemption Amount on the Final Maturity Date specified in the Pricing Supplement (or after expiry of the grace period set out in Condition 9(a)(i) (*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(b)(i) (*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 14 (*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(b)(i) (*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 and the Guarantor 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(a).

For the purposes of these Conditions:

**"Extended Due for Payment Date"** means, in relation to any Series of Covered Bonds, the date, if any, specified as such in the applicable Pricing Supplement 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 seven days starting on (and including) the Final Maturity Date of such Series of Covered Bonds.

**"Guarantee Priority of Payments"** means the guarantee priority of payments relating to the allocation and distribution of all Available Revenue Receipts and Available Principal Receipts following service of a Notice to Pay on the Covered Bond Guarantor, but prior to service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor in accordance with clause 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.

(b) ***Redemption for taxation reasons***

The Covered Bonds may be redeemed at the option of the Issuer in whole, or in part, at any time (if the Covered Bond is not a Floating Rate Covered Bond) or on any Interest Payment Date (if the Covered Bond is a Floating Rate Covered Bond), on giving not less than the minimum period (which shall not be less than 5 Business Days) nor more than the maximum period of notice specified in the applicable Pricing Supplement to the Bond Trustee and, in accordance with Condition 14 (*Notices*), the Covered Bondholders (which notice shall be irrevocable), if, on the occasion of the next Interest Payment Date, (i) the Issuer is or will be required to pay additional amounts as provided or referred to in Condition 7 (*Taxation*), (ii) the rate of approved issuer levy exceeds the rate of the levy chargeable as at the date the Issuer originally issued the affected Covered Bonds, or (iii) the Guarantor would be or would become so obliged, if demand was made under the Guarantee. Covered Bonds redeemed pursuant to this Condition 5(b) will be redeemed at their Early Redemption Amount referred to in Condition 5(f) (*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 this Condition 5(b), the Issuer or the Guarantor (as the case may be) shall deliver to the Bond Trustee a certificate signed by one person who is either a Director, a Senior Executive, an Authorised Signatory, an authorised representative, an attorney or of equivalent status of the Issuer or the Guarantor (as the case may be) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and the Bond Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on all holders of the Covered Bonds, Receiptholders and Couponholders.

(c) ***Redemption at the option of the Issuer (Issuer Call)***

If Issuer Call is specified as being applicable in the applicable Pricing Supplement, the Issuer may, having (unless otherwise specified, in the applicable Pricing Supplement) given not less than the minimum period (which shall not be less than 5 Business Days) nor more than the maximum period of notice specified in the applicable Pricing Supplement to the Bond Trustee, the Principal Paying Agent, (in the case of the redemption of Registered Covered Bonds) the Registrar and, in accordance with Condition 14 (*Notices*), the Covered Bondholders (which notice shall be irrevocable) redeem all or some only (as specified in the applicable Pricing Supplement) of the Covered Bonds then outstanding on any Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in the applicable Pricing Supplement together, if applicable, with interest accrued to (but excluding) the relevant Optional Redemption Date(s). Upon expiry of such notice, the Issuer shall be bound to redeem the Covered Bonds accordingly.

In the event of a redemption of some only of the Covered Bonds, such redemption must be for an amount being the Minimum Redemption Amount or a Higher Redemption Amount. 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, in the case of Redeemed Covered Bonds represented by Definitive Covered Bonds, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) (or any alternative or additional clearing system as may be specified in the Pricing Supplement), in the case of Redeemed Covered Bonds represented by a Global Covered Bond, in each case, not more than 60 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Covered Bonds represented by Definitive Covered Bonds, a list of the serial numbers of such Redeemed Covered Bonds will be published in accordance with Condition 14 (*Notices*) not less than 30-days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Covered Bonds represented by Definitive Covered Bonds shall bear the same proportion to the aggregate nominal amount of all Redeemed Covered Bonds as the aggregate nominal amount of Definitive Covered Bonds outstanding bears to the aggregate nominal amount of the Covered Bonds outstanding, in each case on the Selection Dates, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Covered Bonds represented by a Global Covered Bond shall be equal to the balance of the Redeemed Covered Bonds. No exchange of the relevant Global Covered Bond will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 5(c) and notice to that effect shall be given by the Issuer to the Covered Bondholders in accordance with Condition 14 (*Notices*) at least 30-days prior to the Selection Date.

(d) ***Redemption at the option of the Covered Bondholders***

If Put Option is specified as being applicable in the applicable Pricing Supplement, upon the holder of any Covered Bond giving the Issuer not less than the minimum period (which shall not be less than 15 Business Days) nor more than the maximum period of written notice as specified in the applicable Pricing Supplement the Issuer will, upon the expiry of such notice, redeem such Covered Bond on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of a Covered Bond the holder thereof must, if the Covered Bond is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition 5(d) accompanied by the Covered Bond. If the Covered Bond is represented by a Global Covered Bond held through Euroclear or Clearstream, Luxembourg 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 or Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg, or any common depositary or common safekeeper, as the case may be, for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear or Clearstream, Luxembourg 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 and Clearstream, Luxembourg, given by a holder of any Covered Bond pursuant to this Condition 5(d) 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(d) 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*).

(e) ***Redemption due to illegality***

The Covered Bonds of all Series may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Pricing Supplement to the Bond Trustee, the Principal Paying Agent, the Registrar and, in accordance with Condition 14 (*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 the Demand Loan Provider to make, fund or allow to remain outstanding any Term Advance and/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(e) will be redeemed at their Early Redemption Amount referred to in Condition 5(f) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

Prior to the publication of any notice of redemption pursuant to this Condition 5(e), the Issuer shall deliver to the Bond Trustee a certificate signed by one person who is either a Director, a Senior Executive, an authorised representative, an attorney, an Authorised Signatory or of equivalent status of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and the Bond Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on all holders of the Covered Bonds, Receiptholders and Couponholders.

(f) ***Early Redemption Amounts***

For the purpose of Conditions 5(b) (*Redemption for taxation reasons*) and 5(e) (*Redemption due to illegality*) above and Condition 9 (*Events of Default and Enforcement*), each Covered Bond will be redeemed at its Early Redemption Amount calculated as follows:

- (i) in the case of a Covered Bond with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (ii) in the case of a Covered Bond (other than a Zero Coupon Covered Bond but including an Instalment Covered Bond) with a Final Redemption Amount which is or may be less or greater than the Issue Price, at the amount specified in the applicable Pricing Supplement or, if no such amount is so specified in the applicable Pricing Supplement, at its nominal amount; or
- (iii) in the case of a Zero Coupon Covered Bond, at an amount (the "**Amortised Face Amount**") equal to the sum of:
  - (A) the Issue Price; and
  - (B) the product of the Accrual Yield (compounded annually) being applied to the Issue Price from (and including) the Issue Date of the first Tranche of the Covered Bonds to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Covered Bond becomes due and repayable.

Where such calculation is to be made for a period which is not a whole number of years, it shall be made (i) in the case of a Zero Coupon Covered Bond payable in a Specified Currency other than Euro, on the basis of a 360-day year consisting of 12 months of 30-days each or (ii) in the case of a Zero Coupon Covered Bond payable in Euro, on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed falls in a leap year, the sum of (x) the number of those days falling in a leap year divided by 366 and (y) the number of those days falling in a non leap year divided by 365) or (iii) on such other calculation basis as may be specified in the applicable Pricing Supplement.

(g) ***Instalments***

Instalment Covered Bonds will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Pricing Supplement. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 5(f) above.

(h) ***Purchases***

The Issuer, the Guarantor or any of their respective subsidiaries or the Covered Bond Guarantor may at any time purchase or otherwise acquire Covered Bonds (provided that, in the case of Bearer Definitive Covered Bonds, all un-matured Receipts, Coupons and Talons appertaining thereto are attached thereto or surrendered therewith) at any price and in any manner. If purchases are made by tender, tenders must be available to all the Covered Bondholders alike. Such Covered Bonds may be held, reissued, resold or, at the option of the Issuer or the Guarantor 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).

(i) ***Cancellation***

All Covered Bonds which are redeemed in full will forthwith be cancelled (together with, in the case of Bearer Definitive Covered Bonds, all un-matured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Covered Bonds so cancelled and any Covered Bonds purchased and surrendered for cancellation pursuant to Condition 5(h) and cancelled (together with, in the case of Bearer Definitive Covered Bonds, all un-matured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be held, reissued or resold.

(j) ***Late payment on Zero Coupon Covered Bonds***

If the amount payable in respect of any Zero Coupon Covered Bond upon redemption of such Zero Coupon Covered Bond pursuant to Condition 5(a), 5(b), 5(c), 5(d) or 5(e) above or upon its becoming due and repayable as provided in Condition 9 (*Events of Default and Enforcement*) is improperly withheld or refused or default is otherwise made in the payment thereof, the amount due and repayable in respect of such Zero Coupon Covered Bond shall be the amount calculated as provided in Condition 5(f)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Covered Bond becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Covered Bond have been paid; and
- (ii) the date on which the full amount of the monies payable in respect of such Zero Coupon Covered Bonds has been received by the Principal Paying Agent or the Bond Trustee or the Registrar and notice to that effect has been given to the Covered Bondholders either in accordance with Condition 14 (*Notices*) or individually.

6. **Payments**

(a) ***Method of payment***

Subject as provided below:

- (i) payments in a Specified Currency other than Euro will be made by credit or electronic transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be (i) Sydney or (ii) Auckland or Wellington, respectively); and
  - (ii) payments in Euro will be made by credit or electronic transfer to a Euro account (or any other account to which Euro may be credited or transferred) specified by the payee or, at the option of the payee, by a Euro cheque.
- (b) Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, 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 Code or otherwise imposed pursuant to Sections 1471 to 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto. References to Specified Currency will include any successor currency under applicable law.
- (c) ***Presentation of Bearer Definitive Covered Bonds, Receipts and Coupons***

Payments of principal and interest (if any) in respect of Bearer Definitive Covered Bonds will (subject as provided below) be made in the manner provided in Condition 6(a) (*Method of payment*) above only against presentation and surrender of Bearer Definitive Covered Bonds or Coupons, as the case may be, at any specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Payments of instalments (if any) of principal in respect of Bearer Definitive Covered Bonds other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 6(a) (*Method of payment*) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 6(a) (*Method of payment*) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Bearer Covered Bond in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the Bearer Definitive Covered Bond to which it appertains. If any Bearer Definitive Covered Bond is redeemed or becomes repayable prior to the stated maturity thereof, principal will be payable only on surrender of such Bearer Definitive Covered Bond together with all un-matured Receipts appertaining thereto. Receipts presented without the Bearer Definitive Covered Bond to which they appertain and un-matured Receipts do not constitute valid obligations of the Issuer, the Guarantor or the Covered Bond Guarantor. Upon the date on which any Bearer Definitive Covered Bond becomes due and repayable, un-matured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Covered Bonds in definitive bearer form (other than Long Maturity Covered Bonds) should be presented for payment together with all un-matured Coupons appertaining thereto (which expression shall include Coupons falling to be issued on exchange of matured Talons), failing which an amount equal to the face value of any missing un-matured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing un-matured Coupon as the sum so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8

(*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon amounts in respect of any Fixed Rate Covered Bond in definitive bearer form becoming due and repayable by the Issuer (in the absence of a Notice to Pay) or the Covered Bond Guarantor under the Covered Bond Guarantee prior to its Final Maturity Date (or, as the case may be, Extended Due for Payment Date), all un-matured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the due date for redemption of any Floating Rate Covered Bond or Long Maturity Covered Bond in definitive bearer form, all un-matured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A Long Maturity Covered Bond is a Fixed Rate Covered Bond (other than a Fixed Rate Covered Bond which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Covered Bond shall cease to be a "**Long Maturity Covered Bond**" on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the Principal Amount Outstanding of such Covered Bond. If the date for redemption of any Bearer Definitive Covered Bond is not an Interest Payment Date, interest (if any) accrued in respect of such Covered Bond from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant Bearer Definitive Covered Bond.

(d) ***Payments in respect of Bearer Global Covered Bonds***

Payments of principal and interest (if any) in respect of Covered Bonds represented by any Bearer Global Covered Bond will (subject as provided below) be made in the manner specified above in relation to Bearer Definitive Covered Bonds and otherwise in the manner specified in the relevant Global Covered Bond (against presentation or surrender, as the case may be, of such Bearer Global Covered Bond if the Bearer Global Covered Bond is not intended to be issued in NGCB form at the specified office of any Paying Agent outside the United States). On the occasion of each payment, (i) in the case of any Bearer Global Covered Bond which is not issued in NGCB form, a record of such payment made on such Bearer Global Covered Bond, distinguishing between any payment of principal and any payment of interest, will be made on such Bearer Global Covered Bond by the Paying Agent and such record shall be prima facie evidence that the payment in question has been made and (ii) in the case of any Bearer Global Covered Bond which is issued in NGCB form, the Paying Agent shall instruct Euroclear and Clearstream, Luxembourg and the common safekeeper to make appropriate entries in their records to reflect such payment.

(e) ***Payments in respect of Registered Covered Bonds***

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Covered Bond (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Covered Bond at the specified office of the Registrar or any Paying Agent. Such payments will be made by electronic transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Covered Bond appearing in the register of holders of the Registered Covered Bonds maintained by the Registrar (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 (as applicable) open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third Business Day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (a) a holder does not have a Designated Account or (b) the principal amount of the Covered Bonds held by a holder is less than US\$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, "**Designated Account**" means the account maintained by a holder with a Designated Bank and identified as such in the Register and "**Designated Bank**" means (in the case of payment in a Specified Currency other than Euro) a bank in the principal financial centre of the

country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland and Wellington, respectively) and (in the case of a payment in Euro) any bank which processes payments in Euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Covered Bond (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the Business Day in the city where the specified office of the Registrar is located on the relevant due date to the holder (or the first named of joint holders) of the Registered Covered Bond appearing in the Register:

- (i) where the Registered Covered Bond is in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are (as applicable) 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,

(in either case, the "**Record Date**") at the holder's address shown in the Register on the Record Date and at the holder's risk. Upon application of the holder to the specified office of the Registrar not less than three Business Days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Covered Bond, the payment may be made by electronic transfer on the due date in the manner provided in the preceding paragraph. Any such application for electronic transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Registered Covered Bonds which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Covered Bond on redemption and the final instalment of principal will be made in the same manner as payment of the principal in respect of such Registered Covered Bond.

Holders of Registered Covered Bonds will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Covered Bond as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Covered Bonds.

None of the Issuer, the Guarantor, the Covered Bond Guarantor, the Bond Trustee or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(f) ***General provisions applicable to payments***

The holder of a 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 Global Covered Bond and the Issuer, the Guarantor (in the case of Covered Bonds issued by ANZNIL) or, as the case may be, the Covered Bond Guarantor will be discharged by payment to, or to the order of, the holder of such Global Covered Bond (or the Bond Trustee, as the case may be) in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Covered Bonds represented by such Global Covered Bond must look solely to Euroclear or Clearstream, Luxembourg for his share of each payment so made by the Issuer, the Guarantor (in the case of Covered Bonds issued by ANZNIL) or the Covered Bond Guarantor to, or to the order of, the holder of such Global Covered Bond (or the Bond Trustee, as the case may be). No person other than the holder of the relevant Global Covered Bond (or, as provided in the Bond Trust Deed, the Bond Trustee) shall have any claim against the Issuer,

the Guarantor or the Covered Bond Guarantor in respect of any payments due on that Global Covered Bond.

Notwithstanding the foregoing provisions of this Condition, payments of principal and/or interest in U.S. dollars in respect of the Bearer Covered Bonds will only be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer and the Guarantor has appointed a Paying Agent with a specified office outside the United States with the reasonable expectation that such Paying Agent would be able to make payment in U.S. dollars at such specified office outside the United States of the full amount of interest on the Bearer Covered Bonds in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at such specified office outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, the Guarantor and the Covered Bond Guarantor, adverse Tax consequences to the Issuer, the Guarantor or the Covered Bond Guarantor.

(g) ***Payment Business Day***

If the date for payment of any amount in respect of any Covered Bond, Receipt or Coupon is not a Payment Business Day (as defined below), the holder thereof shall not be entitled to payment of the relevant amount due until the next following Payment Business Day and shall not be entitled to any interest or other sum in respect of any such delay. In this Condition (unless otherwise specified in the applicable Pricing Supplement), "**Payment Business Day**" means any day (other than a Saturday or a Sunday) on which (subject to Condition 8 (*Prescription*)):

- (i) commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (A) in the case of Covered Bonds in definitive form, the relevant place of presentation; and
  - (B) any Additional Financial Centre specified in the applicable Pricing Supplement;
- (ii) either (1) in relation to any sum payable in a Specified Currency other than Euro, commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the Principal Financial Centre of the country of the relevant Specified Currency (if other than the places specified in Condition 6(g)(i) and which if the Specified Currency is Australian dollars shall be Sydney) or (2) in relation to any sum payable in Euro, the TARGET 2 System is open.

(h) ***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:

- (i) 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;
- (ii) the Final Redemption Amount of the Covered Bonds;

- (iii) the Early Redemption Amount of the Covered Bonds;
- (iv) the Optional Redemption Amount(s) (if any) of the Covered Bonds;
- (v) in relation to Covered Bonds redeemable in instalments, the Instalment Amounts;
- (vi) in relation to Zero Coupon Covered Bonds, the Amortised Face Amount (as defined in Condition 5(f) (*Early Redemption Amounts*));
- (vii) any premium and any other amounts (other than interest) which may be payable under or in respect of the Covered Bonds; and
- (viii) any Excess Proceeds which may be payable by the Bond Trustee under or in respect of the Covered Bonds.

Any reference in these Conditions to interest in respect of the Covered Bonds 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 principal and interest (if any) in respect of the Covered Bonds, Receipts and Coupons by or on behalf of the Issuer, the Guarantor (in the case of Covered Bonds issued by ANZNIL) or the Covered Bond Guarantor, as the case may be, 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 and/or, where the Issuer is acting through its branch, the jurisdiction, country or territory in which the branch through which the Issuer is acting as specified in the relevant Pricing Supplement is located or in each case, any political sub-division thereof or by any authority therein or thereof having power to tax unless such withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In the event of a withholding or deduction being made by the Issuer or the Guarantor (as the case may be) in respect of a payment made by it, the Issuer or the Guarantor (as the case may be) will pay such additional amounts as shall be necessary in order that the net amounts received by the Covered Bondholders, Receiptholders or Couponholders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Covered Bonds, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that the foregoing obligation to pay additional amounts shall apply only (1) in the case of Covered Bonds issued by ANZNIL; and (2) in the case of Covered Bonds issued by ANZ New Zealand only in respect of non-resident withholding tax required to be deducted by the Tax Act; and shall not apply to any such tax, assessment, governmental charge or duty:

- (a) which is payable otherwise than by deduction or withholding from payments of principal of and interest on such Covered Bond, Receipt or Coupon;
- (b) which is payable (other than in respect of New Zealand resident withholding tax) by reason of the Covered Bondholder, Receiptholder or Couponholder or beneficial owner (or any one of them in case of principal or interest derived by two or more persons jointly) having, or having had, some personal or business connection with a Tax Jurisdiction (other than mere ownership of or receipt of payment under the Covered Bonds, Receipts or Coupon or the fact that payments are, or for the purposes of taxation are deemed to be, from sources in, or secured in a Tax Jurisdiction);
- (c) which is payable solely by reason of the Covered Bondholder's, Receiptholder's or Couponholder's or beneficial owner's failure to comply with any certification, identification or other reporting requirement concerning nationality, residence, identity or connection with the taxing jurisdiction of the Covered Bondholder, Receiptholder or Couponholder or other beneficial owner of such Covered Bond;

- (d) which is payable by reason of a change in law that becomes effective more than thirty days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Business Day (as defined in Condition 6(f) (*General provisions applicable to payments*));
- (e) which is an estate, inheritance, gift, sales, transfer, personal property or similar tax, assessment or other charge;
- (f) which is payable by reason of the Covered Bondholder, Receiptholder or Couponholder or beneficial owner of such Covered Bond, Receipt or Coupon being associated with the Issuer or the Guarantor or the Covered Bond Guarantor for the purposes of the approved issuer levy and non-resident withholding tax rules in the Tax Act or any modification or equivalent thereof;
- (g) which is payable solely by reason of the relevant Covered Bond, Receipt or Coupon being presented for payment in New Zealand;
- (h) which is imposed or withheld as a consequence of the New Zealand Inland Revenue Department applying section BG1 of the Tax Act (or any modification or equivalent thereof) with the consequence that withholding tax is payable in respect of a payment in circumstances where the payment would not have been subject to withholding tax in the absence of the application of such provision;
- (i) where such withholding or deduction is for or on account of withholding tax under the New Zealand resident withholding tax regime;
- (j) which is payable on the Covered Bonds, Receipts and Coupons presented for payment by or on behalf of a Covered Bondholder, Receiptholder or Couponholder who would have been able to avoid such withholding or deduction by presenting the relevant Covered Bond, Receipt or Coupon to another Paying Agent in a member state of the European Union;
- (k) with respect to any payment of principal of or interest (including original issue discount) on the Covered Bonds, Receipts and Coupons by the Issuer (or the Guarantor, as the case may be) to any Covered Bondholder, Receiptholder or Couponholder who is a fiduciary or partnership or other than the sole beneficial owner of any such payment to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or any other beneficial owner would not have been entitled to the additional amounts had such beneficiary, settlor, member or beneficial owner been the holder of such Covered Bonds, Receipts and Coupons; or
- (l) any combination of (a) through (k) above,

nor shall additional amounts be paid with respect to a payment of principal or interest to a holder that is not the beneficial owner of such Covered Bond, Receipt or Coupon to the extent that the beneficial owner thereof would not have been entitled to such additional amount had such beneficial owner been the holder of such Covered Bond, Receipt or Coupon.

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:

- (i) will not be obliged to pay any additional amount as a consequence; and
- (ii) 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.

In addition, the Issuer, the Guarantor (in the case of Covered Bonds issued by ANZNIL) or the Covered Bond Guarantor, as the case may be, will have the right to withhold and deduct a portion of any payment by reason of the failure of any person to whom such payment is being made to perfect an exemption from any withholding imposed pursuant to Sections 1471 through 1474 of the Code and any regulations thereunder, agreements entered into pursuant thereto, or official interpretations thereof, and in that case, no additional amounts will be paid.

As used herein:

- (i) "**Tax Jurisdiction**" means each of the United Kingdom and New Zealand;
- (ii) the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Bond Trustee or the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Covered Bondholders in accordance with Condition 14 (*Notices*).

Where used in the remaining provisions of this Condition 7, interest means interest (as defined under the Tax Act or any modification or equivalent thereof) for withholding tax purposes, which includes the excess of the redemption amount over the issue price of any Covered Bond, as well as interest paid on such Covered Bond. The Issuer is, and the Guarantor 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, Receiptholder or Couponholder, if:

- (a) the Covered Bondholder, Receiptholder or Couponholder, as the case may be, is a 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
- (b) at the time of such payment, the New Zealand Covered Bondholder does not have RWT-exempt status in respect of New Zealand resident withholding tax.

Prior to any date on which interest is payable or the Final Maturity Date, any New Zealand Covered Bondholder:

- (a) must notify the Issuer or, as the case may be, the Guarantor or the Covered Bond Guarantor or any Paying Agent, that the New Zealand Covered Bondholder is the holder of a Covered Bond, Receipt or Coupon; and
- (b) must notify the Issuer or, as the case may be, the Guarantor, or the Covered Bond Guarantor or a Paying Agent, of any circumstances, and provide the Issuer or, as the case may be, the Guarantor, or the Covered Bond Guarantor or the relevant Paying Agent, with any information that may enable the Issuer or, as the case may be, the Guarantor 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.

The New Zealand Covered Bondholder must notify the Issuer or, as the case may be, the Guarantor 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, as the case may be, the Guarantor or the Covered Bond Guarantor, in respect of this Covered Bond, Receipt or Coupon. By accepting payment of the full face amount of a Covered Bond, Receipt or Coupon, as the case may be or any interest thereon, the New

Zealand Covered Bondholder indemnifies the Issuer or, as the case may be, the Guarantor or the Covered Bond Guarantor, for all purposes in respect of any liability the Issuer or, as the case may be, the Guarantor 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 is not a New Zealand Covered Bondholder.

## 8. Prescription

The Covered Bonds (whether in bearer or registered form), Receipts and Coupons will become void unless claims in respect of principal and/or interest are made within 10 years (in the case of principal) and five years (in the case of interest) in each case from the Relevant Date (as defined in Condition 7 (*Taxation*)) therefor, subject in each case to the provisions of Condition 6 (*Payments*).

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*) or any Talon which would be void pursuant to Condition 6 (*Payments*).

## 9. Events of Default and Enforcement

### (a) Issuer Events of Default

The Bond Trustee at its discretion may, and if so requested in writing by the holders of at least 25 per cent of the aggregate Principal Amount Outstanding of the Covered Bonds (which for this purpose or the purpose of any Extraordinary Resolution referred to in this Condition 9(a) means the Covered Bonds of this Series together with the Covered Bonds of any other Series constituted by the Bond Trust Deed) then outstanding, as if they were a single Series (with the Principal Amount Outstanding of Covered Bonds not denominated in 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 subparagraph (ii) or (vi) below, only if the Bond Trustee shall have certified in writing to the Issuer and the Guarantor 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 and the Guarantor (in the case of Covered Bonds issued by ANZNIL) that as against the Issuer and the Guarantor (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 or the Guarantor (in the case of Covered Bonds issued by ANZNIL) prior to the Issuer's or the Guarantor's (as the case may be) 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:

- (i) default is made in the payment of any principal or interest when due, in respect of any Covered Bonds and such default continues for a period of seven days; or
- (ii) the Issuer fails to perform or observe any of its obligations under any Covered Bonds or, if applicable, the Guarantor fails to perform or observe any of its obligations under the Guarantee, in either case other than those specified in paragraph (i) above and in such case (except where such failure is incapable of remedy) such failure continues for the period of 30-days next following the service by the Bond Trustee on the Issuer and the Guarantor (if applicable) of written notice requiring the same to be remedied; or
- (iii) otherwise than for the purpose of an amalgamation or reconstruction or merger within the meaning of these words under the laws of New Zealand or, where the

Issuer is acting through its branch, of the jurisdiction, country or territory in which the branch through which the Issuer is acting as specified in the relevant Pricing Supplement is located, a resolution is passed that the Issuer or, as the case may be, the Guarantor be wound up or dissolved; or

- (iv) the Issuer or the Guarantor stops payment (within the meaning of New Zealand or any other applicable bankruptcy law) of its obligations; or
- (v) an encumbrancer takes possession of or a receiver is appointed of the whole or a substantial part of the undertaking and assets of the Issuer or the Guarantor and any such event is continuing for 45 days after its occurrence and would materially prejudice the performance by the Issuer or, as the case may be, the Guarantor of its obligations under the Covered Bonds or a distress or execution is levied or enforced upon or sued out against the whole or a substantial part of the undertaking and assets of the Issuer or, as the case may be, the Guarantor which would materially prejudice the performance of (A) the Issuer of its obligations under the Covered Bonds or, (B) if applicable, the Guarantor of its obligations under the Guarantee, and in each case is not discharged within 60 days thereof; or
- (vi) proceedings shall have been initiated against the Issuer or the Guarantor under any applicable bankruptcy, reorganisation or other similar law and such proceedings shall not have been discharged or stayed within a period of 60 days; or
- (vii) the Issuer or the Guarantor shall initiate or consent to proceedings relating to itself under any applicable bankruptcy, insolvency, composition or other similar law (otherwise than for the purpose of amalgamation, reconstruction or merger (within the meaning of those words under the laws of New Zealand or, where the Issuer is acting through its branch, of the jurisdiction, country or territory in which the branch through which the Issuer is acting as specified in the relevant Pricing Supplement is located)); or
- (viii) the Guarantee is (A) not in full force and effect and, where capable of remedy, the Guarantee is not in full force and effect within seven days of the date the defect is first discovered or (B) claimed by the Guarantor not to be in full force and effect; or
- (ix) 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
- (x) 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:
  - (A) the later of:
    - (I) the date that is 10 Local Business Days from the date that the Seller is notified of that breach; and
    - (II) the date that is six months prior to the Final Maturity Date of the relevant Series of Hard Bullet Covered Bonds; and
  - (B) the Final Maturity Date of that Series of Hard Bullet Covered Bonds.

Upon the Covered Bonds becoming immediately due and repayable against the Issuer and the Guarantor pursuant to this Condition 9(a), 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 and the Guarantor in accordance with Condition 9(c) (*Enforcement*).

The Bond Trust Deed provides that all monies received by the Bond Trustee following the occurrence of an Issuer Event of Default and the delivery of an Issuer Acceleration Notice and Notice to Pay, from the Issuer, the Guarantor or any receiver, liquidator, administrator or other similar official appointed in relation to the Issuer or the Guarantor following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice and a Notice to Pay (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 and the Guarantor (in respect of the Covered Bonds issued by ANZNIL) in respect of the payment of the amount of such Excess Proceeds under the Guarantee, Covered Bonds, Receipts 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.

(b) ***Covered Bond Guarantor Events of Default***

The Bond Trustee at its discretion may, and if so requested in writing by the holders of at least 25 per cent of the aggregate Principal Amount Outstanding of the Covered Bonds (which for this purpose and the purpose of any Extraordinary Resolution referred to in this Condition 9(b) means the Covered Bonds of this Series together with the Covered Bonds of any other Series constituted by the Bond Trust Deed) then outstanding as if they were a single Series (with the Principal Amount Outstanding of Covered Bonds not denominated in 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 refunded to its satisfaction), but in the case of the happening of any of the events described in paragraph (ii) or (v) below, only if the Bond Trustee shall have certified in writing to the Issuer, the Guarantor 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, the Guarantor 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 and the Guarantor (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:

- (i) default is made by the Covered Bond Guarantor for a period of 14 days or more in the payment of any Guaranteed Amounts when Due for Payment in respect of the Covered Bonds of any Series except in the case of the payments of a Guaranteed Amount when Due for Payment on the Extended Due for Payment Date under Condition 5(a) (*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
- (ii) 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
- (iii) if the Covered Bond Guarantor ceases or threatens to cease to carry on its business or substantially the whole of its business; or
- (iv) 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
- (v) 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 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
- (vi) 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
- (vii) 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(c) (*Enforcement*) and 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 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.

(c) ***Enforcement***

The Bond Trustee may at any time, at its discretion and without further notice, following service of an Issuer Acceleration Notice (in the case of the Issuer and the Guarantor) 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 Guarantor (in the case of Covered Bonds issued by ANZNIL) 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, the Receipts 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, the Receipts 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, Receiptholder or Couponholder shall be entitled to institute proceedings directly against the Issuer, the Guarantor (in the case of Covered Bonds issued by ANZNIL) or the Covered Bond Guarantor or to take any step or action with respect to the Bond Trust Deed, the Covered Bonds, the Receipts, 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, Receiptholder or Couponholder may, himself institute such proceedings and/or prove in the winding up, administration or liquidation of the Issuer and/or the Guarantor 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, Receipts and Coupons and/or the Bond Trust Deed).

10. **Principal Paying Agent, Paying Agents and Registrar**

The names of the initial Principal Paying Agent, the other initial Paying Agents, the initial Registrar and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Pricing Supplement.

In the event of the appointed office of any such bank being unable or unwilling to continue to act as the Principal Paying Agent, or failing duly to determine the Rate of Interest, if applicable, or to calculate the Interest Amounts for any Interest Period, the Issuer shall appoint the London office of such other bank as may be approved by the Bond Trustee to act as such in its place. The Principal Paying Agent may not resign its duties or be removed from office without a successor having been appointed as aforesaid.

The Issuer, the Guarantor (in the case of Covered Bonds issued by ANZNIL) and the Covered Bond Guarantor are entitled, with the prior written approval of the Bond Trustee (such approval not to be unreasonably withheld or delayed), to vary or terminate the appointment of any Paying Agent or Registrar and/or appoint additional or other Paying Agents or Registrars and/or approve any change in the specified office through which any Paying Agent or Registrar acts, provided that:

- (a) there will at all times be a Principal Paying Agent and a Registrar;
- (b) so long as any of the Covered Bonds are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Covered Bonds) and a Transfer Agent (in the case of Registered Covered Bonds) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or as the case may be, other relevant authority;
- (c) the Issuer will ensure that it appoints a Paying Agent in a Member State of the European Union (other than the United Kingdom) in the event that it is required to withhold or deduct tax on payments made in the United Kingdom.

In addition, the Issuer shall, when necessary appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6(f) (*General provisions applicable to payments*). Notice of any such variation, termination, appointment or change will be given by the Issuer to the Covered Bondholders as soon as reasonably practicable in accordance with Condition 14 (*Notices*).

In acting under the Principal Agency Agreement, the Agents act solely as agents of the Issuer, the Guarantor and the Covered Bond Guarantor and do not assume any obligation to, or relationship of agency or trust with, any Covered Bondholders, Receiptholders or Couponholders. The Principal Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

11. **Meetings of Covered Bondholders, Modification, Waiver, Substitution and Legislative Exchange**

Covered Bondholders, Receiptholders, Couponholders and other Secured Creditors should note that the Issuers, the Guarantor, 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 Pricing Supplement 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.

(a) **Meetings**

The Bond Trust Deed contains provisions for convening meetings of the Covered Bondholders of any Series to consider any matter affecting their interests, including the modification of these Conditions or the provisions of the Bond Trust Deed. The quorum at any such meeting in respect of the Covered Bonds of any Series for passing an Extraordinary Resolution (other than in respect of a Series Reserved Matter) is two 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 two 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 adjourned meeting shall be two 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 seventy five per cent 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 two or more of the Covered Bondholders; or (iii) a resolution 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 at any meeting of the Covered Bondholders of a Series shall, subject as provided below, be binding on all the Covered Bondholders of such Series, whether or not they are present at the meeting, and on all Receiptholders and 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(a) (*Issuer Events of Default*) or to give a Covered Bond Guarantee Acceleration Notice pursuant to Condition 9(b) (*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 Guarantor, 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 two 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 two 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 Receiptholders and 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.

The Bond Trustee may, without the consent or sanction of any of the Covered Bondholders of any Series, the related Receiptholders and/or the Couponholders and without the consent of the other Secured Creditors, at any time and from time to time, concur with the Issuer, the Guarantor, the Covered Bond Guarantor or any other party or direct the Security Trustee to concur with the Issuer, the Guarantor, the Covered Bond Guarantor or any other party in making any modification of the Covered Bonds of one or more Series, the related Receipts and/or Coupons or any Programme Document:



- (i) which in the opinion of the Bond Trustee may be expedient to make provided the Bond Trustee is of the opinion that such modification 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
- (ii) 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
- (iii) (without prejudice to (i) and (ii) 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 of any of the Covered Bondholders of any Series, the related Receiptholders and/or 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, the Guarantor 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(a) or 9(b) (*Events of Default and Enforcement*) 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 Receiptholders and/or the Couponholders and, if, but only if, the Bond Trustee shall so require, shall be notified by the Issuer, the Guarantor or the Covered Bond Guarantor (as the case may be) to the Covered Bondholders in accordance with Condition 14 (*Notices*) as soon as practicable thereafter.

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, the Guarantor 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) all of the other 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 Guarantor 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 Receiptholders and the 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 for the time being outstanding and the other Secured Creditors in accordance with Condition 14 (*Notices*) 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, Receiptholders 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 Receiptholders, 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, Receiptholder or Couponholder be entitled to claim, from the Issuer, the Guarantor, 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, Receiptholders 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 pursuant to this Condition, the Guarantor must send written confirmation to the Bond Trustee and Security Trustee that: (i) any such waiver, authorisation or determination would not require the RBNZ to be notified; or (ii) if such waiver, authorisation or determination would require the RBNZ to be notified, the Guarantor has provided all information required to be provided to the RBNZ and, if consent or confirmation of non-objection is required, the RBNZ has given its consent or confirmed its non-objection to the proposed waiver, authorisation or determination.

Subject to any required RBNZ consent or confirmation of non-objection, 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.

(b) *Substitution*

The Bond Trust Deed provides that in connection with any scheme of amalgamation or reconstruction of the Issuer or, as the case may be, the Guarantor not involving the bankruptcy or insolvency of the Issuer or, as the case may be, the Guarantor and (A) where the Issuer or, as the case may be, the Guarantor does not survive the amalgamation or reconstruction or (B) where all or substantially all of the assets and business of the Issuer or the Guarantor, as the case may be, 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 and (where applicable) the Guarantor, be obliged, without the consent of the Covered Bondholders, Receiptholders or Couponholders, at any time to agree to the substitution in the place of (a) the Issuer as principal debtor under the Covered Bonds, Receipts, Coupons and the Bond Trust Deed or (b) the Guarantor as guarantor of Covered Bonds, of another company (the "**Substituted Debtor**") being the entity with and into which the Issuer or the Guarantor, as the case may be, amalgamates or the entity to which all or substantially all of the business and assets of the Issuer or the Guarantor is transferred, or succeeded to, pursuant to such scheme of amalgamation or reconstruction (whether by operation of law or otherwise), subject to, *inter alia*:

- (i) the Substituted Debtor entering into a supplemental trust deed in form and manner satisfactory to the Bond Trustee agreeing to be bound by the Bond Trust Deed with any consequential amendments which the Bond Trustee may deem appropriate as fully as if the Substituted Debtor had been named in the Bond Trust Deed as principal debtor or guarantor in place of the Issuer or the Guarantor, as the case may be;
- (ii) the Substituted Debtor acquiring or succeeding to pursuant to such scheme of amalgamation or reconstruction all or substantially all of the assets and business of the Issuer or the Guarantor, as the case may be;
- (iii) the obligations of the Substituted Debtor being or remaining guaranteed by the Guarantor on the terms set out in the Bond Trust Deed; and
- (iv) confirmations being received by the Bond Trustee from each Rating Agency that the substitution will not adversely affect the rating of the Covered Bonds.

Any such supplemental trust deed or undertaking shall, if so expressed, operate to release the Issuer or the Guarantor, as the case may be, or in either case the previous substitute as aforesaid from all of its obligations as principal debtor or guarantor, as the case may be, under the Bond Trust Deed.

In addition, subject as further provided in the Bond Trust Deed, the Bond Trustee may without the consent of the Covered Bondholders, Receiptholders or Couponholders at any time agree with the Issuer and the Guarantor to the substitution in place of the Issuer (or any previous substitute under this Condition) as the principal debtor under the Covered Bonds, Receipts, Coupons and the Bond Trust Deed of any Subsidiary of the Issuer or the Guarantor subject to (a) all amounts payable under the Bond Trust Deed continuing to be guaranteed by the Guarantor, (b) the Bond Trustee being satisfied that the interests of the Covered Bondholders

will not be materially prejudiced by the substitution and (c) certain other conditions set out in the Bond Trust Deed being complied with.

Any substitution pursuant to this Condition 11(b) shall be binding on the Covered Bondholders, the Receiptholders and the Couponholders and, unless the Bond Trustee agrees otherwise, shall be notified by the Issuer to the Covered Bondholders not later than 14 days after any such substitution in accordance with Condition 14 (*Notices*).

It shall be a condition of any substitution pursuant to this Condition 11(b) that the Covered Bond Guarantee shall remain in place or be modified to apply *mutatis mutandis* and continue in full force and effect in relation to any Substituted Debtor.

(c) ***Rating Agencies***

If:

- (i) 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
- (ii) 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 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 (ii) above and the Bond Trustee shall not be responsible for any loss, liabilities, costs, damages, expenses or inconvenience that may be caused as a result.

(d) ***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, each Issuer may agree with the Bond Trustee and without the consent of the Security Trustee, the Covered Bondholders, the Receiptholders 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 Condition 11(d)(ii) 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 14 (*Notices*)), the Bond Trustee and the Principal Paying Agent is given by each Issuer and provided that:

- (i) on the date on which such notice expires each Issuer delivers to the Bond Trustee a certificate signed by two Directors of such Issuer confirming that (a) 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 11) and (b) 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 11), 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);

- (ii) each Issuer delivers to the Bond Trustee a certificate signed by two directors of such 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;
- (iii) each Issuer will comply with such other requirements as the Bond Trustee may direct in the interests of Covered Bondholders;
- (iv) the documents constituting the New Covered Bonds are in form and substance satisfactory to the Bond Trustee;
- (v) each Rating Agency which has previously assigned a rating to the Existing Covered Bonds confirms to the Relevant Issuer in writing that the New Covered Bonds will be assigned the same rating as is then applicable to the Existing Covered Bonds;
- (vi) 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, each Issuer delivers to the Bond Trustee a certificate signed by two Directors of such 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
- (vii) each 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 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 11, agree with the Relevant 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 11:

**"Potential Issuer Event of Default"** means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute an Issuer Event of Default;

**"Potential Covered Bond Guarantor Event of Default"** means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute a Covered Bond Guarantor Event of Default; and

**"Series Reserved Matter"** in relation to Covered Bonds of a Series means 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, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount is set out in the Pricing Supplement, 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, including the method of calculating the Amortised Face 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 Pricing Supplement 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.

12. **Replacement of Covered Bonds, Receipts, Coupons and Talons and Exchange of Talons**

- (a) Should any Covered Bond, Receipt, 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, Receipts, 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 14 (*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, Receipt, 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, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Covered Bonds, Receipts, Coupons or Talons must be surrendered before replacements will be issued.
- (b) 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*).

13. **Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Covered Bondholders, the Receiptholders 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. **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, be substituted for such publication in such newspaper(s) or such mailing the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the Covered Bondholders and, in addition, for so long as any Covered Bonds are listed on a stock exchange or admitted to trading by any other relevant authority and the rules of that stock exchange, or as the case may be, other relevant authority so require, such notice or notices will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice 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.

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 and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent, the Registrar and/or Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

15. **Indemnification of the Bond Trustee and the Security Trustee and the Bond Trustee and Security Trustee contracting with an Issuer, the Guarantor 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 an Issuer, the Guarantor, 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, an Issuer, the Guarantor, 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, Receipholders 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 Housing 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 an Issuer, the Guarantor or any other party to the Programme Documents or 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 an Issuer, the Guarantor or any other party to the Programme Documents under the Programme Documents; (iii) monitoring the Housing Loan Portfolio, including, without limitation, whether the Housing Loan Portfolio is in compliance with the Asset Coverage Test, the Pre-Maturity Test or the Amortisation Test; or (iv) monitoring whether Housing Loans are Qualifying Housing Loans. 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) the acts of 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.

#### 16. **Limited Recourse and non-petition**

- (a) 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:
  - (i) 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;
  - (ii) 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;
  - (iii) 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



- (iv) 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.
- (b) 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:
  - (i) 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;
  - (ii) sums payable to each party in terms of the Covered Bond Guarantor's obligations to such party shall be limited to the lesser of (a) the aggregate amount of all sums due and payable to such party and (b) 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
  - (iii) 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.
- (c) 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.

17. **Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of this Covered Bond under the Contracts (Rights of Third Parties) Act 1999.

18. **Governing Law**

The Bond Trust Deed (including the Guarantee and the Covered Bond Guarantee), the Principal Agency Agreement, the Covered Bonds, the Receipts, 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.

19. **Jurisdiction**

Each of the Issuers and the Guarantor agrees for the benefit of the holders of Covered Bonds, Receipts, Coupons and Talons that the courts of England shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Covered Bonds and all matters connected with the Covered Bonds, Receipts, Coupons and Talons (including a dispute relating to any non-contractual obligation arising out of or in connection with them) (respectively, "**Proceedings**" and "**Disputes**") and, for such purposes, irrevocably submits to the jurisdiction of such courts.

20. **Service of process**

Each of the Issuers and the Guarantor agrees that the process by which any Proceedings in England are begun may be served on it by being delivered to the officer in charge of the London branch of Australia and New Zealand Banking Group Limited at 40 Bank Street, Canary Wharf, London E14 5EJ. If such person is not or ceases to be effectively appointed to accept service of process on the Issuer's or the Guarantor's behalf, the Issuer or the Guarantor, as applicable, shall appoint a further person in England to accept service of process on the Issuer's or the Guarantor's behalf and, failing such appointment, within 15 days, the Bond Trustee shall be entitled to appoint such a person by written notice addressed to the Issuer and the Guarantor and delivered to the Issuer and the Guarantor or to the specified office of the Principal Paying Agent. Nothing in this paragraph shall affect the right of the Bond Trustee to serve process in any other manner permitted by law.

## SCHEDULE B –

### FORM OF PRICING SUPPLEMENT

The form of Pricing Supplement in respect of each Tranche of Non PR Covered Bonds is set out below:

This Pricing Supplement has not been reviewed or approved by the FCA and the Covered Bonds the subject of this Pricing Supplement are not Prospectus Regulation compliant.

**PROHIBITION OF SALES TO EEA AND 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 European Economic Area ("**EEA**") or 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 (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. 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 or in the UK will be prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

**[MiFID II product governance / Professional investors and eligible counterparties only target market –** Solely for the purposes of [the Dealer's/the Managers/each relevant Manager's] product approval process as [a] MiFID II [(as defined below)] "manufacturer[s]", the target market assessment completed by the relevant [Dealer/Managers/Manager] 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. [Consider any negative target market]. Any person subsequently offering, selling or recommending the Covered Bonds (a "**distributor**") should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.] The Issuer is not subject to MiFID II and any implementation thereof by an EU Member State. The Issuer is therefore not a "manufacturer" for the purposes of the MiFID Product Governance Rules under EU Delegated Directive 2017/593 and has no responsibility or liability for identifying a target market, or any other product governance obligation set out in MiFID II, for financial instruments it issues (including the foregoing target market assessment for the Covered Bonds described in this legend.)

**[Notification under Section 309B(1) of the Securities and Futures Act of Singapore (the "SFA"):** The Covered Bonds are capital markets products other than prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 and Specified Investment Products (as defined in the Monetary Authority of Singapore (the "**MAS**") Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]

Dated [●]

[ANZ Bank New Zealand Limited/ANZ New Zealand (Int'l) Limited]

Issue of [Aggregate Principal Amount of Tranche] [Title of Covered Bonds]  
[unconditionally guaranteed by ANZ Bank New Zealand Limited and]  
irrevocably and unconditionally guaranteed as to payment of principal and interest by

ANZNZ Covered Bond Trust Limited under the  
€8,000,000,000 Covered Bond Programme

### PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the information memorandum dated [●] 2020 [and the supplement[s] to it dated [●] and [●]] (the "**Information Memorandum**"). This document constitutes the Pricing Supplement of the Covered Bonds described herein and must be read in conjunction with the Information Memorandum. Full information on the Issuer[, the Guarantor] and the Covered Bond Guarantor and the offer of the Covered Bonds is only available on the basis of the combination of this Pricing Supplement and the Information Memorandum.] / [Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the "**Conditions**") set forth in the base prospectus dated [●] which are incorporated by reference in the information memorandum dated [●] 2020 [and the supplement[s] to it dated [●] [and [●]]] (the "**Information Memorandum**"). This document constitutes the Pricing Supplement of the Covered Bonds described herein and must be read in conjunction with the Information Memorandum, including the Conditions incorporated by reference in the Information Memorandum. Full information on the Issuer[, the Guarantor] and the Covered Bond Guarantor and the offer of the Covered Bonds is only available on the basis of the combination of this Pricing Supplement and the Information Memorandum.]

1. (a) Branch: [●][Not Applicable]
- (b) Series Number: [●]
- (c) Tranche Number: [●]
- (d) 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]/[exchange of the Temporary Global Covered Bond for interests in the Permanent Global Covered Bond, as referred to in paragraph [●] below], which is expected to occur on or about [●]]/[Not Applicable]
2. Specified Currency: [●]
3. Aggregate Principal Amount of Covered Bonds:
  - (a) Series: [●]
  - (b) Tranche: [●]
4. Issue Price: [●] per cent of the Aggregate Principal Amount [plus accrued interest from [●]]
5. (a) Specified Denominations: [●]/[€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No Covered Bonds in definitive form will be issued with a denomination above €199,000]/[US\$200,000 and integral multiples of US\$1,000 in excess thereof]
- (b) Calculation Amount: [●]
6. (a) Issue Date: [●]
- (b) Interest Commencement Date: [●]/[Issue Date]/[Not Applicable]
7. (a) Final Maturity Date: [●]/[Interest Payment Date falling in or nearest to [●]]
- (b) Extended Due for Payment Date of Guaranteed Amounts corresponding to the Final

Redemption Amount under  
the Covered Bond Guarantee:

8. (a) Interest Basis: [[●] per cent Fixed Rate]  
[[●] +/- [●] per cent Floating Rate]  
[Zero Coupon]
9. Redemption Basis: [99]/[100]/[101] per cent of their nominal amount
10. Payment Basis:
- (a) Instalment Covered Bonds [Applicable/Not Applicable]
- (i) [Instalment Date(s): [●]
- (ii) Instalment Amount(s): [●]
- (b) Hard Bullet Covered Bonds: [Application/Not Applicable]
11. Change of Interest Basis: [●] in accordance with paragraphs 14 and 15
12. Put/Call Options: [Investor Put]  
[Issuer Call]
13. [Date of [Board] approval for issuance of Covered Bonds and Guarantees obtained: [●] [and [●], respectively]]

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

14. Fixed Rate Covered Bond provisions: [Applicable/Not Applicable]
- (a) [Rate(s) of Interest): [●] per cent per annum payable in arrears on each Interest Payment Date
- (b) Interest Payment Date(s): [●] in each year up to and including the Maturity Date or the Extended Due for Payment Date, if applicable
- (c) Fixed Coupon Amount(s): [●] per Calculation Amount
- (d) Broken Amount(s): [●] per Calculation Amount, payable on the Interest Amount falling [in/on][● ]/[Not Applicable]
- (e) Day Amount Fraction: [Actual/Actual (ICMA)] [30/360]
- (f) [Determination Date(s): [[●] in each year]/[Not Applicable]]
15. Floating Rate Covered Bond provisions: [Applicable/Not Applicable]
- (a) [Specify Period(s): [●]
- (b) Interest Payment Dates: [●], subject to adjustment in accordance with the Business Day Convention set out below]
- (c) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]

- (i) Adjusted: [Applicable/Not Applicable]
- (ii) No Adjustment: [Applicable/Not Applicable]
- (d) Additional Business Convention: [●]
- (e) Manner in which the Rate of Interest and Interest Amount are to be determined: [Screen Rate Determination/ISDA Determination/BBSW Covered Bonds/BKBM Covered Bonds]
- (f) Party responsible for calculating the Rate of Interest and Interest Amount (if not the [Principal Paying Agent/ Calculation Agent]): [●]
- (g) Screen Rate Determination: [Applicable/Not Applicable]
- (A) Reference Rate and Relevant Financial Centre: Reference Rate: [●] month [●] [LIBOR] / [EURIBOR] / [STIBOR] / [HIBOR] / [TIBOR] / [BBSW] / [BKBM] / [SONIA] / [SOFR]
- Relevant Financial Centre: [London] / [Brussels] / [Stockholm]/[Hong Kong]/[Singapore]/[Tokyo]/ [Sydney]/[Wellington]/[Auckland]
- (B) Interest Determination Date(s): [●] (*Fifth (or other number specified under Observation Look-Back Period below) London Banking Day prior to the end of each Interest Period if SONIA*)
- [[●]] / [[●] U.S. Government Securities Business Day prior to Interest Payment Date] (*if Reference Rate is SOFR specify number under Reset Period below*)
- (C) Relevant Screen Page: [●]
- (D) Relevant Time and time zone: [●]
- (E) Observation Look Back Period: [[●] London Banking Days] [Not Applicable]
- (NB: *minimum of 5 London Banking Days unless otherwise agreed with Calculation Agent*)
- (F) Reset Period: [[ ] U.S. Government Securities Business Day(s)] [Not Applicable]
- (G) Suspension Determination Period: [[ ] U.S. Government Securities Business Day(s)] [Not Applicable]
- (H) ISDA Determination for Fallback: [Applicable/Not Applicable]
- (h) ISDA Determination: [Applicable/Not Applicable]
- Floating Rate Option: [●]
- Designated Maturity: [●]

- Reset Date: [●]
- (i) Margin(s): [+/-] [●] per cent per annum
- (j) Minimum Rate of Interest: [●] per cent per annum
- (k) Maximum Rate of Interest: [●] per cent per annum
- (l) Day Count Fraction: [Actual/Actual (ISDA)] [Actual/Actual]  
 [Actual/365 (Fixed)]  
 [Actual/365 (Sterling)]  
 [Actual/360]  
 [30/360] [360/360] [Bond Basis]  
 [30E/360] [Eurobond Basis]  
 30E/360 (ISDA)  
 [adjusted/not adjusted]]
16. Zero Coupon Covered Bond provisions: [Applicable/Not Applicable]
- (a) [Accrual Yield: [●] per cent per annum
- (b) Reference Price: [●]
- (c) Day Count Fraction in relation to Early Redemption Amounts: [Actual/360]  
 [Actual/365]]

**PROVISIONS RELATING TO REDEMPTION**

17. Notice periods for Condition 5(b) *(Redemption for tax reasons)* or Condition 5(e) *(Redemption due to illegality)* Maximum period: [60] days  
 Minimum period: [30] days
18. Redemption at the option of the Issuer (Call): [Applicable/Not Applicable]
- (a) [Optional Redemption Date(s) (Call): [●]
- (b) Series redeemable in part: [Yes/No]
- (c) Optional Redemption Amount: [[●] per Calculation Amount]
- (d) If redeemable in part:
- (i) Minimum Redemption Amount: [●]
- (ii) Maximum Redemption Amount: [●]
- (e) Notice Period for Condition 5(c) *(Redemption at the option of the Issuer (Issuer Call))*: Minimum period: [5] days  
 Maximum period: [30] days]

19. Redemption at the option of the Covered Bondholders (Put): [Applicable/Not Applicable]
- (a) [Optional Redemption Date(s):
- (b) Optional Redemption Amount(s) of each Covered Bond:  per Calculation Amount
- (c) Notice Period for Condition 5(d) (*Redemption at the option of the Covered Bondholders*): Minimum period: 15 days  
Maximum period: [30] days
20. Final Redemption Amount of each Covered Bond:  per Calculation Amount
21. Early Redemption Amount payable on redemption for tax reasons or illegality or on event of default:  per Calculation Amount

**GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS**

22. (a) Form of Covered Bonds: [Bearer Covered Bonds:
- [Temporary Global Covered Bond exchangeable for a Permanent Global Covered Bond which is exchangeable for Bearer Definitive Covered Bonds [on 60 days' notice given at any time/only upon an Exchange Event]]
- [Temporary Global Covered Bond exchangeable for Bearer Definitive Covered Bonds]
- [Permanent Global Covered Bond exchangeable for Bearer Definitive Covered Bonds [on 60 days' notice given at any time/only after an Exchange Event]]
- [Registered Covered Bonds:
- Global Covered Bond registered in the name of a nominee for [a common depositary/a common safekeeper for Euroclear and Clearstream, Luxembourg]
- (b) Talons for future Coupons to be attached to Definitive Covered Bonds: [Yes, as the Covered Bonds have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]
- (c) Receipts to be attached to Instalment Covered Bonds which are Definitive Covered Bonds: [Yes/No]
23. Additional Financial Centre(s): /[Not applicable]
24. Relevant Benchmark[s]:   
/LIBOR/EURIBOR/STIBOR/HIBOR/SIBOR  
/TIBOR/BBSW/BKBM/SONIA/SOFR] is provided by [administrator legal name]][repeat as necessary]. [As at the date hereof, [[administrator



legal name][appears]/[does not appear]][repeat as necessary] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of Regulation (EU) 2016/1011, as amended]/[As far as the Issuer is aware, as at the date hereof, the [specify benchmark] does not fall within the scope of Regulation (EU) 2016/1011, as amended] / [Not Applicable]

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