

Bank of New Zealand
(*incorporated in New Zealand with limited liability under registered number 428849*)

NZ$10,000,000,000 BNZ Covered Bond Programme

unconditionally and irrevocably guaranteed as to payments of interest and principal by
CBG Trustee Company Limited
(*incorporated in New Zealand with limited liability under registered number 2467131*)
as trustee of the BNZ Covered Bond Trust and Covered Bond Guarantor

Under the NZ$10,000,000,000 BNZ Covered Bond Programme (the **Programme**) established by Bank of New Zealand (**BNZ** and the **Issuer**) and BNZ International Funding Limited, acting through its London Branch (**BNZ-IF**) on the Programme Date, the Issuer may from time to time issue bonds (the **Covered Bonds)** denominated in any currency agreed between the Issuer and the relevant Dealer(s) (as defined below). The price and amount of the Covered Bonds to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions. Any Covered Bonds issued under the Programme on or after the date of this **Prospectus** are issued subject to the provisions described herein and in any supplement thereto.

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

Covered Bonds may be issued in bearer or registered form. The maximum aggregate nominal amount of all Covered Bonds from time to time outstanding under the Programme will not exceed NZ$10,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein. For the purposes of Article 2(a) of Regulation (EU) No 2017/1129 (the **Prospectus Regulation**), no Covered Bonds having a maturity at issue of less than 12 months will be offered to the public or admitted to trading on a regulated market under this Prospectus.

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

The *Commission de Surveillance du Secteur Financier* (the **Competent Authority** or the **CSSF**), as competent authority under the Prospectus Regulation has approved this Prospectus as a base prospectus. The CSSF has only approved this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval is not to be considered as an endorsement of the Issuer or the Covered Bond Guarantor, or of the quality of the Covered Bonds. Investors should make their own assessment as to the suitability of investing in the Covered Bonds. This Prospectus is available for viewing on the website of the Luxembourg Stock Exchange at *www.luxse.com.*

This Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date in relation to Covered Bonds which are to be admitted to trading on a regulated market in the European Economic Area (the EEA). The obligation to supplement this Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Prospectus is no longer valid and the validity of this Prospectus will expire on 12 November 2027.

In accordance with Article 6(4) of the Luxembourg act dated 16 July 2019 on prospectuses for securities (the Prospectus Act 2019), by approving this Prospectus, in accordance with Article 20 of the Prospectus Regulation, the CSSF does not engage in respect of the economic or financial opportunity of the operation or the quality or solvency of the Issuer.

See the section entitled "*Risk Factors*" in this Prospectus for a discussion of material risk factors to be considered in connection with an investment in the Covered Bonds.

Application has been made to the Luxembourg Stock Exchange for Covered Bonds issued under the Programme to be admitted to the official list of the Luxembourg Stock Exchange (the **Official List**) and admitted to trading on the regulated market (the **Regulated Market**) of the Luxembourg Stock Exchange for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU) (**MiFID II**). References in this Prospectus to Covered Bonds being "listed" (and all related references) shall mean that such Covered Bonds have been admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and have been admitted to the Official List. Notice of the aggregate nominal amount of Covered Bonds, interest (if any) payable in respect of Covered Bonds, the issue price of Covered Bonds and certain other information which is applicable to each Series (as defined under "*Terms and Conditions of the Covered Bonds*") of Covered Bonds will be set out in a separate document containing the final terms for that Series (the **Final Terms**) which, with respect to Covered Bonds to be admitted to the Official List and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange, will be delivered to the Competent Authority and the Luxembourg Stock Exchange on or before the date of issue of such Series of Covered Bonds.

The Programme provides that Covered Bonds may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or regulated or unregulated markets as may be agreed between the Issuer, the Covered Bond Guarantor, the Bond Trustee (as defined below) and the relevant Dealer(s). The Issuer may also issue unlisted Covered Bonds and/or Covered Bonds not admitted to trading on any regulated or unregulated market, or Covered Bonds governed by other laws. In each case, Covered Bonds will be subject to the provisions of the Programme Documents (as defined below).

The Covered Bonds and the Covered Bond Guarantee (as defined below) have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), or with any securities regulatory authority of any state or other jurisdiction of the United States. Unless they are so registered, the Covered Bonds and the Covered Bond Guarantee may be offered only in transactions that are exempt from, or not subject to registration under, the Securities Act or the securities laws of any other jurisdiction of the United States. Accordingly, the Covered Bonds may be offered only (i) to qualified institutional buyers (each, a **QIB**) in reliance on Rule 144A under the Securities Act (**Rule 144A**) and (ii) outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act (**Regulation S**). Prospective purchasers of Covered Bonds are hereby notified that the seller of the Covered Bonds may be relying on an exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. See "*Form of the Covered Bonds*" for a description of the manner in which Covered Bonds will be issued. Covered Bonds are subject to certain restrictions on transfer, see "*Subscription and Sale and Transfer and Selling Restrictions*".

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

The Covered Bonds issued under the Programme are expected on issue to be assigned an "Aaa" rating by Moody's Investors Service Pty Ltd (**Moody's**) and an "AAA" rating by Fitch Australia Pty Ltd (**Fitch** and, together with Moody's, the **Rating Agencies**). 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. Please also refer to "*Credit ratings assigned to the Covered Bonds may change and may not reflect all risks associated with an investment in the Covered Bonds*" in the *Risk Factors* section of this Prospectus. As at the date of this Prospectus, the Issuer is assigned credit ratings (long-term / short-term) by Moody's, Fitch, and S&P Global Ratings Australia Pty Ltd (**S&P Australia**).

Moody's, Fitch and S&P Australia are not established in the European Union (the **EU**) or in the United Kingdom (the **UK**), and have not applied for registration under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 as amended by Regulation (EC) No. 513/2011 of the European Parliament and of the Council of 11 May 2011 on credit rating agencies (the **CRA Regulation**) or Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the **EUWA**) (the **UK CRA Regulation**). In general, and subject to certain exceptions (including the exception outlined below), EU regulated investors are restricted under the CRA Regulation from using a credit rating for regulatory purposes in the EEA if such a credit rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation or endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. The rating by Moody's has been endorsed by Moody's Deutschland GmbH, the rating by Fitch has been endorsed by Fitch Ratings Ireland Limited, and the rating by S&P Australia has been endorsed by S&P Global Ratings Europe Limited, each in accordance with the CRA Regulation, and have not been withdrawn. Moody's Deutschland GmbH, and Fitch Ratings Ireland Limited are established in the EU and registered under the CRA Regulation. Moody's Deutschland GmbH, Fitch Ratings Ireland Limited and S&P Global Ratings Europe Limited are included in the list of credit rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website (at https://www.esma.europa.eu/credit-rating-agencies/cra-authorisation) in accordance with the CRA Regulation. The rating by Moody's has been endorsed by Moody's Investors Service Ltd, the rating by Fitch has been endorsed by Fitch Ratings Limited and the rating by S&P Australia has been endorsed by S&P Global Ratings UK Limited, in each case in accordance with the UK CRA Regulation and have not been withdrawn. There can be no assurance that any such endorsement of the credit ratings of Moody's, Fitch and S&P Australia will continue.

Arranger for the Programme

NATIONAL AUSTRALIA BANK LIMITED

Dealers for the Programme

NATIONAL AUSTRALIA BANK LIMITED
BARCLAYS
BNP PARIBAS
CITIGROUP
DEUTSCHE BANK
DZ BANK AG
HSBC
J.P. MORGAN
LLOYDS BANK CORPORATE MARKETS
MORGAN STANLEY
RBC CAPITAL MARKETS
SOCIÉTÉ GÉNÉRALE CORPORATE & INVESTMENT BANKING
TD SECURITIES
UBS INVESTMENT BANK

The date of this Prospectus is 12 November 2026

IMPORTANT INFORMATION

The Covered Bonds and the Covered Bond Guarantee have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may include Covered Bonds in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, the Covered Bonds and the Covered Bond Guarantee may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (Regulation S)). Accordingly, the Covered Bonds may be offered only (i) to qualified institutional buyers (QIBs) in reliance on Rule 144A under the Securities Act (Rule 144A) or (ii) outside the United States to non-U.S. persons in reliance on Regulation S. Covered Bonds offered and sold to QIBs in reliance upon Rule 144A will be represented by beneficial interests in one or more permanent global covered bonds in fully registered form without interest coupons. Covered Bonds offered and sold outside the United States to non-U.S. persons pursuant to Regulation S will be represented by beneficial interests in (i) one or more temporary or permanent global covered bonds in bearer form with or without interest coupons or (ii) one or more permanent global covered bonds in fully registered form without interest coupons. Except as described in any applicable drawdown prospectus, beneficial interests in the Registered Covered Bonds will be represented through accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC, Euroclear and Clearstream, Luxembourg and owners of beneficial interests in the Registered Covered Bonds will not be entitled to have the Covered Bonds registered in their names, will not receive or be entitled to receive physical delivery of the Covered Bonds in definitive form and will not be considered holders of the Covered Bonds under the Covered Bonds and the Agency Agreement.

This Prospectus has been approved by the Competent Authority as a base prospectus for the purposes of Article 8(1) of the Prospectus Regulation. This Prospectus is not a prospectus for the purposes of Section 12(a)(2) or any other provision or order under the Securities Act.

The Programme was registered with the Reserve Bank of New Zealand (the RBNZ) on 8 August 2014. The Issuer is required to notify the RBNZ each time Covered Bonds are issued under the Programme.

The Issuer and the Covered Bond Guarantor (the latter, in respect of information relating to itself and the Covered Bond Guarantee only) (each a Responsible Person) each accept responsibility for the information contained in this Prospectus (the Prospectus) and the Final Terms for each Tranche of Covered Bonds issued under the Programme. To the best of the knowledge and belief of the Issuer and the Covered Bond Guarantor (each having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import. Any information sourced from third parties contained in this Prospectus has been accurately reproduced (and is clearly sourced where it appears in the document) and, as far as the Issuer and the Covered Bond Guarantor are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Copies of each set of Final Terms (in the case of Covered Bonds to be admitted to the Official List) will be available from the registered office of the Issuer and (in the case of Covered Bonds to be admitted to the Official List, to listing on any other regulated or unregulated market or stock exchange and also all unlisted Covered Bonds) by appointment from the specified office set out below of each of the Paying Agents (as defined below). A Paying Agent may provide such documents for inspection by electronic means.

This Prospectus is to be read in conjunction with all documents or parts of documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference and Credit Ratings*"

below). This Prospectus shall, save as specified herein, be read and construed on the basis that such documents are so incorporated herein by reference and form part of this Prospectus.

Other than in relation to the documents which are deemed to be incorporated by reference (see "*Documents Incorporated by Reference and Credit Ratings*"), the information on the websites to which this Prospectus refers does not form part of this Prospectus and has not been scrutinised or approved by the CSSF.

The information contained in this Prospectus was obtained from the Issuer, the Seller, and the Covered Bond Guarantor and other sources (identified herein), but no assurance can be given by the Arranger, the Dealers, the Agents, the Bond Trustee, the Trust Manager 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 Arranger, the Dealers, the Agents, the Bond Trustee, the Trust Manager or the Security Trustee as to the accuracy or completeness of the information contained or incorporated by reference into this Prospectus or any other information provided, by the Seller, the Issuer and the Covered Bond Guarantor in connection with the Programme. None of the Arranger, the Dealers, the Bond Trustee, the Trust Manager nor the Security Trustee accepts any liability in relation to the information contained or incorporated by reference into this Prospectus or any other information provided by the Issuer, the Seller and the Covered Bond Guarantor in connection with the Programme.

No person is or has been authorised by the Issuer, the Covered Bond Guarantor, the Seller, the Arranger, any of 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 Prospectus or any other information supplied in connection with the Programme or the Covered Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Covered Bond Guarantor, the Seller, the Arranger, the Agents, any of the Dealers, the Bond Trustee, the Trust Manager or the Security Trustee.

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

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Covered Bonds shall in any circumstances imply that the information contained herein concerning the Issuer and/or the Covered Bond Guarantor and/or the Seller is correct at any time subsequent to the date 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 Dealers, the Arranger, the Agents, the Bond Trustee and the Security Trustee expressly do not undertake to review the financial condition or affairs of the Issuer, the Covered Bond Guarantor or the Seller during the life of the Programme or to advise any investor in the Covered Bonds of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Prospectus when deciding whether or not to purchase any Covered Bonds.

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

The Covered Bonds and the Covered Bond Guarantee have not been and will not be registered under 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 United States persons, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder.

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

Credit ratings are for distribution only to a person (a) who is not a "retail client" within the meaning of section 761G of the Corporations Act 2001 of Australia and who is also a sophisticated investor, professional investor or other investor in respect of whom disclosure is not required under Part 6D.2 of the Corporations Act 2001 of Australia and (b) who is otherwise permitted to receive credit ratings in accordance with applicable law in any jurisdiction in which the person may be located. Anyone who is not such a person is not entitled to receive this Prospectus and anyone who receives this Prospectus must not distribute it to any person who is not entitled to receive it.

All references in this Prospectus to "New Zealand Dollar", "NZ Dollar", "NZD" and "NZ$" refer to the lawful currency for the time being of New Zealand, references to "A$", "AUD" and "Australian Dollar" refer to the lawful currency of Australia, references to "U.S.$", "U.S. dollars" or "dollars" refer to the lawful currency of the United States of America and references to "euro" and "€" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended. In this Prospectus, unless a contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

In connection with the issue of any Tranche of Covered Bonds, the Dealer or Dealers (if any) named as the stabilising manager(s) (or persons acting on behalf of any stabilising manager(s)) in the applicable

Final Terms may over-allot Covered Bonds or effect transactions (in each case outside Australia and New Zealand and not on any market in Australia or New Zealand) with a view to supporting the market price of the Covered Bonds at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche of Covered Bonds is made and, if begun, may cease at any time, but must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Covered Bonds and 60 days after the date of the allotment of the relevant Tranche of Covered Bonds. Any stabilisation action or over-allotment must be conducted by the relevant stabilising manager(s) (or persons acting on behalf of any stabilising manager(s)) in accordance with all applicable laws and rules.

In making an investment decision, investors must rely on their own examination of the Issuer and the Covered Bond Guarantor and the terms of the Covered Bonds being offered, including the merits and risks involved. The Covered Bonds may not be a suitable investment for all investors. Each potential investor in the Covered Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- **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 into this Prospectus or any applicable supplement;**
- **have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Covered Bonds and the impact the Covered Bonds will have on its overall investment portfolio;**
- **have sufficient financial resources and liquidity to bear all of the risks of an investment in the Covered Bonds, including Covered Bonds with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;**
- **understand the accounting, legal, regulatory and tax implications of a purchase, holding and disposal of an interest in the relevant Covered Bonds;**
- **understand thoroughly the terms of the Covered Bonds and be familiar with the behaviour of any relevant indices and financial markets; 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 investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Covered Bonds are legal investments for it, (2) Covered Bonds can be used as collateral for various types of borrowing, (3) Covered Bonds can be used as repo-eligible securities and (4) other restrictions apply to its purchase or pledge of any Covered Bonds. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Covered Bonds under any applicable risk-based capital or similar rules.

The Covered Bonds will not represent an obligation or be the responsibility of any of the Arranger, the Dealers, the Bond Trustee, the Security Trustee, any member of National Australia Bank Limited (ABN 12 004 044 937) (NAB) and its controlled entities (the NAB Group) (other than BNZ in its capacity as Issuer under the Programme Documents) or any other party to the Programme, their officers, members,

directors, employees, security holders or incorporators, other than the Issuer and the Covered Bond Guarantor. The Issuer 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.

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

The Covered Bonds have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Prospectus. Any representation to the contrary is a criminal offence.

None of the Arranger, the Dealers, the Issuer, the Covered Bond Guarantor, the Seller, the Agents, the Security Trustee 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.

IMPORTANT – EEA RETAIL INVESTORS

If the Final Terms in respect of any Covered Bonds includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of the following: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT – UK RETAIL INVESTORS

If the Final Terms in respect of any Covered Bonds includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Covered Bonds are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold, distributed or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is either one (or both) of the following: (i) not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); or (ii) not a qualified investor as defined in paragraph 15 of Schedule 1 to the POATRs. Consequently, no disclosure document required by the FCA Product Disclosure Sourcebook (**DISC**) for offering, selling or distributing the Covered Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering, selling or distributing the Covered Bonds or otherwise making them available to any retail investor

in the UK may be unlawful under DISC and the Consumer Composite Investments (Designated Activities) Regulations 2024.

MiFID II PRODUCT GOVERNANCE/TARGET MARKET

The Final Terms in respect of any Covered Bonds will include a legend entitled "MiFID II product governance" which will outline the target market assessment in respect of the Covered Bonds and which channels for distribution of the Covered Bonds are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a **distributor**) should take into consideration the manufacturers' 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 manufacturers' target market assessment) and determining appropriate distribution channels.

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

UK MiFIR PRODUCT GOVERNANCE/TARGET MARKET

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

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

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with any resales or other transfers of Covered Bonds that are "restricted securities" as defined in Rule 144(a)(3) of the Securities Act, the Issuer has undertaken in the Programme Agreement to furnish, upon the request of a holder of such Covered Bonds or any beneficial interest therein, to such holder or to a prospective purchaser designated by such holder or beneficial owner, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, the Issuer is not a reporting company under Section 13 or Section 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the **Exchange Act**), or exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

FORWARD-LOOKING STATEMENTS

This Prospectus includes "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding the BNZ Group's (as defined on page 212) financial position, business strategy, plans and objectives of management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and

other factors which may cause the actual results, performance or achievements of the BNZ Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the present and future business strategies of the BNZ Group and the environment in which they will operate in the future. These forward-looking statements speak only as of the date of this Prospectus. The BNZ Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the expectations of the BNZ Group with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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

None of the Arranger, the Dealers, the Issuer, the Covered Bond Guarantor, the Security Trustee, the Bond Trustee nor any other party to a Programme Document has any obligation to update or otherwise revise any projections, including any revisions to reflect changes in economic conditions or other circumstances arising after the date of this Prospectus or to reflect the occurrence of unanticipated events, even if the underlying assumptions do not come to fruition.

PROHIBITION OF SALES TO CONSUMERS IN BELGIUM

The Covered Bonds are not intended to be offered, sold or otherwise made available, and will not be offered, sold or otherwise made available, in Belgium to "consumers" (*consommateurs/consumenten*) within the meaning of the Belgian Code of Economic Law (*Code de droit économique/Wetboek van economisch recht*), as amended.

BENCHMARKS REGULATION

Amounts payable on certain Floating Rate Covered Bonds issued under the Programme may be calculated by reference to the Euro-zone inter-bank offered rate (**EURIBOR**), the Sterling Overnight Index Average (**SONIA**), the Secured Overnight Finance Rate (**SOFR**), the Hong Kong inter-bank offered rate (**HIBOR**), the Canadian Overnight Repo Rate Average (**CORRA**), the euro short-term rate (**€STR**), the Oslo inter-bank offered rate (**NIBOR**), the Australian Bank Bill Swap Rate (**BBSW**) or the NZ Bank Bill Benchmark Rate (**BKBM**) as specified in the applicable Final Terms and each as defined below or in the Conditions of the Covered Bonds. As at the date of this Prospectus, each of the European Money Markets Institute (as administrator of EURIBOR), Norske Finansielle Referanser AS (as administrator of NIBOR), ASX Benchmarks Limited (as administrator of BBSW) and New Zealand Financial Benchmark Facility Limited (as administrator of BKBM) appears on the register of administrators (the **EU BMR Register**) established and maintained by ESMA pursuant to Article 36 of Regulation (EU) No 2016/1011 (as amended) (the **EU Benchmarks Regulation**) and no public notice has been included in the EU BMR Register with respect to BBSW and BKBM. As at the date of this Prospectus, the administrators of SONIA, SOFR, CORRA, €STR and HIBOR do not appear on the EU BMR Register under Article 36 of the EU Benchmarks Regulation. As far as the Issuer is aware, SONIA, SOFR, CORRA, €STR and HIBOR do not fall within the scope of the EU Benchmarks Regulation.

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GENERAL DESCRIPTION OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus and, in relation to the terms and conditions of any particular Tranche of Covered Bonds, the applicable Final Terms. Words and expressions defined elsewhere in this Prospectus shall have the same meanings in this overview. A glossary of certain defined terms is contained at the end of this Prospectus on page 304.

Issuer:	Bank of New Zealand, a company incorporated under the NZ Companies Act with company number 428849 and having its registered office at Level 4, 80 Queen Street, Auckland 1010, New Zealand.
Issuer's Legal Entity Identifier (LEI):	N7LGVZM7X4UQ66T7LT74
Covered Bond Guarantor:	CBG Trustee Company Limited, a company incorporated in New Zealand with limited liability under registration number 2467131, having its registered office at Level 16, SAP Tower, 151 Queen Street, Auckland 1010, New Zealand, as trustee of the BNZ Covered Bond Trust. The Covered Bond Guarantor's business is to acquire, *inter alia*, Mortgage 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 Mortgage Loan Portfolio and the other Charged Property in accordance with the terms of the Programme Documents. The Covered Bond Guarantor has provided a guarantee covering all Guaranteed Amounts when the same shall become Due for Payment, but only following an Issuer Event of Default and the service on the Covered Bond Guarantor of a Notice to Pay, or if earlier, a Covered Bond Guarantee Acceleration Notice. The obligations of the Covered Bond Guarantor under the Covered Bond Guarantee and the other Programme Documents to which it is a party are secured by the Charged Property from time to time of the Covered Bond Guarantor and recourse against the Covered Bond Guarantor is limited to such Charged Property.
Covered Bond Guarantor LEI:	549300XCCQULJFDH5705
The Trust:	BNZ Covered Bond Trust. The purpose of the Trust is the acquisition, management and sale of, among other things, Mortgage Loans and the Related Security, the borrowing of moneys to fund the acquisition of such assets, the hedging of risks associated with such assets and such funding, the acquisition, management and sale of Substitution Assets and Authorised Investments, the giving of guarantees, the granting of security and any other business as the Trust Manager shall direct.

The Beneficiaries:	SAVY. SAVY is a charitable trust which aims to instil good financial habits in young adults throughout New Zealand.
Trust Manager:	Bank of New Zealand, a company incorporated under the NZ Companies Act with company number 428849 and having its registered office at Level 4, 80 Queen Street, Auckland 1010, New Zealand.
Seller:	The Seller under the Programme is BNZ, which is in the business, *inter alia*, of originating and acquiring residential mortgage loans and conducting other banking related activities.
Servicer:	Pursuant to the terms of the Servicing Agreement, BNZ has been appointed to service, on behalf of the Covered Bond Guarantor, the Mortgage Loans and Related Security sold to the Covered Bond Guarantor by the Seller.
Calculation Manager:	BNZ has been appointed, *inter alia*, to do all calculations which are required to determine whether the Mortgage Loan Portfolio is in compliance with the Asset Coverage Test, the Amortisation Test and the Pre-Maturity Test, as the case may be, and providing information to the Asset Monitor.
NZ Registrar and NZ Paying Agent:	Computershare Investor Services Limited having its registered office at Level 2, 159 Hurstmere Road, Takapuna, Auckland, New Zealand has been appointed pursuant to the NZ Registry Agreement as NZ Registrar and NZ Paying Agent.
UK Paying Agent:	Deutsche Bank AG, London Branch, whose registered office is at 21 Moorfields, London, United Kingdom, EC2Y 9DB, United Kingdom, has been appointed pursuant to the Principal Agency Agreement as UK Paying Agent.
Exchange Agent and Transfer Agent:	Deutsche Bank AG, London Branch, whose registered office is at 21 Moorfields, London, United Kingdom, EC2Y 9DB, United Kingdom, has been appointed pursuant to the Principal Agency Agreement as Exchange Agent and Transfer Agent.
Luxembourg Registrar:	Deutsche Bank Luxembourg S.A., whose registered office is at 2, Boulevard Konrad Adenauer, L-1115 Luxembourg has been appointed pursuant to the Principal Agency Agreement as Luxembourg Registrar.
Bond Trustee:	Deutsche Trustee Company Limited, whose registered office is at 21 Moorfields, London, United Kingdom, EC2Y 9DB, United Kingdom, has been appointed to act as Bond Trustee on behalf of the Covered Bondholders in respect of the Covered Bonds and holds the benefit of, *inter alia*, the covenant to pay and the Covered Bond Guarantee on behalf of the Covered Bondholders pursuant to the Bond Trust Deed.

Security Trustee:	New Zealand Permanent Trustees Limited whose registered office is at Level 16, SAP Tower, 151 Queen Street, Auckland 1010, New Zealand has been appointed to act as Security Trustee to hold the benefit of the Security granted by the Covered Bond Guarantor to the Security Trustee (for the Secured Creditors) pursuant to the Security Deed.
Asset Monitor:	Ernst & Young having its registered office at Ernst & Young Building, 2 Takutai Square, Britomart Auckland 1010, New Zealand has been appointed as Asset Monitor pursuant to the Asset Monitor Agreement as an independent monitor to perform tests in respect of the Asset Coverage Test or Amortisation Test, as applicable, and assess compliance with the Servicer's obligations in relation to the Asset Register on the Calculation Date prior to each anniversary of the Programme Date.
Covered Bond Swap Providers:	Each swap provider which agrees to act as Covered Bond Swap Provider to the Covered Bond Guarantor to hedge certain interest rate, currency and/or other risks in respect of amounts received by the Covered Bond Guarantor under the Mortgage Loans and the Interest Rate Swaps and amounts payable by the Covered Bond Guarantor under the Intercompany Loan Agreement (prior to the service of a Notice to Pay, in the case of a Non-Forward Starting Covered Bond Swap only) and under the Covered Bond Guarantee in respect of the Covered Bonds (after service of a Notice to Pay, in the case of a Forward Starting Covered Bond Swap or a Non-Forward Starting Covered Bond Swap) by entering into one or more Covered Bond Swaps with the Covered Bond Guarantor and the Security Trustee under a Covered Bond Swap Agreement in respect of each relevant Series or Tranche of Covered Bonds (where applicable).
Interest Rate Swap Provider:	BNZ (in its capacity as the Interest Rate Swap Provider) has agreed to act as a swap provider to the Covered Bond Guarantor to hedge possible variances between the rates of interest payable on the Mortgage Loans in the Mortgage Loan Portfolio, the Substitution Assets, Authorised Investments and certain other amounts deposited into the GIC Account and the interest basis payable by the Covered Bond Guarantor under the Covered Bond Swaps and the Demand Loan, by entering into the Interest Rate Swaps with the Covered Bond Guarantor and the Security Trustee under the Interest Rate Swap Agreement.
Account Bank:	BNZ has been appointed the initial Account Bank to the Covered Bond Guarantor pursuant to the terms of the Account Bank Agreement.
Programme Description:	Covered Bond Programme.
Arranger:	National Australia Bank Limited (ABN 12 004 044 937).
Dealers:	National Australia Bank Limited (ABN 12 004 044 937)

	Barclays Bank PLC BNP PARIBAS Citigroup Global Markets New Zealand Limited Deutsche Bank AG, London Branch DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main HSBC Bank plc J.P. Morgan Securities plc Lloyds Bank Corporate Markets plc Morgan Stanley & Co. International plc RBC Europe Limited Société Générale The Toronto-Dominion Bank UBS AG London Branch and any other Dealer appointed from time to time in accordance with the Programme Agreement, which appointment may be to a specific issue or on an ongoing basis.
Certain Restrictions:	Each issue of Covered Bonds denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see the section of this Prospectus entitled "*Subscription and Sale and Transfer and Selling Restrictions*" below).
Programme Size:	Up to NZ$10,000,000,000 (or its equivalent in other currencies determined as described in the Programme Agreement) outstanding at any time as described herein. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Covered Bonds may be distributed under the Programme by way of private or public placement and in each case on a syndicated or non-syndicated basis, subject to the restrictions set forth in the section of this Prospectus entitled "*Subscription and Sale and Transfer and Selling Restrictions*" below.
Specified Currencies:	Subject to any applicable legal or regulatory restrictions, such currency or currencies as may be agreed from time to time by the

	Issuer, the relevant Dealer(s), the Principal Paying Agent and the Bond Trustee (as set out in the applicable Final Terms).
Maturities:	Such maturities as may be agreed between the Issuer and the relevant Dealer(s) and as indicated in the applicable Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Covered Bonds may be issued at par or at a premium or discount to par on a fully-paid basis or partly-paid basis, as set out in the relevant Final Terms.
Form of Covered Bonds:	The Covered Bonds will be issued in bearer or registered form as described in the section of this Prospectus entitled "*Form of the Covered Bonds*" below. Registered Covered Bonds will not be exchangeable for Bearer Covered Bonds and *vice versa.* Covered Bonds may be Fixed Rate Covered Bonds, Floating Rate Covered Bonds, Zero Coupon Covered Bonds, or a combination of any of the foregoing, depending on 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 such Covered Bonds.
Fixed Rate Covered Bonds:	Fixed Rate Covered Bonds will bear interest at a fixed rate which will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s) (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 basis of the reference rate set out in the applicable Final Terms; or (ii) on such other basis as may be agreed between the Issuer and the relevant Dealer(s), in each case as set out in the applicable Final Terms. The Margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer(s) for each issue of Floating Rate Covered Bonds as set out in the applicable Final Terms.
Other provisions in relation to Floating Rate Covered Bonds:	Floating Rate Covered Bonds may also have a maximum interest rate, a minimum interest rate or both (as indicated in the applicable Final Terms). Interest on Floating Rate Covered Bonds in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer(s), will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be

agreed between the Issuer and the relevant Dealer(s), as set out in the relevant Final Terms.

Zero Coupon Covered Bonds: Zero Coupon Covered Bonds may be offered and sold at a discount to their nominal amount and will not bear interest except in the case of late payment unless otherwise specified in the applicable Final Terms.

Benchmark Discontinuation In the case of certain Floating Rate Covered Bonds:

(A) where the Floating Rate Covered Bonds reference a benchmark other than SOFR or BBSW Rate, if the Issuer determines that a Benchmark Event has occurred, the relevant benchmark or screen rate may be replaced by a Successor Rate or, if there is no Successor Rate but the Issuer determines there is an Alternative Rate (acting in good faith and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser), such Alternative Rate. An Adjustment Spread may also be applied to the Successor Rate or the Alternative Rate (as the case may be), together with any Benchmark Amendments, which, in the case of any Alternative Rate, any Adjustment Spread (unless formally recommended or provided for) and any Benchmark Amendments, shall be determined by the Issuer acting in good faith and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser;

(B) where the Floating Rate Covered Bonds reference SOFR as the benchmark, if the Issuer (or its designee) determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred, the relevant benchmark will be replaced by the relevant Benchmark Replacement. Benchmark Replacement Conforming Changes may also be made; or

(C) where the Floating Rate Covered Bonds reference BBSW Rate as the benchmark, if a Temporary Disruption Trigger or a Permanent Discontinuation Trigger has occurred, the relevant benchmark will be replaced in accordance with Condition 4(b)(ii)(F)(2).

For further information, see Conditions 4(b)(ii)(B)(5), 4(d) and 4(b)(ii)(F)(2).

Rating Affirmation Notice: The issuance of each Series of Covered Bonds shall be subject to confirmation by each of the Rating Agencies that the then current ratings for any outstanding Covered Bonds will not be adversely affected by the issuance of such types of Covered Bonds. For more information on Rating Agency confirmations in respect of the Programme see the section of this Prospectus entitled "*A Rating Affirmation Notice may not address certain matters that may be of relevance to Covered Bondholders*".

Redemption:	The applicable Final Terms for a Series of Covered Bonds will indicate either that the relevant Covered Bonds of such Series cannot be redeemed prior to their stated maturity (other than for taxation reasons or if it becomes unlawful for any Term Advance or the Demand Loan to remain outstanding or following an Issuer Event of Default or a Covered Bond Guarantor Event of Default) or that such Covered Bonds will be redeemable at the option of the Issuer upon giving notice to the Covered Bondholders, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms). If Issuer Clean-Up Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given to the Covered Bondholders not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms, elect to redeem all, but not some only, of the relevant Covered Bonds then outstanding on any date at their Residual Redemption Amount (together, if appropriate, with interest accrued to (but excluding) the relevant date of redemption) at any time if 75 per cent. (or such other percentage as may be specified in the applicable Final Terms as being the Issuer Clean-Up Call Threshold) or more of the aggregate nominal amount of such Series issued shall have been redeemed or purchased and cancelled.
Extendable obligations under the Covered Bond Guarantee:	If an Extended Due for Payment Date is set out in the Final Terms for a Series of Covered Bonds and (a) the Issuer fails to pay, in full, the Final Redemption Amount for such Covered Bonds on the Final Maturity Date for such Covered Bonds (or by the end of the applicable grace period) and (b) following the service of a Notice to Pay on the Covered Bond Guarantor by no later than the date falling one Business Day prior to the Extension Determination Date, it fails to pay, in full, the Guaranteed Amount equal to the unpaid portion of such Final Redemption Amount by no later than the Extension Determination Date for such Covered Bonds in accordance with the terms of the Covered Bond Guarantee (for example because, following the service of a Notice to Pay on the Covered Bond Guarantor, there are insufficient moneys available to it to pay, in accordance with the Guarantee Priority of Payments, such Guaranteed Amounts in full), then the obligation of the Covered Bond Guarantor to pay the unpaid portion of such Guaranteed Amount, or any part thereof will be deferred (and a Covered Bond Guarantor Event of Default shall not occur as a result of such failure) until the first Interest Payment Date thereafter on which sufficient moneys are available (after providing for liabilities ranking in priority thereto or *pari passu* therewith subject to and in accordance with the Guarantee Priority of Payments) to fund the payment of such unpaid portion, or any part thereof, provided that such payment shall not be deferred beyond the Extended Due for Payment Date when the unpaid portion of such Guaranteed Amount (together with accrued interest) shall be due and payable. Interest will accrue on any such unpaid portion during such extended period and will be due and payable on each Interest Payment Date up to, and including, the

	Extended Due for Payment Date in accordance with Condition 4 (*Interest*) of the Conditions.
Hard Bullet Covered Bonds:	Hard Bullet Covered Bonds may be offered and will be subject to a Pre-Maturity Test. The intention of the Pre-Maturity Test is to provide liquidity for the Hard Bullet Covered Bonds if the Issuer's credit ratings have fallen below a certain level.
Denomination of Covered Bonds:	Covered Bonds will be issued in denominations of €100,000 or such other denominations as may be agreed between the Issuer and the relevant Dealer(s) and as indicated in the applicable Final Terms provided that the minimum denomination of each Covered Bond will be €100,000 (or, if the Covered Bonds are denominated in a currency other than euro, at least the equivalent amount in such currency) or such other higher amount as may be required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency and, in the case of NZ Registered Covered Bonds offered in New Zealand, the minimum subscription amount in respect of an issue or transfer is NZ$500,000 (disregarding any amount lent by the offeror, the Issuer or any associated person of the offeror or Issuer) (or, if the NZ Registered Covered Bonds are denominated in a currency other than NZ Dollars, at least the equivalent amount in such currency).
Taxation:	All payments in respect of the Covered Bonds will be made without deduction or withholding for or on account of any taxes imposed by the United Kingdom or New Zealand, subject as provided in Condition 7 (*Taxation*). If any such deduction or withholding is made by the Issuer, save in the limited circumstances provided in Condition 7 (*Taxation*), the Issuer will pay additional amounts in respect of the amounts so deducted or withheld. If any payments made by the Covered Bond Guarantor under the Covered Bond Guarantee are or become subject to any such withholding or deduction, the Covered Bond Guarantor will not be obliged to pay any additional amount as a consequence under Condition 7 (*Taxation*).
Cross Default:	If an Issuer Acceleration Notice is served in respect of any Series of Covered Bonds, then the Covered Bonds of all Series outstanding will be accelerated against the Issuer. 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.
Status of the Covered Bonds:	The Covered Bonds will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* without any preference among themselves and (save for any applicable statutory provisions) at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer, from time to time outstanding.

Covered Bond Guarantee:	Payment of Guaranteed Amounts in respect of the Covered Bonds when Due for Payment will be irrevocably guaranteed by the Covered Bond Guarantor under the Covered Bond Guarantee. The Covered Bond Guarantor will be under no obligation to make payment in respect of the Guaranteed Amounts when Due for Payment unless (a) an Issuer Event of Default has occurred, and a Notice to Pay is served on the Covered Bond Guarantor or, (b) a Covered Bond Guarantor Event of Default has occurred and a Covered Bond Guarantee Acceleration Notice is served on the Covered Bond Guarantor and the Issuer. The obligations of the Covered Bond Guarantor under the Covered Bond Guarantee will accelerate against the Covered Bond Guarantor and the Guaranteed Amounts will become immediately due and payable upon the service of a Covered Bond Guarantee Acceleration Notice. The obligations of the Covered Bond Guarantor under the Covered Bond Guarantee constitute 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:	Covered Bonds to be issued under the Programme have the ratings specified in the applicable Final Terms on issuance. Whether or not each credit rating applied for in relation to a relevant Series of Covered Bonds will be issued by a credit rating agency established in the EU or the UK and registered under the CRA Regulation or the UK CRA Regulation, respectively, will be disclosed in the Final Terms. Moody's and Fitch are not established in the EU or in the UK and have not applied for registration under the CRA Regulation or the UK CRA Regulation, respectively. The rating by Moody's has been endorsed by Moody's Deutschland GmbH and the rating by Fitch has been endorsed by Fitch Ratings Ireland Limited, each in accordance with the CRA Regulation, and have not been withdrawn. Moody's Deutschland GmbH, and Fitch Ratings Ireland Limited are established in the EU and registered under the CRA Regulation. Moody's Deutschland GmbH and Fitch Ratings Ireland Limited are included in the list of credit rating agencies published by the ESMA on its website in accordance with the CRA Regulation. The rating by Moody's has been endorsed by Moody's Investors Service Ltd and the rating by Fitch has been endorsed by Fitch Ratings Limited, in each case in accordance with the UK CRA Regulation and have not been withdrawn. Please also refer to "*Credit ratings assigned to the Covered Bonds may change and may not reflect all risks associated with an investment in the Covered Bonds*" in the "*Risk Factors*" section of this Prospectus. 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 advisors, and nor do the Rating Agencies provide investors or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services.
Listing and admission to trading:	Application has been made to admit Covered Bonds issued under the Programme to the Official List and to admit the Covered Bonds to trading on the Regulated Market of the Luxembourg Stock Exchange. Covered Bonds issued under the Programme may be unlisted or, in the event that the Issuer is unable to maintain listing and/or trading having used all reasonable endeavours or if the maintenance of such listing and/or trading becomes in the opinion of the Issuer unduly onerous on the Issuer, the Issuer may procure the listing, trading and/or quotation of the Covered Bonds on some listing authority, stock exchange and/or quotation system acceptable to the Bond Trustee. The Final Terms relating to each Series or Tranche of the Covered Bonds will state whether or not the Covered Bonds are to be listed and/or admitted to trading and, if so, on which stock exchange(s) and/or markets.
Delivery:	The Covered Bonds may be settled on a delivery against payment basis or a delivery free of payment basis, as specified in the applicable Final Terms.
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 are governed by, and will be construed in accordance with, English law. The Establishment Deed, the Mortgage Sale Agreement, the Servicing Agreement, the Intercompany Loan Agreement, the Demand Loan Agreement, the Management Agreement, the Security Deed, the Definitions Schedule, the Asset Monitor Agreement, the Account Bank Agreement and the NZ Registry 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 the section of this Prospectus entitled "*Subscription and Sale and Transfer and Selling Restrictions*" below.
Risk Factors:	There are certain risks related to any issue of Covered Bonds under the Programme, which investors should ensure they fully understand. Principal risks inherent in investing in the Covered Bonds under the Programme are set out in the section of this Prospectus entitled "*Risk Factors*" from page 21 of this Prospectus.

RISK FACTORS

Introduction

BNZ and the Covered Bond Guarantor (the latter, in relation to itself and the Covered Bond Guarantee only) believe that the following factors may affect their ability to fulfil their obligations under the Covered Bonds issued under the Programme. All of these factors are contingencies which may or may not occur and neither BNZ nor the Covered Bond Guarantor is in a position to express a view on the likelihood of any such contingency occurring.

BNZ and the Covered Bond Guarantor (the latter, in relation to itself and the Covered Bond Guarantee only) believe that the factors described below represent the principal risks inherent in investing in the Covered Bonds issued under the Programme, but the inability of BNZ or the Covered Bond Guarantor to pay interest, principal or other amounts on or in connection with any of the Covered Bonds may occur for other reasons which may not be considered significant risks by BNZ or the Covered Bond Guarantor based on information currently available to them or which they may not currently be able to anticipate. There may be other risks faced by BNZ or the Covered Bond Guarantor that are currently unknown or are deemed to be immaterial, but which may subsequently become known or material. These may individually or in aggregate adversely impact BNZ or the Covered Bond Guarantor. Accordingly, no assurances or guarantees of future performance, profitability, distributions or returns of capital are given by BNZ or the Covered Bond Guarantor.

Prospective investors should also read the detailed information set out elsewhere or incorporated by reference into this Prospectus and reach their own views prior to making any investment decision.

Investors should be aware that the materialisation of any of the below risks may adversely affect the value of any securities.

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

Risks Specific to BNZ

Set out below are the principal risks and uncertainties associated with BNZ and its controlled entities. It is not possible to determine the likelihood of these risks occurring with any certainty. However, the risk in each category that BNZ considers most material is listed first, based on the information known by BNZ at the date of this Prospectus, BNZ's best assessment of the likelihood of each risk occurring and the potential negative impact to BNZ should the relevant risk materialise. If one or more of these risks materialises, BNZ's reputation, strategy, business, operations, financial condition, and future performance could be materially and adversely impacted.

BNZ's risk management framework and internal controls may not be adequate or effective in accurately identifying, evaluating, or addressing risks faced by BNZ. There may be other risks that are unknown or deemed immaterial, but which may subsequently become known or material. These may, individually or in aggregate, adversely impact BNZ. Risks may also be interconnected, such that the occurrence or escalation of one risk may increase the likelihood or severity of other risks, and multiple risks may materialise concurrently. The combined effect of such risks may have a greater adverse impact on BNZ than if those risks were to materialise independently. Accordingly, no assurances or guarantees of future performance, profitability, distributions or returns of capital are given by BNZ.

Strategic Risk

Strategic risk is the risk to earnings, capital, liquidity, funding or reputation arising from an inadequate response to changes in the external environment and the risk of failing to properly consider downstream impacts and achieve effective outcomes when executing material change programmes.

Strategic initiatives may fail to be executed, may not deliver all anticipated benefits, or may otherwise change BNZ's risk profile

BNZ invests significant financial, human and technology resources in the execution of initiatives that are aligned to its agreed strategy. These initiatives focus on a broad range of areas including customers, technology, security, resilience, business improvement, scenario planning, culture and employees, regulatory compliance, Environmental, Social and Governance (**ESG**) matters, and associated changes to processes and controls. Many of these initiatives have, or may in the future have, dependencies on external suppliers, partners or other factors outside BNZ's control. There is a risk that these initiatives may not realise some or all of their anticipated benefits and outcomes or they could lead to conflicts between customer expectations and the need to comply with regulatory or legislative requirements. These initiatives may also increase operational, compliance, strategic and other risks, which may not be appropriately assessed or controlled.

Any failure by BNZ to deliver in accordance with its strategy or to execute delivery of strategic initiatives effectively may result in material losses to BNZ, reputational damage, breaches of law or obligations or a failure to achieve anticipated benefits and ultimately may materially and adversely impact BNZ's operations, financial performance and financial position.

BNZ faces a continually changing external environment

BNZ continues to operate in a dynamic and uncertain macroeconomic environment, which is being influenced by several factors, including geopolitical events, macro policy events, fiscal policy events and climate change. Elevated uncertainty and a changing social, macroeconomic and political environment may require BNZ to change certain business practices, such as with respect to supplier dependency and customer exposures or strategic initiatives, which may increase BNZ's costs or adversely affect its financial performance.

There continues to be competition across the core markets in which BNZ conducts business. BNZ faces competition from traditional financial services providers and other parties, including foreign banks, online banks and new market entrants, particularly non-bank competitors, such as financial technology companies and digital platforms. Some competitors have lower costs and have business models, technology platforms or products that differ from, or are more competitive than, those of BNZ. Additionally, some competitors are subject to less regulatory oversight, which may reduce their compliance costs and allow them to operate more efficiently.

Competition for customers and the industry's increasing use of brokers may lead to a reduction in profit margins and/or a loss of market share and risks the disintermediation of customer relationships. Intense competition increases the risk of additional price pressure, especially in more commoditised lines of business, such as home lending, where the providers with the lowest funding and operating costs may gain market share and industry profit pools may be eroded. The deposits and transactional banking market also remains competitive. Such factors may ultimately impact BNZ's financial performance and position, profitability and returns to investors.

Evolving industry trends, technological changes, the increasing adoption and sophistication of artificial intelligence (**AI**), and geopolitical and environmental factors have impacted and may continue to impact customer and other stakeholder needs and preferences along with shareholder expectations. The pace of change as it relates to AI presents both opportunities and risks for banks. Changes may occur suddenly and BNZ may not predict these changes accurately or quickly enough or have the resources and flexibility to adapt in

sufficient time to meet the needs and preferences of customers and other stakeholders and keep pace with competitors. These risks are heightened in the current context in which technology, including its impacts on the financial services industry, continues to evolve at a rapid pace. Additionally, it may not be possible for BNZ to meet the expectations of stakeholders regarding certain trends or factors when there are opposing expectations between different stakeholders.

Recent trends that may impact BNZ include:

- The rapid development and adoption of emerging technologies, including AI, may affect customer expectations and behaviours, competitive dynamics, operational models and the pace of change across the financial services industry. If BNZ does not anticipate or respond to these developments effectively, it may experience strategic disadvantage, reduced competitiveness, increased costs or adverse impacts on customer experience, operations or financial performance.

- The evolving and increasingly complex payments landscape, including the increasing use of digital payments, new payments infrastructures and emerging technology (including consumer adoption of stablecoins, cryptocurrencies, and other digital assets), and the shift away from traditional payment methods. Adapting to these changes may require expenditure by BNZ. If BNZ does not respond to changes in the payments landscape, it may experience strategic disadvantage, reduced competitiveness, increased costs or adverse impacts on customer experience, operations or financial performance.

- Globally, there are growing rates of climate-related litigation being taken against corporates. NZ could see more cases seeking to challenge claims, policies and settings and impose greater duties on corporates in relation to their contributions to climate change.

- The continued implementation of the Customer and Product Data Act 2025 in the NZ banking sector, which establishes a consumer data right (**CDR**) in NZ. The CDR seeks to increase competition and innovation between service providers by mandating and standardising the sharing of certain consumer and business customer data and data relating to their products and services. Where large global technology companies choose to participate in the CDR, there is potential for these companies to access more data which may increase their competitiveness including in other sectors, such as financial services.

Risks may arise from pursuing acquisitions and divestments

BNZ regularly considers a range of corporate opportunities, including acquisitions, divestments, joint ventures, and investments.

The pursuit of corporate opportunities inherently involves transaction risks, including the risk that BNZ overvalues an acquisition or investment or undervalues a divestment, as well as exposure to reputational damage or regulatory intervention. BNZ may encounter difficulties in integrating or separating businesses, including failure to realise expected synergies, disruption to operations, diversion of management resources, increased conduct risk, or higher than expected costs. These risks and difficulties may ultimately have an adverse impact on BNZ's financial performance and position.

BNZ may incur unexpected financial losses following an acquisition, joint venture or investment if the business it invests in does not perform as planned, if customers, employees and supplier relationships are not retained as expected, or if the business causes unanticipated changes to BNZ's risk profile.

BNZ may continue to have exposure to a counterparty in relation to an acquisition or a divested business, following completion. These ongoing exposures may have an adverse impact on BNZ's business and financial performance.

BNZ is part of a larger business group, and decisions by that larger business group, or any financial or reputational damage to that larger business group, may adversely impact BNZ's business, financial condition, liquidity, results of operations and prospects

As BNZ is part of the NAB Group, it may be impacted by the decisions made by, or events that affect, NAB and its consolidated subsidiaries (the **NAB Group**), as well as any financial or reputational damage by virtue of its association with the NAB Group. If financial resources are withdrawn by the NAB Group, or the NAB Group makes a business, governance, personnel or corporate decision or is subject to actions, such as regulatory actions, that are not in BNZ's interests, this may adversely affect BNZ's business, financial condition, liquidity, results of operations and prospects. In addition, the reputational consequences of the occurrence of a risk event within the NAB Group, for example, a major operational failure, may have a material impact on BNZ's business, financial condition, reputation, liquidity, results of operations and prospects. There is a risk that if a major operational failure occurred within the NAB Group, BNZ's existing business continuity plans, including those prepared under the RBNZ's Outsourcing Policy (**BS11**), may fail or be ineffective, which may, in turn, have a material impact on BNZ's financial performance and position.

Credit Risk

Credit risk is the risk that a customer will fail to meet their obligations to BNZ in accordance with agreed terms. Credit risk arises from both BNZ's lending activities and markets and trading activities.

Adverse business conditions and economic conditions across New Zealand may result in deterioration in BNZ's credit risk profile in the short-to-medium term, including through increases in defaulted loans

Adverse business conditions, including supply chain disruptions, labour constraints and rising input costs (including from volatile commodity and energy prices) may lead to increased strain across sectors. In parallel, sectors sensitive to discretionary consumer spending are particularly exposed to shifts in consumer confidence and behaviour resulting from rising household financial pressures. In NZ, adverse business and macroeconomic conditions and technological change may trigger an increase in unemployment rates, which may reinforce and sustain the already-elevated levels of unemployment.

Overall, the interplay of restrained productivity and challenging business conditions may increase credit risk and amplify the financial vulnerability of both households and businesses, leading to increased instances of bankruptcies, business failures and unemployment. These dynamics could lead to higher rates of credit losses for BNZ and reduced demand for BNZ's products.

In addition to these factors, constraints in gas supply have intensified and may continue to create upward pressure on energy costs, which have in the past and may continue to affect energy-intensive sectors such as manufacturing. As NZ's largest business bank, BNZ is particularly exposed to these developments, with many of its customers operating in industries directly affected by the energy markets.

Downturn in global macroeconomic conditions may impact negatively on BNZ's credit performance

As BNZ primarily conducts business in NZ, BNZ's performance is dependent principally on the performance of the economy in NZ. Levels of borrowing are heavily dependent on customer confidence, employment trends, market interest rates and other economic, business and financial market conditions and forecasts. Pressures on the global economy impacting on business conditions and potential structural changes in financial markets therefore pose a heightened level of credit risk for BNZ.

Political fragmentation and protectionist policies in some major economies have disrupted, and may continue to disrupt global trade activity. Tariff regimes and retaliatory trade measures have intensified trade tensions. Given the continued use of tariffs and trade restrictions as policy tools in major economies, further changes to tariffs or retaliatory trade restrictions, supply-chain rerouting and other barriers to trade may impact general

economic conditions including gross domestic product, business and consumer confidence and consumer discretionary spending, which could ultimately result in adverse outcomes for BNZ's customers. As an export-oriented economy, NZ is exposed to these disruptions. Customers engaged in global trade, commodity markets, and foreign exchange are also at risk, increasing the likelihood of credit losses for BNZ.

China is a key trading partner for NZ, and NZ's export income is materially exposed to developments in China's economic growth and trade policy settings. Structural challenges in China's economy, including prolonged weakness in domestic consumption, a multi-year deleveraging of the property sector and ongoing trade tensions with major economies such as the European Union and the United States, continue to present risks to global trade flows. Given the concentration of NZ exports in agriculture and commodities, adverse developments in China's economic conditions may have a disproportionate impact on these sectors. BNZ has a significant lending exposure to the NZ agricultural sector, and sustained economic headwinds in China may result in increased financial stress among affected customers, leading to elevated credit risk and higher default rates.

Elevated geopolitical tensions may adversely affect BNZ and further heighten credit risk

Geopolitical instability continues to affect BNZ's customers:

- Armed conflicts and geopolitical tensions have disrupted supply chains, posing risks to commodity prices and increasing financial market volatility. Further escalations or disruptions to the supply of oil, gas and other energy products into NZ may increase fuel prices and exacerbate inflationary pressures, adversely affect trade-exposed industries and increase the risk of customer defaults. These pressures could reduce household and business resilience and increase credit risk.

- Strategic tensions in the Asia-Pacific region, particularly involving the United States, China and regional alliances, are escalating. NZ's participation in security arrangements, such as the trilateral security partnership with Australia, the UK and the United States, increases the risk of trade restrictions from China, directly impacting its export sectors and BNZ's customer base.

- Disruptions to global trade routes and policies raise the risk of ongoing supply chain issues and possibly slower global economic growth, with direct consequences for BNZ's customers' operations and credit performance.

These risks are expected to persist, with potential implications for BNZ's credit exposure and financial performance. Broader economic conditions across NZ may also be impacted, elevating the risk of more widespread credit losses.

A decline in property market valuations may give rise to higher losses on defaulting loans

Residential housing loans and commercial real estate (**CRE**) loans in NZ constitute a material component of BNZ's total gross loans and acceptances. As a result, BNZ has elevated credit risk exposure to those markets.

Residential and commercial property markets in NZ are subject to cyclical fluctuations influenced by interest rate movements, economic conditions, taxation policies and structural changes in demand and supply.

Fluctuations in property prices, particularly in major cities such as Auckland and Wellington can impact the value of collateral held against loans. The CRE sector continues to experience divergent trends, with some segments benefiting from demand shifts while others undergo structural adjustment. A sustained decline in property market conditions may adversely affect development and construction activity, increasing financial stress across the broader property ecosystem.

When the value of residential real estate or CRE used as collateral (including in business lending) reduces below the value of the loan, BNZ is exposed to losses in the event of any customer default. The most significant impact in the event of default is likely to arise from customers with higher leverage positions, or where collateral values have deteriorated materially and there are no active forms of guarantees or insurance. This may, in turn, impact BNZ's financial performance and position.

Challenging conditions in the New Zealand agricultural sector may lead to rising customer defaults

BNZ has a large market share among lenders to the NZ agricultural sectors. These sectors may be negatively impacted by several factors, including:

- Vulnerability to labour constraints.
- Trade restrictions and tariffs.
- Volatility in commodity prices (particularly agricultural products).
- Higher critical input costs including fertiliser and fuel.
- Foreign exchange rate movements.
- Changes in consumer preferences and market access.
- Disease and introduction of pathogens and pests.
- Export and quarantine restrictions.
- Supply chain constraints and rerouting, together with increasing and potentially conflicting producer responsibility, traceability and transparency requirements.
- Extreme weather events (including substantial rainfall or drought).
- Expectations related to the management of nature-related risks.

These factors may result in increased losses to BNZ from customer defaults and ultimately may have an adverse impact on BNZ's financial performance and position.

Market Risk

Market risk is the risk that BNZ may suffer losses as a result of a change in the value of BNZ's positions in financial instruments, bank assets and liabilities or their hedges and valuation adjustments, due to adverse movements in market prices. Adverse price movements impacting BNZ may occur in credit spreads, interest rates, foreign exchange rates and commodity prices, particularly during periods of heightened market volatility or reduced liquidity. Market conditions continue to experience periods of volatility in response to an uncertain economic environment and elevated geopolitical risk.

The occurrence of any event giving rise to material market risk losses may have a negative impact on BNZ's financial performance and position.

BNZ is exposed to interest rate risk

BNZ's financial performance and capital position are impacted by changes in interest rates.

BNZ's trading book is exposed to changes in the value of securities and derivatives as a result of changes in interest rates. BNZ's trading book accumulates interest rate risk when BNZ provides interest rate hedging solutions for customers, holds interest rate risk in anticipation of customer requirements, or undertakes market-making activity in fixed income securities or interest rate derivatives.

Balance sheet and off-balance sheet items can create an interest rate risk exposure within BNZ. As interest rates and yield curves change over time, BNZ may be exposed to a loss in earnings and economic value due to the interest rate profile of its balance sheet. Such exposure may arise from a mismatch between the maturity profile of BNZ's lending portfolio compared to its deposit portfolio, capital base and other funding sources, as well as the extent to which lending and deposit products can be repriced should interest rates change. Impacts from this exposure can include changes in BNZ's net interest margin, movements in the value of BNZ's balance sheet and changes in regulatory risk-weighted asset requirements.

BNZ is exposed to credit spread risk

Credit spread risk is the risk that BNZ may suffer losses from adverse movements in credit spreads, including increases in credit spreads resulting from financial markets instability. This is a significant risk in BNZ's trading and banking books.

BNZ's banking book houses high-quality liquid assets (**HQLAs**) which form the majority of BNZ's liquidity portfolio required for managing BNZ's liquidity risk. BNZ is subject to credit spread risk through changes in spreads on its holdings of government, semi-government, financial institution and corporate securities. During periods of adverse credit spread movements, these positions can give rise to material volatility within BNZ's treasury portfolio which is captured either in profit and loss or reserves. Positions in residential mortgage-backed securities that arise through BNZ's warehousing, underwriting and syndication operations also form part of the banking book and are exposed to changes in credit spreads.

BNZ's trading book is exposed to credit risk movements in the value of securities and derivatives as a result of changes in the perceived credit quality of the underlying company or issuer. Credit spread risk accumulates in BNZ's trading book when it provides risk transfer services to customers seeking to buy or sell fixed income securities (such as corporate bonds). BNZ may also be exposed to credit spread risk when holding an inventory of fixed income securities in anticipation of customer demand or undertaking market-making activity (i.e., quoting buy and sell prices to customers) in fixed income securities. BNZ's trading book is also exposed to credit spread risk through credit valuation adjustments. A widening of credit spreads could negatively impact the value of the credit valuation adjustments.

BNZ is exposed to foreign exchange risk

Foreign exchange risks exist in BNZ's trading and banking books.

Foreign exchange and translation risks arise from the impact of currency movements on the value of BNZ's positions in financial instruments, profits and losses and assets and liabilities due to participation in global financial markets and international operations.

BNZ's financial statements are prepared and presented in New Zealand dollars unless otherwise stated, and any adverse fluctuations in the New Zealand dollar against other currencies in which BNZ invests or transacts and generates profits (or incurs losses), may adversely impact its financial performance and position.

BNZ is exposed to market risk should it be unable to sell down its underwriting risk

As a financial intermediary, BNZ may underwrite or guarantee different types of transactions, risks and outcomes, including the placement of listed and unlisted securities. The underwriting obligation or guarantee

may be over the pricing and placement of these securities, and BNZ may therefore be exposed to potential losses, which may be significant if it fails to sell down some or all of this risk to other market participants.

Capital, Funding and Liquidity Risk

BNZ is exposed to funding and liquidity risk

Liquidity risk is the risk that BNZ is unable to meet its financial obligations as they fall due. These obligations include the repayment of deposits on demand or at their contractual maturity, the repayment of wholesale borrowings and loan capital as they mature, the payment of interest on borrowings and the payment of operational expenses and taxes. In addition to RBNZ regulatory requirements, BNZ must also comply with Australian Prudential Regulation Authority (**APRA**) prudential and regulatory liquidity obligations as part of the NAB Group. A significant deterioration in BNZ's liquidity position for any reason may lead to an increase in BNZ's funding costs, constrain the volume of new lending or cause BNZ to breach its prudential or regulatory liquidity obligations. This may adversely impact BNZ's reputation and financial performance and position.

Funding risk is the risk that BNZ is unable to raise short- and long-term funding to support its ongoing operations, regulatory requirements, strategic plans and objectives. BNZ accesses domestic and global capital markets to help fund its business, along with using customer deposits. A significant deterioration in BNZ's ability to access these markets or of lenders to provide funding may adversely impact BNZ's reputation, financial performance and position. BNZ relies on offshore wholesale funding to support its funding and liquidity position. Periods of heightened market volatility and geopolitical factors may limit BNZ's access to this funding source. Disruption in the global capital markets, reduced investor interest in BNZ's securities for any reason and/or reduced customer deposits, may adversely affect BNZ's funding and liquidity position. This may increase the cost of obtaining funds, reduce the tenor or volume of available funds, impose unfavourable terms on BNZ's access to funds, constrain the volume of new lending or adversely affect BNZ's financial position.

BNZ's capital position may be impacted by prudential requirements and BNZ may face challenges in managing its capital position

Capital risk is the risk that BNZ does not hold an adequate level or composition of capital and reserves to capitalise on strategic opportunities, sustain day-to-day banking services or protect against unexpected losses. Capital is the cornerstone of BNZ's financial strength. It supports BNZ's operations by providing a buffer to absorb unanticipated losses from its activities.

BNZ is required by its prudential obligations to hold minimum levels of capital relative to the size of its balance sheet and its operational risk profile.

BNZ must comply with prudential requirements in relation to capital in NZ. Compliance with these requirements, and any further changes to these requirements may:

- Limit payment of dividends or distributions on shares and hybrid instruments.
- Require BNZ to raise more capital (in an absolute sense) or raise more capital of higher quality.
- Restrict balance sheet growth.

BNZ's capital ratios may be impacted by several factors including earnings, asset growth and quality, movements in BNZ's risk weighted assets (**RWAs**), changes in the value of the New Zealand dollar against other currencies to which BNZ has exposures, changes in business strategy or risk appetite and changes in regulatory requirements.

Key regulatory developments in the NZ regulatory capital framework include:

- Following the RBNZ's 2025 review of capital settings, changes for Group 1 deposit takers such as BNZ include a lower Common Equity Tier 1 (**CET1**) capital requirement of 12 per cent., a total capital requirement of 15 per cent., removal of Additional Tier 1 (**AT1**) capital instruments and the introduction of a 6 per cent. loss-absorbing capacity requirement, which may be met with Tier 2 capital. All Tier 2 and loss-absorbing capacity instruments are to be issued internally to the Australian parent bank, being NAB. The changes will span across a number of years. Revisions to introduce more granular risk weights under the RBNZ's standardised approach and removal of the ability to issue AT1 capital are effective from 1 October 2026. The detail behind transition arrangements for existing AT1 capital instruments and the new Tier 2 and loss-absorbing capacity framework remains subject to further consultation and final RBNZ decisions, with changes expected to take effect from December 2028. On 20 October 2026, the RBNZ opened consultation on six targeted changes to credit risk weights under the standardised approach. Any resulting changes are also expected to take effect from December 2028.

If the information or the assumptions upon which BNZ's capital requirements are assessed prove to be inaccurate, this may adversely impact BNZ's operations, financial performance and financial position.

A downgrade in BNZ's credit ratings or outlook may adversely impact BNZ's cost of funds and capital market access

Credit ratings are an assessment of a borrower's creditworthiness and may be used by market participants in evaluating BNZ and its products, services and securities. Credit rating agencies conduct ongoing review activities, which can result in changes to credit rating settings and outlooks for BNZ, or credit ratings of sovereign jurisdictions where BNZ conducts business. Credit ratings may be affected by operational and other market factors (e.g., ESG-related factors) or changes in any credit rating agency's rating methodologies.

A downgrade in the credit ratings or outlook of BNZ, BNZ's securities, any other member of the NAB Group or their securities, or the sovereign rating of one or more of the countries in which BNZ conducts business, particularly NZ, may increase BNZ's cost of funds or limit its access to capital markets. This may also cause a deterioration of BNZ's liquidity position and trigger additional collateral requirements in derivative contracts and other secured funding arrangements. A downgrade to BNZ's credit ratings relative to its peers may also adversely impact BNZ's competitive position and financial performance and position.

Technology and Information Security Risk

Technology and information security risk relates to the risks arising from the inappropriate use, management and protection of technology and information assets. Collectively, these risks can impact the confidentiality, integrity and availability of information and technology systems, and may result in operational disruption, financial loss, reputational damage or regulatory penalties.

Disruption to technology and services may adversely impact BNZ's reputation and operations

Many of BNZ's operations depend on technology and external service providers including financial market infrastructure such as systemically important payment systems, central counterparties and securities settlement facilities. Therefore, the financial strength, reliability, resilience, security, and performance of BNZ's and its external service providers' information technology systems, processes and infrastructure are essential to the effective operation of BNZ's business and consequently to its financial performance and position. The reliability, security and resilience of BNZ's technology and services have been, and may be, impacted by the complex technology environment and the selection of, concentration of and reliance on suppliers, including cloud service providers. Supplier failures, including disruption or control failures at external service providers, or an inability to restore or recover systems and data or readily substitute a supplier in acceptable timeframes

following severe but plausible technological disruptions to BNZ or its external service providers, may affect critical services or lead to a compromise of customer information (as noted under "*Information security, data and privacy breaches may adversely impact BNZ's operations and reputation"* below). These risks may also be amplified during periods of technology change, system implementation or transformation (including deployment of AI systems, as outlined under "*Operational Execution Risk*" below), process redesign and regulatory change across BNZ.

The rapid evolution of technology in the financial services industry and the increased expectations of customers for internet and mobile services on demand expose BNZ to a range of operational risks and may lead to increased costs. Any disruption to BNZ's technology, critical operations or services, or those of its external service providers, may be wholly or partially beyond BNZ's control and may result in operational disruption, regulatory enforcement actions, customer redress, litigation, financial losses, theft or loss of information or loss of market share or property, or may adversely impact BNZ's speed and agility in the delivery of change and innovation.

In addition, any such disruption may adversely affect the trust that internal and external stakeholders have in BNZ's ability to protect key information (such as customer and employee records) and infrastructure. This may in turn affect BNZ's reputation, which may result in loss of customers, ratings downgrades and regulatory censure or penalties.

Information security, data and privacy breaches may adversely impact BNZ's operations and reputation

BNZ collects, processes, stores and transmits large amounts of personal and confidential information through its people, internal technology systems and networks and through the technology systems and networks of its external service providers, including cloud service providers. This interconnected and complex environment heightens BNZ's exposure to information security risks, from both insiders and external threat actors. Threats to information security are constantly evolving in speed, scope and sophistication, including through the use of AI (as outlined under "*Operational Execution Risk*" below) and other emerging technologies, including quantum computing, whereby threat actors identify vulnerabilities, automate attacks, evade detection or increase the scale and effectiveness of cyber-attacks. Insiders, including employees, contractors or other personnel with legitimate access to BNZ's systems, data or facilities, or those of BNZ's suppliers, may intentionally or inadvertently compromise BNZ's information security. Intentional insider threats may include theft, fraud (as outlined under "*Financial Crime and Fraud Risk*" below), sabotage or unauthorised disclosure of confidential information, while inadvertent threats may arise from human error, failure to follow security protocols or susceptibility to social engineering or phishing attacks. The risk of insider threats may be heightened during periods of organisational change, workforce restructuring or increased reliance on external service providers. BNZ's ability to detect, prevent and respond to insider threats may not always be adequate to identify or prevent harmful conduct before it occurs.

BNZ may also fail to collect, use, disclose, retain or dispose of personal information appropriately, including where information is used for purposes that are not authorised, transparent or reasonably expected, or where access, consent, accuracy, retention or other privacy requirements are not adequately managed. This may result in customer or employee harm, loss of trust, regulatory action, remediation costs, litigation, financial loss or reputational damage.

There is a risk that BNZ's efforts to maintain and improve its technology systems, networks and information security policies, procedures and controls may not be adequate or adequately prioritised to address these threats. Remediation of weaknesses is sometimes difficult to complete in a timely manner due to the complex technology environment including that of BNZ's external service providers and the rapidly evolving nature of the threats, which leads to the continuing emergence of new vulnerabilities.

Failure to adequately address weaknesses identified in reviews, testing or through regulatory oversight activities, or to address root causes in an enduring and sustainable manner, may expose BNZ to significant

heightened risk. This may require BNZ to prioritise investment to address any such weaknesses, including those impacting operational resilience and information security. As cyber threats continue to evolve, BNZ may be required to expend significant additional resources to modify or enhance its layers of defence or to investigate or remediate any information security vulnerabilities.

BNZ may also not always be able to anticipate a security threat, or be able to implement effective information security policies, procedures, and controls to prevent or minimise the resulting damage. A successful cyber-attack could persist for an extended period before being detected and, following detection, it could take considerable time for BNZ to obtain full and reliable information about the cybersecurity incident and the extent, amount and type of information compromised. During an investigation, BNZ may not necessarily know the full effects of the incident or how to remediate it, and actions and decisions that are taken or made to mitigate risk may further increase the costs and other negative consequences of the incident. Moreover, BNZ may be required to disclose information about a cybersecurity event before it has been resolved or fully investigated.

BNZ may also inadvertently retain information, that is not specifically required or permitted by legislation, thus increasing the potential impact of a data breach or non-compliance. Additionally, BNZ uses select external providers (in NZ and overseas) to process and store confidential data and to develop and provide its technology services, including the use of cloud infrastructure. BNZ is limited in its ability to monitor and control the security protocols that service providers implement on a day-to-day basis. Control failures by these providers may expose BNZ and the data it stores to loss of confidentiality, integrity or availability.

BNZ may also submit confidential information to its key regulators under a legal obligation or as part of regulatory reporting that is stored and processed by the regulators. BNZ is limited in its ability to monitor and control the security protocols implemented by the regulators.

A breach of security within BNZ, or at any of these external providers or regulators may result in operational disruption, theft or loss of information, a breach of privacy laws, regulatory enforcement actions, civil penalties, customer or employee redress, litigation, financial losses, or loss of market share or property. This may be wholly or partially beyond the control of BNZ and may adversely impact its financial performance and position.

Operational Execution Risk

Operational execution risk is the risk of loss, business disruption, customer harm, adverse decisions, regulatory breaches or non-compliance arising from weaknesses, vulnerabilities or failures in the execution, operation or governance of BNZ's business services. This includes risks associated with transactions, processes, external service providers, statutory, tax and regulatory reporting, AI systems, third parties, models and people practices.

The increasing use of AI by external parties may amplify existing risks facing BNZ

The increasing availability, sophistication and adoption of AI, including agentic AI, by customers, competitors, external service providers, criminals and other threat actors may amplify existing risks facing BNZ, including technology, information security, fraud, scams, financial crime, conduct, operational, compliance, strategic and reputational risks. The increasing use of AI may also affect external services, systems or infrastructure on which BNZ or its customers depend, potentially amplifying existing technology, operational or other risks to BNZ. AI is being used and may increasingly be used by criminals and other threat actors to identify and exploit technology vulnerabilities, automate or scale fraud and scam activity, create synthetic identities or fraudulent documents, generate misleading communications, manipulate information or circumvent controls.

BNZ may not anticipate, detect or respond to these developments quickly or effectively enough or may need to make significant investment in capability, controls, monitoring, technology, data and specialist expertise to

manage these risks. Failure to respond appropriately may adversely impact BNZ's customers, operations, financial performance, regulatory standing, competitiveness or reputation.

BNZ may fail to adequately design, deploy, use or oversee AI systems across their lifecycle

BNZ uses, and may increasingly use, AI systems, including machine learning, generative AI and agentic AI, across customer, lending, operational, risk management, fraud detection, cybersecurity and technology environments. The design, deployment and use of AI systems may introduce or amplify risks where data, models, algorithms, assumptions, prompts, controls, human oversight, monitoring or governance arrangements are inadequate or ineffective.

AI systems may produce inaccurate, unreliable, biased, discriminatory, misleading or inappropriate outputs (including hallucinations) or may be used in ways that are inconsistent with their intended purpose or BNZ's policies, legal obligations, risk appetite or customer and community expectations, including through unauthorized use of AI tools. These risks may be heightened where AI systems are complex, opaque, rapidly evolving, deployed at scale across business processes, externally provided or embedded within third-party services, including where BNZ has limited visibility or control over their development, training data, testing or safeguards, while remaining accountable for outcomes arising from their use.

A failure to appropriately govern and control AI systems throughout their lifecycle, including through appropriate identification, validation, monitoring and human oversight, may result in customer harm, privacy or confidentiality breaches, unfair or inconsistent outcomes, operational disruption, regulatory non-compliance or enforcement action, litigation, remediation costs, financial loss or reputational damage.

BNZ may fail to appropriately manage data, privacy, intellectual property and third-party risks arising from AI

BNZ's use of AI systems may amplify privacy, information security and data breach risks and may involve the collection, processing, generation, storage or transmission of large volumes of customer, employee, confidential, proprietary or commercially sensitive information across BNZ's businesses, systems and external service providers. If AI systems, including those provided by external service providers, are not appropriately designed, configured, monitored or controlled, BNZ may be exposed to privacy, confidentiality, data quality, data lineage, information security, intellectual property, record keeping, explainability and accountability risks.

Inadequate management of data used by or generated through AI systems may lead to decisions informed by data that are inaccurate, incomplete, unavailable, not current or otherwise unfit for purpose. Failure to appropriately manage and maintain BNZ's data, including the use of data in a manner inconsistent with BNZ's obligations and values may also result in a loss of customer trust, reputational damage, operational disruptions, financial losses or regulatory action.

BNZ may also be exposed to risks where AI outputs are generated using data, content or intellectual property for which appropriate rights, permissions or controls are not in place, or where AI-generated outputs are relied on without appropriate review. These risks may result in breaches of law or regulatory obligations, infringement or misappropriation of third-party intellectual property rights, customer or employee harm, contractual disputes, regulatory enforcement, litigation, financial loss or reputational damage.

Complexity of processes, external service providers and models gives rise to significant risks to BNZ's operations

BNZ is reliant on its policies, processes, controls and infrastructure working as intended, and on external service providers effectively managing their own risks (including operational, economic, political and environmental risks) and delivering required services to BNZ. Failures in design, execution, oversight or

system availability, including in respect of new technologies such as AI, may significantly impact BNZ's operations, commitments to customers, financial performance and reputation and result in regulatory censure, enforcement or penalties.

Reputational damage may adversely impact BNZ, including, among other things, by impacting its ability to pursue new business opportunities, increasing the risk premium being applied to BNZ, and impacting the cost of funding BNZ's operations or its financial condition.

Models are used extensively in the conduct of BNZ's business, for example, in calculating capital requirements or customer compensation payments and in measuring and stress testing exposures. If the models used prove to be inadequate, or are based on incorrect or invalid assumptions, judgements or inputs, this may adversely affect BNZ's customers and BNZ's financial performance and position. In addition, if BNZ was found to have infringed or misappropriated a third-party patent or other intellectual property right, BNZ could, in some circumstances, be prohibited from providing certain products or services to its customers or from utilising and benefiting from certain methods, processes, copyrights, trademarks, trade secrets or licences.

BNZ is exposed to the risk of human error

BNZ's services, processes, controls and decisions rely on appropriate actions and inputs from its employees, agents and external service providers. BNZ relies on both automated and manual operational processes to deliver core services to customers and enabling services for BNZ that rely on human interaction and oversight. BNZ is exposed to operational risk due to human error in the performance of any of these processes, inadequate oversight or failure to follow required processes that could lead to adverse impacts to BNZ, including direct financial loss, loss of customer, employee or commercially sensitive data, transaction or reporting errors, operational disruption, customer harm, regulatory breaches and penalties, and reputational damage.

BNZ may not be able to attract and retain suitable talent

BNZ is dependent on its ability to attract and retain executives, employees and Board members with the expertise required to govern and execute BNZ's strategy, which includes its technology transformation agenda. BNZ also relies on specialist technical capabilities and appropriate human judgement to manage key operational, compliance and other risks, and to adapt to changing customer, regulatory and industry requirements.

Potential weaknesses in employment practices, including diversity, anti-discrimination, workplace flexibility, payroll, management and compliance, workplace health and safety and employee wellbeing together with a competitive labour market for critical skills, are sources of operational risk that can impact BNZ's ability to attract and retain qualified personnel with the requisite knowledge, skills and capability. Psychosocial risk (including risks arising from workplace factors such as customer aggression, workload issues or poor change management) is an area of ongoing regulatory scrutiny and reputational risk and may adversely impact BNZ's ability to attract and retain talent. In addition, BNZ may face risks arising from disputes with employee representative bodies and unions, including collective bargaining challenges or regulatory scrutiny relating to employment practices. Such disputes may result in financial costs, operational disruption and reputational harm, and could adversely impact BNZ's relationship with its workforce and its ability to attract and retain talent.

BNZ's capacity to attract and retain key talent also depends on its ability to adequately and appropriately respond to changes (internal or external) as well as design and implement effective remuneration and talent structures.

The market for key executives, employees and Board members with the skills required by BNZ is highly competitive both domestically in NZ and offshore. Significant organisational change or workforce reshaping, the unexpected departure of key personnel, or challenges in attracting and retaining suitably qualified

individuals may result in the loss of critical skills, capability, capacity or institutional knowledge and may adversely affect BNZ's operational effectiveness, strategic execution, customer experience and stakeholder confidence. These talent-related risks may also extend to external service providers, including offshore vendors, who may be facing similar workforce constraints.

External events may adversely impact BNZ's processes, people and material service providers

BNZ has branches and office buildings in NZ. It is dependent on material service providers located globally. These locations may be impacted by climatic, biological, political, geopolitical or geological events such as flooding, epidemics, earthquakes, terrorism, armed conflict and government policies. Such events may have a material impact on BNZ's operations, for example, through interruption of global supply chains, communications, availability of talent, property damage, business disruption and the security and continuity of BNZ's operations. In addition, if BNZ is unable to manage the impacts of such external events, it may compromise BNZ's ability to provide a safe workplace for its personnel and/or lead to reputational damage.

BNZ may fail to comply with its reporting requirements where errors or omissions are identified in its regulatory submissions, financial statements or sustainability-related disclosures

BNZ is subject to extensive and evolving statutory, regulatory and tax reporting obligations. These obligations require accurate and timely submission of complex reports, often sourced from multiple systems and subject to interpretation under various regulatory frameworks. BNZ relies on its policies, processes and controls to ensure reporting outcomes are complete, accurate and compliant with applicable standards.

Failure to submit accurate and timely reports can lead to regulatory financial penalties, enforcement actions, or loss of customers', investors' and other stakeholders' trust. In addition, remediation efforts may require significant investment in systems and controls and may divert resources from strategic initiatives.

Preparation of BNZ's financial statements and mandatory sustainability-related disclosures involves the application of significant judgement, estimates and assumptions in respect of relevant accounting policies, disclosure requirements and reporting frameworks. If these judgements, estimates and assumptions are found to be incorrect, BNZ may incur losses beyond those anticipated or provided for, or suffer regulatory scrutiny, financial loss or reputational damage.

Financial Crime and Fraud Risk

Financial crime risk, including fraud risk, is the risk of deliberate or opportunistic acts intended to deceive, misappropriate assets, or circumvent legal, regulatory and policy-based requirements designed to prevent, detect and respond to criminal misuse of the financial system. This includes internal and external threats such as money laundering, terrorist financing, proliferation financing, bribery and corruption, sanctions violations, and fraud (including scams) targeting BNZ, its customers or its systems.

BNZ may be exposed to bribery, corruption or financial crime through its products, services or operations or may be involved in a breach or alleged breach of financial crime laws, regulations or internal policies

BNZ is exposed to financial crime risk through the customers it banks, products it offers, channels through which it provides services, where it conducts business, and its employees, service providers and other parties. Financial crime may result in harm to customers and the community and expose BNZ to financial loss, operational disruption and reputational damage. BNZ is subject to evolving anti-money laundering and countering financing of terrorism (**AML/CFT**), anti-bribery and anti-corruption (**ABC**) and financial sanctions requirements and associated risks where it conducts business. BNZ's ability to manage financial crime risk effectively depends on maintaining robust governance, risk management and control frameworks that can identify, assess and respond to existing and emerging threats. Where controls, oversight or remediation

activities are inadequate or ineffective, BNZ may also be exposed to regulatory scrutiny or enforcement, financial penalties and reputational damage.

Sanctions risks are heightened by the expansion of economic sanctions and export controls arising from ongoing geopolitical conflicts, increasing regulatory expectations concerning export control due diligence and attempts by sanctioned parties to evade or circumvent sanctions and export controls. These risks may be compounded by conflicting requirements across jurisdictions, including expanded measures adopted by the United States, the United Kingdom and European Union targeting 'third-country' entities and China's counter-sanctions measures. Failure to comply with sanctions regulations could cause customer harm, financial losses, regulatory scrutiny and penalties, and reputational harm.

BNZ has reported a number of potential AML/CFT compliance issues to the RBNZ and has responded to a number of requests from the RBNZ requiring the production of documents and information. BNZ continues to investigate and remediate a number of potential AML/CFT compliance issues. As this work progresses, further compliance issues may be identified and reported to the regulator, and additional uplifting and strengthening of BNZ's systems and processes may be required. The potential outcome and total costs associated with the investigation and remediation process remain uncertain. The responsibility for AML/CFT regulatory oversight transitioned from the RBNZ to the Department of Internal Affairs (**DIA**) on 1 July 2026. BNZ's engagement with DIA has increased and will continue to increase, and while its AML/CFT supervision is expected to align with prior RBNZ settings, there is a risk that its supervision approach and expectations may change. BNZ anticipates increased anti-money laundering and counter-terrorism financing (**AML/CTF**) related oversight from the Australian Transaction Reports and Analysis Centre (**AUSTRAC**) as part of its supervision of the NAB Group.

A negative outcome arising from any breach and regulatory investigation may adversely impact BNZ's reputation, business operations, financial performance and position.

Refer to '*Notes to the Financial Statements—Note 31—Contingent Liabilities and Other Commitments*' on pages 59 to 60 of the 2026 Disclosure Statement, which is incorporated by reference in this Prospectus, for more information.

BNZ is exposed to increasing risks associated with fraud and scams

Fraud and scams continue to create significant challenges for the financial services industry and its customers. These criminal acts may involve the exploitation of banking products, telecommunications services and digital platforms, particularly social media. In recent years, the financial services industry has come under increasing pressure from governments, regulators, media and consumer groups to do more to protect customers from scams. A number of key industry initiatives underway in the NZ retail banking industry will support a co-ordinated, multi-sector approach to protecting New Zealanders from fraud and scams. Given the considerable growth in both industry and customer losses from scams and fraud, the potential costs associated with actual or perceived control failures and the transferral of risk from the customer may be significant and may have a material impact on BNZ's reputation.

The increasing availability and sophistication of AI may accelerate and increase the scale of fraud and scam activity, including by enabling criminals to create more convincing synthetic identities, fraudulent documents, impersonations and misleading communications. This may make fraud and scams more difficult to detect and prevent, reducing the effectiveness of BNZ's existing controls.

BNZ faces fraud and scam risks through its interactions with customers and service providers and through the actions of trusted insiders. Insiders may commit criminal acts against BNZ or its customers, use BNZ's products, systems or knowledge to facilitate criminal activity, or collaborate with organised criminal groups.

Organised criminal groups may coordinate large-scale fraud across multiple financial institutions, including through false or misleading loan applications, shell companies, compromised insiders and professional facilitators. Lending products and property transactions may be used to generate, move, conceal or legitimise criminal proceeds, and BNZ may not identify or prevent these activities sufficiently quickly or effectively.

Fraud and scams may expose BNZ to financial loss, customer and community harm, reputational damage, and adverse regulatory action. In some cases, BNZ may be held liable for losses incurred by customers. These risks may adversely impact BNZ's financial performance and position and erode customer trust and confidence.

Sustainability Risk

Sustainability risk is the risk that ESG-related events or conditions arise that could negatively impact the sustainability, resilience, risk and return profile, value or reputation of BNZ or its customers and suppliers or its ultimate parent company.

Physical and transition risks arising from climate change, other environmental impacts and nature-related risks may lead to increasing customer defaults and a decrease in the value of collateral

Extreme weather, increasing weather volatility and longer-term changes in climatic conditions, as well as environmental impacts and other nature-related risks may affect water security and property and asset values or cause customer losses due to damage, crop losses, existing land use ceasing to be viable and/or interruptions to, or impacts on, business operations, supply chains or market access and may result in increases in BNZ's expected credit losses, provisioning and defaulted exposures. NZ has experienced severe weather events, including drought conditions, cyclones and floods, in recent years, and may continue to be affected by extreme weather events. The rising severity and prevalence of these events pose a future risk to the credit portfolio.

The impact of climate and nature-related risks, such as biodiversity loss and ecosystem degradation can take time to be fully realised and can be widespread, extending beyond households, businesses and primary producers in highly impacted areas, to supply chains in other cities and towns relying on agricultural and other products from within these areas. The impact of these losses on BNZ may be exacerbated by a decline in the value and liquidity of assets held as collateral and the extent to which these assets are insured or insurable and such insurance is available and affordable, which may impact BNZ's ability to recover its funds when loans default.

Climate-related transition risks are increasing as economies, governments and companies seek to transition to low-emissions and renewable alternatives and adapt to climate change. Together with changes in energy costs, market access and other forms of transition risk, these risks may result in increased losses from customer defaults or decreased valuations. Some of BNZ's customers and external service providers may be adversely impacted.

Decreasing investor appetite and customer demand for carbon intensive products and services, emerging requirements of sustainable finance taxonomies, increasing climate-related litigation, and changing regulations and government policies designed to mitigate environmental impacts such as climate change, may adversely impact BNZ's customers or products or services that serve those customers. Furthermore, management of transition risk is made more challenging due to the presence of social risks such as modern slavery in relevant supply chains (e.g., input materials and equipment required to support the low carbon transition).

These risks may increase expected and actual levels of customer defaults in the short, medium and long term, thereby increasing the credit risk facing BNZ and adversely impacting BNZ's financial performance and position, profitability and returns to investors.

The impacts associated with climate-related legislative and regulatory initiatives and customer requirements and the transition to a low carbon economy, including meeting new regulatory expectations, retrofitting of

assets, energy efficient and low carbon investments, purchasing carbon credits or paying carbon taxes, may result in operational changes and additional expenditures that could adversely affect BNZ and/or its customers.

BNZ, its customers or its suppliers may fail to comply with legal, regulatory or voluntary standards or broader community and stakeholder expectations concerning ESG risk performance

Management of ESG issues is subject to legal, regulatory, voluntary, and prudential standards and community and stakeholder expectations that continue to change in scope, detail and levels of participation across industries, markets and geographies. Moreover, differing stakeholder perspectives regarding sustainability, including views about climate, nature and human rights impacts, have affected and may continue to affect BNZ's business activities, and increase the scrutiny and complexity of compliance requirements.

ESG due diligence requirements are becoming mandatory, placing additional demands on BNZ's processes and capability to manage, monitor and address ESG risks.

BNZ may suffer adverse impacts including litigation, fines, penalties, remedial costs, inability to attract or retain talent and reputational damage, if it does not, or is perceived not to, effectively prepare for or manage the potential risks and opportunities associated with ESG issues or comply with ESG standards, requirements and voluntary commitments. These adverse impacts may arise from issues including, but not limited to, climate change, biodiversity loss and ecosystem degradation, invasive species, pollution, human rights and modern slavery, fair working conditions, unfair and inequitable treatment of people including discrimination, product responsibility, appropriate remuneration, Māori customary rights and cultural heritage, animal welfare, bribery and corruption, tax avoidance, greenwashing and greenhushing and other false or misleading environmental or sustainability claims, cross-industry collaboration practices, poor governance, lack of transparency and supply chain traceability. ESG-related risks are complex and continue to evolve, as does their interaction with other risk factors relevant to BNZ.

Regulators in NZ continue to focus on ESG-related regulatory requirements, including strengthening requirements and guidance relating to sustainability-related disclosures and governance practices, and greenwashing. As the focus and intensity of regulatory priorities continue to develop, BNZ may require significant ongoing investment in processes, controls, technical expertise, systems and data or may suffer adverse impacts, including litigation, fines, penalties, remedial costs and reputational damage from a failure to meet the required standards.

Physical and transition risks associated with climate change have led to regulatory change in NZ, such as the changes to the Climate Change Response Act 2002, which commit NZ to a net zero carbon economy by 2050 or sooner. This regulatory change may disrupt the operations of BNZ's customers involved in a wide range of sectors and industries, and may impact the wider NZ economy. As NZ transitions to a net zero carbon economy, there is a risk that an increase in adoption of emission-reducing technology, changes to farming and manufacturing practices, changes to insurance practices, tax changes and revised land use regulation may impact collateral values. Changing physical conditions may also reduce the ability of businesses to service loans. Participants in the agricultural sector are particularly vulnerable including businesses in their supply chains. NZ could also see damage to its natural assets that may reduce tourism income. These risks may lead to changes to BNZ's operations, strategy and risk profile, which may adversely impact BNZ's financial performance and position.

In NZ, the Financial Markets Conduct Act 2013 requires mandatory climate-related reporting by certain "climate reporting entities", which includes large banks. BNZ is required to annually prepare and make public climate statements with disclosures on how BNZ is considering climate-related risks and opportunities over the short, medium and long term, in accordance with the Aotearoa New Zealand Climate Standards.

Conduct Risk

Conduct risk is the risk of failing to act in a customer's best interests, or in accordance with market integrity standards or codes of conduct.

BNZ is reliant on its employees, contractors and external suppliers to avoid customer harm and maintain appropriate market conduct

BNZ relies on its employees and contractors to put customers at the centre of the design and maintenance of its products and processes. Decisions made by employees, contractors and suppliers can lead to customer harm, financial loss and detriment, as well as undermine market integrity. The actions that could expose BNZ to conduct risk include:

- Failure to design products and services that are suitable, transparent, accessible and easy for BNZ's customers, including customers experiencing vulnerability, to understand and access.
- Failure to design policies and procedures that adequately articulate and drive appropriate standards of customer care.
- Failure to identify and adequately manage conflicts of interest.
- Ineffective learning and competency training requirements, or non-adherence to those requirements.
- Selling, providing or unduly influencing customers to purchase or receive products or services that may not meet their existing needs or that place the customer at risk of future hardship.
- Making representations to customers about products or services of BNZ which are inaccurate, misleading or deceptive, including representations which may mislead customers about the extent to which BNZ's practices are environmentally friendly, sustainable or ethical.
- Failure to identify and appropriately manage customer communications, hardship cases and debt collection.
- Failure to resolve issues and remediate customers in a timely manner and in accordance with community expectations.
- Failure to deliver on product and service commitments.
- Failure to remediate ineffective business processes and stop the recurrence of issues in a timely manner.
- Failure to act in accordance with its Code of Conduct or Financial Markets Conduct Policy.

A failure of BNZ's conduct-related controls to accurately reflect relevant legal, regulatory or community expectations may adversely impact BNZ's reputation, financial performance and position, profitability, operations and returns to investors and can result in adverse impacts such as customer harm, financial loss, suspension of or amendments to licence conditions, unenforceability of terms, litigation and increased supervision, oversight or enforcement by regulators.

Compliance Risk

Compliance risk is the risk of failing to comply with relevant laws, regulations, licence conditions, supervisory requirements, self-regulatory industry codes of conduct or voluntary initiatives as well as the internal policies, standards, procedures or frameworks that support fair and equitable treatment of customers.

BNZ may fail to comply with applicable laws and regulations which may expose BNZ to increased regulatory intervention, significant compliance and remediation costs, and regulatory enforcement action or litigation, including representative actions

BNZ is highly regulated and subject to a number of regulatory regimes which differ across the jurisdictions in which it conducts its own business or has some connection through being a member of the NAB Group.

Ensuring compliance with all applicable laws is complex. There is a risk BNZ will be unable to implement adequate compliance arrangements, including processes and controls required by relevant laws and regulations in a timely manner, or that BNZ's compliance arrangements will prove to be inadequate or ineffective in ensuring compliance. There is also a potential risk of misinterpreting or misapplying new or existing laws, regulations or statutory instruments and of being unable to comply with detailed data requests from various regulators, including in respect of data collected from customers or in respect of employees, if data is inaccurate or incomplete.

There are significant costs associated with the systems, processes, controls and personnel required to comply with applicable laws and regulations. Such costs may negatively impact BNZ's financial performance and position. Any failure to comply with relevant laws and regulations may have a negative impact on BNZ's reputation and financial performance and position, and may give rise to representative actions, litigation or regulatory enforcement, which may in turn result in the imposition of civil or criminal penalties, or additional regulatory capital requirements, on BNZ.

Potential weaknesses in employment practices, including anti-discrimination and workplace health and safety are areas of regulatory and reputational risk. In addition, there are also risks associated with BNZ's compliance with NZ workplace laws and its obligations to employees under those laws and contractual agreements with its employees. Any instances of non-compliance could result in remediation costs, reputational damage, enforcement or other legal action. Employment practices may become subject to heightened public scrutiny, either generally or following a specific adverse event, or because of activism by employees, unions or special interest groups.

BNZ has been, and may continue to be, involved from time to time in regulatory enforcement and other legal proceedings arising from the conduct of its business. Such matters have resulted, and may continue to result in penalties, customer remediation, legal and compliance costs, operational changes and reputational harm. There is inherent uncertainty regarding the possible outcome of any legal or regulatory proceedings involving BNZ. It is also possible that representative actions, regulatory investigations, compliance reviews, civil or criminal proceedings or the imposition of new licence conditions or regulatory capital requirements could arise in relation to known matters or other matters of which BNZ is not yet aware. The aggregate potential liability and costs associated with pending or future regulatory actions and legal proceedings cannot be estimated with any certainty and could materially and adversely affect BNZ.

The initiation or ongoing conduct of regulatory investigations or litigation involving BNZ, as well as any negative outcome from such matters may impact BNZ's reputation, divert management time from operations and affect BNZ's financial performance and position. Refer to '*Notes to the Financial Statements—Note 31—Contingent Liabilities and Other Commitments*' on pages 59 to 60 of the 2026 Disclosure Statement, which is incorporated by reference in this Prospectus, for details in relation to BNZ's contingent liabilities which may impact BNZ.

Extensive regulatory change poses a significant risk to BNZ

Globally, the financial services and banking industries are subject to significant and increasing levels of regulatory change, reviews and political scrutiny, including in NZ. Changes in government policy, legislation and regulation affecting the banking industry may be introduced. Such changes could alter the competitive landscape in which BNZ operates, and may include increased compliance obligations and costs or the imposition of new taxes or levies. Any such changes may adversely impact BNZ's financial performance and position. BNZ's response to regulatory changes may result in significant capital and compliance costs, changes to BNZ's corporate structure and increasing demands on management, employees and information technology systems. This may also impact the competitiveness of BNZ in certain areas of its business or the viability of BNZ's participation in certain markets or require changes to, or the divestment of, a part of BNZ's business. The pace, volume and complexity of change may also expose BNZ to the increased risk of failure to adequately identify or comply with all applicable regulatory changes. New laws and regulations or changes to existing laws and regulations or their interpretation and application can be unpredictable, are beyond BNZ's control and may not be harmonised across the jurisdictions in which BNZ conducts business or has some connection through being a member of the NAB Group.

The NZ Government and its agencies, including the RBNZ and the Financial Markets Authority, have supervisory oversight of BNZ, as does APRA, through its supervisory oversight of the NAB Group. If APRA is not satisfied with the risk management practices and standards at an overseas banking group subsidiary, or with its compliance arrangements in relation to applicable APRA standards, it can direct a parent bank to take action to ensure that those subsidiary practices and/or arrangements are improved. BNZ expects a continued increase in regulatory focus on capital and liquidity requirements, macro-prudential tools, customer outcomes and other aspects of its business that may impose increased regulatory burdens. BNZ's failure to comply with applicable laws, regulations or codes of practice could result in the imposition of sanctions by agencies or compensatory action by affected persons, and could damage BNZ's reputation and financial performance and position.

BNZ is a registered bank under the Banking (Prudential Supervision) Act 1989 (**BPS Act**) and is supervised by the RBNZ. BNZ is subject to conditions of registration imposed by the RBNZ (**Conditions of Registration**). The Conditions of Registration may be changed at any time and any changes may be beyond BNZ's control. If the RBNZ concluded that BNZ did not satisfy the Conditions of Registration, sanctions could be imposed on BNZ. These sanctions could include disclosure of the breach, increases in required levels of capital, fines, additional limitations on the conduct of BNZ's business and, in the case of a material breach or breaches, cancellation of BNZ's registration as a bank or a recommendation that BNZ be placed under statutory management (see also the section of this Prospectus entitled "*Risk Factors – Covered Bondholders may be prevented from enforcing rights in connection with the Covered Bonds where BNZ has been placed into statutory management*"). In addition, the RBNZ could require BNZ to take additional steps and incur additional expense to comply with the Conditions of Registration.

Further inquiries and regulatory reviews impacting the financial services industry may be commissioned by the NZ Government, which, depending on its scope, findings and recommendations, may adversely impact BNZ.

Operationalising large volumes of regulatory change presents ongoing risks for BNZ. Examples of key specific reviews and regulatory reforms currently relevant to BNZ, and which present a potential material regulatory risk include those set out below:

- The NZ Government has undertaken a comprehensive review of the RBNZ's legislative framework. Changes that relate to the regulation of deposit takers are provided for in the Deposit Takers Act 2023 (the **DT Act**). The DT Act will create a single regulatory regime for all banks and non-bank deposit taking (**NBDT**) institutions (such as building societies and finance companies) and will

make changes to the NZ bank crisis resolution framework. Until the DT Act comes fully into force, the current regulatory framework for banks will continue under the BPS Act.

- The RBNZ is consulting on the modernisation of NZ's retail payment system. Depending on the outcome and implementation of this work, BNZ may be required to make significant changes to its payments infrastructure, technology platforms, operating models and industry arrangements, increasing implementation, operational resilience, compliance and conduct risks for BNZ.

- Increasing divergence in sustainability and climate-related disclosure requirements and expectations across jurisdictions may lead to complexity and give rise to risks associated with meeting compliance requirements and stakeholder expectations. The management of ESG risk is a significant and emerging area of focus for financial regulators. Additionally, modern slavery legislation is evolving and increasing with a Modern Slavery Bill progressing through the parliamentary process in NZ. The emerging and increasing nature of these requirements, and the lack of robust and mature data, particularly in areas like nature and modern slavery-related disclosures, may also contribute to disclosure risks.

The full scope, timeline and impact of current and potential inquiries, reviews and regulatory reforms, including those mentioned above, and how they will be implemented (if at all in some cases), is not known.

Depending on the specific nature of the regulatory change requirements and how and when they are implemented or enforced, they may have an adverse impact on BNZ's business, operations, structure, compliance costs or capital requirements, and ultimately its competitiveness, reputation, financial performance, or financial 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

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

Subsequent to an Issuer Event of Default, the Bond Trustee at its discretion may, and if so requested in writing by the holders of at least 25 per cent. of the NZ Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds then outstanding or if so directed by an Extraordinary Resolution of the Covered Bondholders shall, give an Issuer Acceleration Notice to the Issuer that as against the Issuer (but not, for the avoidance of doubt, as against the Covered Bond Guarantor) each Covered Bond shall thereupon immediately become due and repayable at its Early Redemption Amount together with accrued interest.

Upon the Covered Bonds becoming immediately due and repayable against the Issuer, the Bond Trustee shall forthwith serve a Notice to Pay on the Covered Bond Guarantor 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. The Covered Bond Guarantor will have no obligation to pay the Guaranteed Amounts payable under the Covered Bond Guarantee prior to receipt of an Issuer Acceleration Notice and Notice to Pay (provided a Covered Bond Guarantor Event of Default has not occurred).

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

Covered Bond Guarantor's obligations in respect of additional amounts

All payments of principal and interest (if any) in respect of Covered Bonds by the Covered Bond Guarantor will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges unless 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. In addition, the Covered Bond Guarantor will not be obliged at any time to make any payments in respect of additional amounts which may become payable by the Issuer under Condition 7 (*Taxation*). 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.

Covered Bond Guarantor's failure to pay

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 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 and/or the commencement of winding up proceedings against the Covered Bond Guarantor, the Security Trustee may enforce the Security over the Charged Property. The proceeds of enforcement and realisation of the Security shall be applied by the Security Trustee in accordance with the Post-Enforcement Priority of Payments in the Security Deed, and Covered Bondholders will receive amounts from the Covered Bond Guarantor on an accelerated basis.

There is no guarantee that the Covered Bond Guarantor will be able to satisfy its obligations to make payments under the Covered Bond Guarantee. Should the Covered Bond Guarantor be unable to meet the claims of Covered Bondholders under the Covered Bond Guarantee, the interests of Covered Bondholders may be adversely affected and Covered Bondholders may not receive payment in full of all amounts due in respect of the Covered bonds held by them.

Excess Proceeds received by the Bond Trustee

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

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

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

Following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice on the Issuer, all amounts payable under the Covered Bonds will be accelerated by the Bond Trustee as against the Issuer and a Notice to Pay will be served by the Bond Trustee on the Covered Bond Guarantor. The Covered Bond Guarantor's ability to meet its obligations under the Covered Bond Guarantee will depend on: (i) the realisable value of Selected Mortgage Loans and the Related Security in the Mortgage Loan Portfolio; (ii) the amount of Mortgage Loan Revenue Receipts and Mortgage Loan Principal Receipts generated by the Mortgage Loan Portfolio and the timing thereof; (iii) amounts received from the Swap Providers; (iv) the realisable value of Substitution Assets and Authorised Investments held by it and; (v) the receipt by it of credit balances and interest on credit balances on the GIC Account. Recourse against the Covered Bond Guarantor under the Covered Bond Guarantee is limited to the aforementioned assets and the Covered Bond Guarantor will not have any other source of funds available to meet its obligations under the Covered Bond Guarantee.

If a Covered Bond Guarantor Event of Default occurs and the Security created by or pursuant to the Security Deed is enforced, the realisation of the Charged Property may not be sufficient to meet the claims of all the Secured Creditors, including the Covered Bondholders.

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

Covered Bondholders should note that the Asset Coverage Test has been structured to ensure that the Adjusted Aggregate Mortgage Loan Amount is an amount at least equal to the NZ Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds for so long as Covered Bonds remain outstanding, which should reduce the risk of a shortfall (although there is no assurance of this – in particular, the sale of further Mortgage Loans and Related Security by the Seller to the Covered Bond Guarantor may be required to avoid or remedy a breach of the Asset Coverage Test).

The Covered Bond Guarantor will be required to ensure that, following the service of a Notice to Pay on the Covered Bond Guarantor (but prior to the enforcement of the Security in accordance with the Security Deed), the Amortisation Test is met on each Calculation Date. A breach of the Amortisation Test will constitute a Covered Bond Guarantor Event of Default and will entitle the Bond Trustee to serve a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer. The Asset Coverage Test, the Amortisation Test, the Interest Rate Shortfall Test, the Yield Shortfall Test and the Pre-Maturity Test have in the aggregate been structured to ensure that the Asset Pool is sufficient to pay amounts due on the Covered Bonds and senior expenses (which will include costs relating to the maintenance, administration and winding-up of the Asset Pool whilst the Covered Bonds are outstanding). However no assurance can be given that the Asset Pool will in fact generate sufficient amounts for such purposes (see "*Overview of the Principal Documents – Establishment Deed – Asset Coverage Test*" and "*Credit Structure – Asset Coverage Test*", "*Overview of the Principal Documents - Establishment Deed - Amortisation Test*" and "*Credit Structure - Amortisation Test*", "*Overview of the Principal Documents – Servicing Agreement – Interest Rate Shortfall Test and Yield Shortfall Test*", "*Overview of the Principal Documents – Establishment Deed – Pre-Maturity Test*" and "*Credit Structure – Pre-Maturity Test*").

Reliance of the Covered Bond Guarantor on third parties

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

(a) the Servicer has been appointed to administer and service the Mortgage Loans in the Mortgage Loan Portfolio and to provide the Asset Registry Services on behalf of the Covered Bond Guarantor and to provide certain other administration and management services to the Covered Bond Guarantor pursuant to the provisions of the Servicing Agreement;

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

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

(d) the Asset Monitor has been appointed to report on the accuracy of the Calculation Manager's calculations, the maintenance by the Servicer of the Asset Register and its compliance 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; and

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

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

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

The Servicer is required to act as collecting agent for the Covered Bond Guarantor in respect of Mortgage Loan Scheduled Payments made by a Borrower. If the Servicer receives, during a Calculation Period, any money whatsoever arising from the Mortgage Loans in the Mortgage Loan Portfolio and the Related Security which money belongs to the Covered Bond Guarantor and such money is to be credited to the GIC Account pursuant to the Servicing Agreement, the Servicer shall hold such money on trust for the Covered Bond Guarantor. The Servicer is entitled to commingle such money with any other money held by it. In the event of an insolvency of the Servicer, the ability of the Covered Bond Guarantor to trace and recover any such commingled money may be impaired. The risk of the Servicer not making payment on each Calculation Date is mitigated by an obligation of the Servicer to transfer the collections as soon as reasonably practicable into the GIC Account within two NZ Business Days of receipt if, prior to the Roll-off Date, the Servicer's short-term credit ratings are downgraded below P-1 (by Moody's) or F1 (by Fitch) or long-term credit rating is downgraded below A (by Fitch), or if, on and from the Roll-off Date, the Servicer's short-term credit rating is

downgraded below P-1 (by Moody's) or the Servicer's short-term credit rating is downgraded below F1 (by Fitch) and its long-term credit rating is downgraded below A- (by Fitch) or the Servicer's other such rating as is acceptable to Moody's and/or Fitch is downgraded below what is required to maintain the then current ratings of the Covered Bonds.

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.

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

If a Servicer Termination Event occurs, then 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 direction (for so long as there are Covered Bonds outstanding) of the Bond Trustee or (where no Covered Bonds are outstanding) the Majority Secured Creditors) terminate the appointment of the Servicer. Following such termination of the appointment of the Servicer, the Covered Bond Guarantor (with the prior consent of the Security Trustee) shall use its reasonable endeavours to appoint a substitute servicer. Any termination of the appointment of the Servicer and the appointment of a substitute servicer is conditional upon the Seller having delivered a Rating Affirmation Notice to the Covered Bond Guarantor, the Trust Manager, the Servicer, the substitute servicer and the Rating Agencies in respect of such termination and appointment. 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 Mortgage Loans in the Mortgage Loan Portfolio and perform the Asset Registry Services on the terms of the Servicing Agreement, or (b) a Rating Affirmation Notice could be delivered by the Seller 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 Mortgage Loans in the Mortgage Loan Portfolio, the realisable value of such Mortgage Loans and/or the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee.

If a Trust Manager Termination Event occurs, then the Covered Bond Guarantor (with the consent of the Security Trustee) or the Security Trustee may terminate the appointment of the Trust Manager. The Covered Bond Guarantor will be required to use its reasonable endeavours to appoint a replacement trust manager. There can be no assurance that a replacement 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. The Security Trustee will not be obliged in any circumstances to act as a Trust Manager or to monitor or supervise the performance by the Trust Manager (or any replacement trust manager) of its obligations.

If a Calculation Manager Termination Event occurs, then the Covered Bond Guarantor or the Trust Manager on its behalf and/or the Security Trustee will be entitled to terminate the appointment of the Calculation Manager. The Covered Bond Guarantor will be required to use its reasonable endeavours to appoint a replacement calculation manager. There can be no assurance that a replacement calculation manager would be found who would be willing and able to provide such calculation management services on the terms of the Establishment Deed and the Management Agreement. The Security Trustee will not be obliged in any circumstances to act as the Calculation Manager or to monitor or supervise the performance by the Calculation Manager (or any replacement calculation manager) of its obligations.

Any delay or inability to appoint a replacement 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, among others, the Rating Agencies, the

Security Trustee and the Covered Bond Guarantor and may ultimately affect the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee.

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

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

Reliance of the Covered Bond Guarantor on Swap Providers

In order to hedge certain interest rate, currency or other risks in respect of amounts received by the Covered Bond Guarantor under the Mortgage Loans, the amounts standing to the credit of the GIC Account, any Substitution Assets or Authorised Investments and any other assets that the Covered Bond Guarantor may hold from time to time, and amounts payable by the Covered Bond Guarantor under the Intercompany Loan Agreement and/or the Demand Loan Agreement to BNZ and/or amounts payable under the Covered Bond Guarantee in respect of the Covered Bonds on issue, the Covered Bond Guarantor will enter into certain swap transactions with swap providers (each, a **Swap Provider**).

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

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

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

(i) the Interest Rate Swap will rank ahead of amounts due on the Covered Bonds; and

(ii) the Covered Bond Swap will rank *pari passu* with amounts due on the Covered Bonds,

except where default by, or downgrade of, the relevant Swap Provider has caused the relevant Swap Agreement to terminate. The obligation to pay a termination payment may adversely affect the ability of the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee.

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

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 Covered Bond Swap Provider on a quarterly 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.

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, pursuant to those Programme Documents, in order to continue to receive and hold moneys.

These criteria will include requirements in relation to the short-term and long-term, unguaranteed and unsecured ratings ascribed to such party by Fitch and Moody's. If the party concerned ceases to satisfy the applicable criteria, including such 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. In these circumstances, the terms agreed with the replacement entity may not be as favourable as those agreed with the original party pursuant to the Programme Documents.

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.

Covered Bondholders receive a limited description of the Mortgage Loan Portfolio

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

- the Seller selling additional Mortgage Loans and the Related Security (or Mortgage Loans of New Product Types and the Related Security) to the Covered Bond Guarantor;
- payments by the Borrowers on those Mortgage Loans; and
- the Seller repurchasing Mortgage Loans and the Related Security in accordance with the Mortgage Sale Agreement, in particular, in relation to non-compliance with the Representations and Warranties and in the case of a Further Advance, Cash Redraw or Product Switch or where the

Mortgage for a Mortgage Loan also secures Associated Debt that is in default (see "*Overview of the Principal Documents - Mortgage Sale Agreement - Repurchase by the Seller*").

There is no assurance that the characteristics of the New Mortgage Loans sold to the Covered Bond Guarantor on any Transfer Date will be the same as those of the other Mortgage Loans in the Mortgage Loan Portfolio as at the relevant Transfer Date. However, each Mortgage Loan sold to the Covered Bond Guarantor will be required to be a Qualifying Mortgage Loan and the Seller will also be required to make the Representations and Warranties set out in the Mortgage Sale Agreement on such date – see "*Overview of the Principal Documents – Mortgage Sale Agreement – Sale by the Seller of Mortgage Loans and Related Security*" (although the criteria for Qualifying Mortgage Loans and Representations and Warranties may change in certain circumstances – see "*The Bond Trustee and the Security Trustee may agree to modifications to the Programme Documents without, respectively, the Covered Bondholders' or other Secured Creditors' prior consent*" below). In addition, the Asset Coverage Test is intended to ensure that on each Calculation Date the Adjusted Aggregate Mortgage Loan Amount is an amount at least equal to the NZ Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds for so long as Covered Bonds remain outstanding. Pursuant to the terms of the Management Agreement, the Calculation Manager will provide quarterly reports (the **Asset Coverage Reports**) that will set out certain information in relation to the Asset Coverage Test.

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

Maintenance of Portfolio

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

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

If the Asset Coverage Test is not complied with on a Calculation Date and also on the next following Calculation Date the Asset Coverage Test will be breached and the Bond Trustee will serve an Asset Coverage Test Breach Notice on the 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 Calculation 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. If the Asset Coverage Test Breach Notice is not revoked by the Bond Trustee on or before the next Calculation Date, then an Issuer Event of Default will occur. The Bond Trustee will then be entitled to, and in certain circumstances required to, serve an Issuer Acceleration Notice on the Issuer. Following the service of an Issuer Acceleration Notice, the Bond Trustee will be required to serve a Notice to Pay on the Covered Bond Guarantor.

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

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

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

RBNZ Regulatory Limit on Covered Bonds

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

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

Following the 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, the Covered Bond Guarantor shall sell Selected Mortgage Loans (selected on a basis that is representative of the Mortgage Loans in the Mortgage Loan Portfolio as a whole) and the Related Security, unless the Related Security also secures another Mortgage Loan in the Mortgage Loan Portfolio. The proceeds from any such sale shall be deposited into the GIC Account and applied in accordance with the applicable Priority of Payments (see "*Overview of the Principal Documents – Establishment Deed – Sale of Selected Mortgage Loans*").

There is no guarantee the Covered Bond Guarantor will, where the Covered Bond Guarantor is obliged to sell Selected Mortgage Loans, find a buyer to buy Selected Mortgage Loans 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 affect payments under the Covered Bond Guarantee. Following the service of an Asset Coverage Test Breach Notice (but prior to the service of a Notice to Pay) the Selected Mortgage Loans may not be sold by the Covered Bond Guarantor for an amount less than the Current Principal Balance of the Selected Mortgage Loans plus the Arrears of Interest and Accrued Interest thereon. Following a breach of the Pre-Maturity Test or service of a Notice to Pay on the Covered Bond Guarantor, the Selected Mortgage Loans may not be sold by the Covered Bond Guarantor for an amount less than the Adjusted Required Redemption Amount for the relevant Series of Covered Bonds. However, if the Selected Mortgage Loans have not been sold by the date

which is six months prior to either (a) the Final Maturity Date in respect of the Earliest Maturing Covered Bonds, or (b) the Extended Due for Payment Date in respect of the Earliest Maturing Covered Bonds, or (c) in respect of a sale in connection with the Pre-Maturity Test, the Final Maturity Date of the relevant Series of Hard Bullet Covered Bonds, the Covered Bond Guarantor will offer the Selected Mortgage Loans for sale for the best price reasonably available notwithstanding that such amount may be less than the Adjusted Required Redemption Amount.

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

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 (a) due and payable and (b) that the Covered Bond Guarantor has sufficient moneys available to make such payments in accordance with the Guarantee Priority of Payments. Available Principal Receipts will include the sale proceeds of Selected Mortgage Loans (including any excess sale proceeds resulting from the sale of Selected Mortgage Loans sold in respect of another Series of Covered Bonds) and all principal repayments received on the Mortgage Loans in the Mortgage Loan Portfolio generally. This may adversely affect later maturing Series of Covered Bonds if the Selected Mortgage Loans sold to redeem or repay in part an earlier maturing Series of Covered Bonds are sold for less than the Adjusted Required Redemption Amount and accordingly the Covered Bond Guarantor is required to apply other assets in the Mortgage Loan Portfolio (such as Mortgage Loan Principal Receipts) to redeem that earlier maturing Series of Covered Bonds.

There is no guarantee or assurances that the Covered Bond Guarantor will be able to sell Selected Mortgage Loans and the Related Security if the Pre-Maturity Test is breached at the times required or as to the price that may be able to be obtained

The Establishment Deed provides for the sale of Selected Mortgage 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 (see "*Overview of Principal Documents – Establishment Deed – Sale of Selected Mortgage Loans and Related Security if the Pre-Maturity Test is breached*"). 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 Covered Bond Guarantor is unable to sell sufficient Selected Mortgage Loans and the Related Security within a specified period of time, an Issuer Event of Default will occur.

There is no guarantee that a suitable buyer will be found to acquire Selected Mortgage 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.

Realisation of 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 and the Issuer and/or winding up proceedings are commenced against the Trust, then the Security Trustee will be entitled to enforce the Security created under and pursuant to the Security Deed and the proceeds from the realisation of the Charged Property will be applied by the Security Trustee towards payment of all secured obligations in accordance with the Post-Enforcement Priority of Payments described in "*Cashflows*" below.

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

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

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

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

- representations or warranties not being given by the Covered Bond Guarantor or (unless otherwise agreed with the Seller) the Seller;
- default by Borrowers of amounts due on their Mortgage Loans;
- changes to the Servicing Procedures of the Seller;
- the Covered Bond Guarantor not having legal title to the Mortgage Loans in the Mortgage Loan Portfolio;
- risks in relation to some types of Mortgage Loans which may adversely affect the value of Mortgage Loan Portfolio or any part thereof;
- limited recourse to the Seller;
- possible regulatory changes by the Financial Markets Authority in New Zealand and other regulatory authorities;
- regulations in New Zealand that could lead to some terms of the Mortgage Loans being unenforceable;
- restrictions on the disposal of All Moneys Mortgages which are subject to an All Moneys Mortgage Trust; and
- other issues which impact on the enforceability of the Mortgage Loans.

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

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

Following a breach of the Pre-Maturity Test and/or the occurrence of an Issuer Event of Default, service on the Issuer of an Issuer Acceleration Notice and service on the Covered Bond Guarantor of a Notice to Pay (but prior to the service of a Covered Bond Guarantee Acceleration Notice and/or the realisation of the Security

and/or the commencement of winding-up proceedings against the Trust), the Covered Bond Guarantor will be obliged to sell Selected Mortgage Loans and the Related Security to third party purchasers, subject to a right of pre-emption enjoyed by the Seller pursuant to the terms of the Mortgage Sale Agreement (see "*Overview of the Principal Documents – Establishment Deed – Method of Sale of Selected Mortgage Loans and the Related Security*"). In respect of any sale of Selected Mortgage Loans and the Related Security to third parties, however, the Covered Bond Guarantor will not be permitted to give representations, warranties or indemnities in respect of those Selected Mortgage Loans and the Related Security (unless expressly permitted to do so by the Security Trustee). There is no assurance that the Seller would give any warranties or representations in respect of the Selected Mortgage Loans and the Related Security originated by it and sold to the Covered Bond Guarantor. Any Representations or Warranties previously given by the Seller in respect of the Mortgage Loans in the Mortgage Loan Portfolio may not have value for a third party purchaser if the Seller is then insolvent. Accordingly, there is a risk that the realisable value of the Selected Mortgage Loans and the Related Security could be adversely affected by the lack of representations and warranties which in turn could adversely affect the ability of the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee.

New Zealand Housing Market

BNZ's business includes mortgage lending in New Zealand with loans secured against residential property. A fall in property prices resulting from the deterioration in the housing market could result in losses being incurred by lenders where the net recovery proceeds are insufficient to redeem the outstanding loan. Any deterioration in the quality of the Mortgage Loan Portfolio could have an adverse effect on the Covered Bond Guarantor's ability to make payment under the Covered Bond Guarantee. There can be no assurance that the housing market will not deteriorate.

The current New Zealand economic environment may affect the rate at which the Seller originates new Mortgage Loans and may also affect the level of attrition of the Seller's existing Borrowers, which could in turn adversely affect the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee.

Geographic concentration of the Mortgage Loans

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

Default by Borrowers in paying amounts due on their Mortgage Loans

Borrowers may default on their obligations due under the Mortgage Loans. Defaults may occur for a variety of reasons. The Mortgage Loans are affected by credit, liquidity and interest rate risks. Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal on the Mortgage Loans. These factors include climatic events, geological events, such as volcanic or seismic activity, plant or animal diseases or other extrinsic events such as pandemics and changes in the national, regional or international economic climate such as: volatility in interest rates; lack of liquidity in wholesale funding markets in periods of stressed economic conditions, economic or political crisis; illiquidity and downward price pressure; commencement of recession and employment fluctuations; the availability of financing; consumer perception as to the continuing availability of credit and price competition which may have an adverse impact on delinquency and repossession rates; inflation; yields on alternative investments; and political developments and government policies, including changes in tax laws. Other factors in Borrowers' individual, personal or financial circumstances may also affect the ability of Borrowers to repay

the Mortgage Loans. Loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies by and bankruptcies of Borrowers, and could ultimately have an adverse impact on the ability of Borrowers to repay the Mortgage Loans.

The rate of prepayments on Mortgage Loans may be increased due to Borrowers refinancing their Mortgage Loans and sales of any property charged by a Mortgage (either voluntarily by Borrowers or as a result of enforcement action taken), as well as the receipt of proceeds from buildings insurance and life assurance policies. The rate of prepayment of Mortgage Loans may also be influenced by the presence or absence of early repayment charges.

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

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

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

The Current Principal Balance of any Defaulted Mortgage Loans in the Mortgage Loan Portfolio will be given a zero weighting for the purposes of any calculation of the Asset Coverage Test and the Amortisation Test.

Value of the Mortgage Loan Portfolio

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

The Servicing Procedures

Each of the Mortgage 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 Mortgage Loans and the Related Security to the Covered Bond Guarantor, representations and warranties will at such time be given by the Seller to the Covered Bond Guarantor and the Security Trustee that those new Mortgage Loans and the Related Security were originated in accordance with the Seller's Servicing Procedures then applicable at the time of the origination of such new Mortgage Loans. However, the Seller retains the right to revise its Servicing Procedures as determined from time to time.

If any new Mortgage 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 Mortgage Loan Portfolio could at such time change. This could lead to a delay or reduction in the payments received by the Covered Bondholders under the Covered Bond Guarantee.

Seller to initially retain legal title to the Mortgages

Each sale by the Seller to the Covered Bond Guarantor of the benefit of the Mortgage Loans is an absolute assignment of a legal thing in action under section 50 of the Property Law Act 2007 of New Zealand.

This means that all the rights of the Seller in relation to the Mortgage Loans, all the remedies of the Seller in relation to the Mortgage Loans and the power to give a good discharge to the relevant Borrower pass to the Covered Bond Guarantor. It is not necessary for notice to be provided to the relevant Borrower before the rights, remedies and powers in relation to the Mortgage Loans pass to the Covered Bond Guarantor. However, the passing of those rights, remedies and powers is subject to any equities in relation to the Mortgage Loan that arise before the relevant Borrower has actual notice of the assignment. Payment by a Borrower to the Seller of all or part of the debt under a Mortgage Loan before the Borrower receives actual notice of the assignment discharges the liability of the Borrower to the extent of the payment. The registration of a financing statement on the PPSR in relation to the transfer of Mortgage 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 and 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 and make a submission by way of e-dealing to LINZ to transfer legal title to the Mortgages to the Covered Bond Guarantor and deliver notifications to relevant Borrowers notifying such Borrowers of the sale of the Mortgage Loans in the Mortgage Loan Portfolio and the Related Security to the Covered Bond Guarantor in the limited circumstances described in "*Overview of the Principal Documents – Mortgage Sale Agreement – Transfer of Title to the Mortgage Loans to the Covered Bond Guarantor*" and until such right arises the Covered Bond Guarantor will not give notice of the sale of the Mortgage Loans and the Related Security to any Borrower or register or record its interest in the Mortgages at LINZ or take any other steps to perfect its title to the Mortgages.

At any time during which the Covered Bond Guarantor does not hold legal title to the Mortgages by registration at LINZ and has not provided notification to the relevant Borrowers, the following risks exist:

(a) *first*, if the Seller wrongly sells a Mortgage, which has already been sold to the Covered Bond Guarantor, to another person and that person acted in good faith and did not have notice of the interests of the Covered Bond Guarantor in the Mortgage, then such person might obtain good title to the Mortgage Loan and the Related Security, free from the interests of the Covered Bond Guarantor. If this occurred then the Covered Bond Guarantor would not have good title to the affected Mortgage Loan. However, the risk of third party claims obtaining priority to the interests of the Covered Bond Guarantor would be likely to be limited to circumstances arising from a breach by the Seller of its contractual obligations or fraud, negligence or mistake on the part of the Seller or the Covered Bond Guarantor or their respective personnel or agents;

(b) *second*, until notice of the transfer to the Covered Bond Guarantor has been provided to the relevant Borrowers, the rights of the Covered Bond Guarantor may be subject to the rights of the Borrowers against the Seller, as applicable, such as rights of set-off, which occur in relation to transactions made

between Borrowers and the Seller, and the rights of Borrowers to redeem their Mortgages by repaying the Mortgage Loans directly to the Seller; and

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

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

Where an entity becomes subject to statutory management, a moratorium will apply, which, among other things, prohibits any sale or transfer of property of an entity in statutory management and any person from acting as the agent of an entity in statutory management without the consent of the statutory manager. The statutory management regimes that are most relevant are the regimes under the BPS Act and the Corporations (Investigation and Management) Act 1989 (the **CIM Act**). Provided that a covered bond programme is registered, the moratorium provisions of the BPS Act or the CIM Act would not prevent:

(a) the transfer of the legal title to assets in a cover pool from the issuer of covered bonds to a covered bond SPV; or

(b) a covered bond SPV from exercising a power of attorney granted by the issuer of covered bonds in relation to assets in a cover pool.

This means that a statutory management of the Seller will not prevent legal title to the Mortgages being transferred to the Covered Bond Guarantor or 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.

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

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

In the event of a material breach of any of the Representations and Warranties made by the Seller or if any of the Representations and Warranties proves to be materially untrue, in each case in respect of any Mortgage Loan in the Mortgage Loan Portfolio and/or the Related Security as at the Transfer Date of that Mortgage Loan (having regard to, among other things, whether a loss is likely to be incurred in respect of the Mortgage Loan to which the breach relates after taking into account the likelihood of recoverability or otherwise of any sums under any applicable Insurance 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 Mortgage Loan Repurchase Notice whereupon the Covered Bond Guarantor will be required to sell and the Seller will be required to repurchase the relevant Mortgage Loan and the Related Security, unless the Related Security also secures another Mortgage Loan in the Mortgage Loan Portfolio, together for a repurchase price equal to the Current Principal Balance of the Mortgage Loan plus all Accrued Interest and Arrears of Interest and expenses payable as at the date of completion.

There can be no assurance that the Seller, in the future, will have the financial resources to repurchase from the Covered Bond Guarantor a Mortgage Loan or Mortgage Loans and the Related Security. However, if the Seller does not repurchase those Mortgage Loans and the Related Security which are in material breach of the Representations and Warranties then the Current Principal Balance of those Mortgage Loans will be excluded from 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.

General

No assurance can be given that additional regulations, laws or guidance from regulatory authorities in New Zealand 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. Any such action or developments or compliance costs may have a material adverse effect on the Mortgage Loans, the Seller, the Covered Bond Guarantor, the Issuer and/or the Servicer and their respective businesses and operations. This may adversely affect the ability of the Covered Bond Guarantor to dispose of the Mortgage Loan Portfolio or any part thereof in a timely manner and/or the realisable value of the Portfolio or any part thereof and accordingly affect the ability of the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee when due.

Implementation of and/or changes to the Basel III framework may affect the capital requirements and/or the liquidity associated with a holding of the Covered Bonds for certain investors

In Europe, the U.S. and elsewhere, there is significant focus on fostering greater financial stability through increased regulation of financial institutions, and their corresponding capital and liquidity positions. This has resulted in a number of regulatory initiatives which are currently at various stages of implementation and which may have an impact on the regulatory position for certain investors in covered bond exposures and/or on the incentives for certain investors to hold covered bonds, and may thereby affect the liquidity of such securities. Investors in the Covered Bonds are responsible for analysing their own regulatory position and none of the Issuer, the Covered Bond Guarantor, the Dealers or the Arranger makes any representation to any prospective investor or purchaser of the Covered Bonds regarding the treatment of their investment on the date of issuance of any Covered Bond or at any time in the future.

In particular, it should be noted that the Basel Committee on Banking Supervision (the **BCBS**) approved a series of significant changes to the Basel regulatory capital and liquidity framework in 2011 (such changes being referred to by the BCBS as **Basel III**). Basel III provides for a substantial strengthening of existing prudential rules, including new requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio "back-stop" for financial institutions and certain minimum liquidity standards (referred to as the Liquidity Coverage Ratio and the Net Stable Funding Ratio). BCBS member countries agreed to implement the initial phase of the Basel III reforms from 1 January 2013, and the second phase from 1 January 2022, subject to transitional and phase-in arrangements for certain requirements. As implementation of Basel III requires national legislation, the final rules and the timetable for its implementation in each jurisdiction, as well as the treatment of covered bonds, may be subject to some level of national variation and this may affect the liquidity and/or value of the Covered Bonds. It should also be noted that changes to regulatory capital requirements have been made for insurance and reinsurance undertakings through participating jurisdiction initiatives, such as the Solvency II framework in Europe.

Prospective investors should therefore consult their own advisors and/or make themselves aware of the requirements described above (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other applicable regulatory requirements with respect to their investment in the Covered Bonds. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

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

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

RISK FACTORS RELATED TO THE COVERED BONDS

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

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

The obligations of the Covered Bond Guarantor under the Covered Bond Guarantee will be secured by the Security created under the Security Deed. However, the Covered Bond Guarantor will have no obligation to pay the Guaranteed Amounts payable under the Covered Bond Guarantee until the occurrence of an Issuer Event of Default, service by the Bond Trustee on the Issuer of an Issuer Acceleration Notice and service by the Bond Trustee on the Covered Bond Guarantor of a Notice to Pay or, if earlier, following the occurrence of a Covered Bond Guarantor Event of Default and service by the Bond Trustee on the Covered Bond Guarantor and the Issuer of a Covered Bond Guarantee Acceleration Notice. The occurrence of an Issuer Event of Default does not constitute a Covered Bond Guarantor Event of Default. However, failure by the Covered Bond Guarantor to pay amounts when Due for Payment under the Covered Bond Guarantee would constitute a Covered Bond Guarantor Event of Default which will entitle the Bond Trustee to accelerate the obligations of the Issuer under the Covered Bonds (if they have not already become due and payable) and the obligations of the Covered Bond Guarantor under the Covered Bond Guarantee and will entitle the Security Trustee to enforce the Security.

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

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

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

at the same time as against the Issuer but will be subject to, and have the benefit of, payments made by the Covered Bond Guarantor under the Covered Bond Guarantee (following service of a Notice to Pay). If a Covered Bond Guarantor Event of Default occurs in respect of a particular Series of Covered Bonds, then following the service of a Covered Bond Guarantee Acceleration Notice, the Covered Bonds of all Series outstanding will accelerate as against the Issuer (if not already accelerated following the occurrence of an Issuer Event of Default and the service on the Issuer of an Issuer Acceleration Notice) and the obligations of the Covered Bond Guarantor under the Covered Bond Guarantee will accelerate.

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

- BNZ (as Intercompany Loan Provider) will be obliged to make a Term Advance to the Covered Bond Guarantor in an amount equal to either (i) the Principal Amount Outstanding on the Issue Date of such further issue of Covered Bonds in the Specified Currency of the relevant Series or Tranche of Covered Bonds; or (ii) the NZ Dollar Equivalent of the Principal Amount Outstanding on the Issue Date of such further issue of Covered Bonds, and for a matching term. The Covered Bond Guarantor will use the proceeds of such Term Advance (if not denominated in NZ Dollars, upon exchange into NZ Dollars under the applicable Non-Forward Starting Covered Bond Swap) (i) to fund (in whole or in part) the Purchase Price of a New Mortgage Loan Portfolio (consisting of Mortgage Loans and the Related Security) purchased from the Seller in accordance with the terms of the Mortgage Sale Agreement; and/or (ii) to invest in Substitution Assets in an amount not exceeding the prescribed 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) only:

  (a) 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

  (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 deposit of all or part of the proceeds in the GIC Account (including, without limitation, to fund the Reserve Fund);

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

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

For further information on Rating Agency confirmations in respect of the Programme see the section of this Prospectus entitled "*Risk Factors – A Rating Affirmation Notice may not address certain matters that may be of relevance to Covered Bondholders*" below.

However, there is no assurance that the issue of a further series of Covered Bonds would not be ultimately adverse to the interests of any existing holder of the Covered Bonds, because for instance the level of collateralisation in the cover pool is reduced.

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

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

Except where expressly provided otherwise in the Security Deed, the Security Trustee shall exercise, or refrain from exercising, all of its rights, powers, authorities, discretions and remedies under the Security Deed and the other Programme Documents, and shall form opinions, and give consents, approvals and waivers under the Security Deed and the other Programme Documents, in accordance with the direction or instructions of (for so long as there are any Covered Bonds outstanding) the Bond Trustee or (where no Covered Bonds are outstanding) the Majority Senior 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 shall have regard only to the interests of the Covered Bondholders while any of the Covered Bonds remain outstanding and shall not be required to have regard to the interests of any other Secured Creditor or any other person or to act upon or comply with any direction or request of any other Secured Creditor or any other person while any amount remains owing to any Covered Bondholders.

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

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

Extendable obligations under the Covered Bond Guarantee

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

To the extent that the Covered Bond Guarantor has received a Notice to Pay in sufficient time and has sufficient moneys available to pay in whole or in part the Guaranteed Amounts corresponding to the relevant unpaid portion of the Final Redemption Amount in respect of the relevant Series of 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 6(a) (*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. Payment of the unpaid amount shall be deferred automatically until the applicable Extended Due for Payment Date. The Extended Due for Payment Date of the relevant Series of Covered Bonds will be specified in the relevant Final Terms. Interest will continue to accrue and be payable on the unpaid amount in accordance with Condition 4 (*Interest*) and the Covered Bond Guarantor will pay Guaranteed Amounts constituting Scheduled Interest on each Original Due for Payment Date and the Extended Due for Payment Date. In these circumstances, except where the Covered Bond Guarantor has failed to apply money in accordance with the Guarantee Priority of Payments, failure by the Covered Bond Guarantor to make payment in respect of the Final Redemption Amount on the Final Maturity Date (or such later date within any applicable grace period) shall not constitute a Covered Bond Guarantor Event of Default. However, failure by the Covered Bond Guarantor to pay Guaranteed Amounts corresponding to the Final Redemption Amount or the balance thereof, as the case may be, on the Extended Due for Payment Date and/or pay Guaranteed Amounts constituting Scheduled Interest on any Original Due for Payment Date up to and including the Extended Due for Payment Date will (subject to any applicable grace period) be a Covered Bond Guarantor Event of Default.

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

The Extended Due for Payment Dates for different Series of Extendable Maturity Covered Bonds may not be the same. On each Trust Payment Date following the service of a Notice to Pay on the Covered Bond Guarantor (but prior to the service of a Covered Bond Guarantee Acceleration Notice and/or the 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.

The Covered Bond Guarantor will be entitled to apply principal collections it receives in respect of the Mortgage Loans together with the principal proceeds of the sale of any Substitution Assets it holds in order to repay earlier maturing Series of Covered Bonds, which may mean that there may be fewer assets available to support later maturing Series of Covered Bonds.

Liquidity in the secondary market may adversely affect the market value of the Covered Bonds

An individual Tranche of Covered Bonds may have no established trading market when issued, and one may never 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 other transfer thereof as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*". If a secondary market does

develop, it may not continue for the life of the Covered Bonds or it may not provide Covered Bondholders with liquidity of investment. Further, if a Tranche of Covered Bonds is issued to a single investor or a limited number of investors, this may result in an even more illiquid or volatile market in such Covered Bonds. Any of the foregoing may result in a Covered Bondholder not being able to find a buyer to buy its Covered Bonds readily or at prices that will enable the Covered Bondholder to realise a desired yield. Consequently, a Covered Bondholder must be able to bear the economic risk of an investment in a Covered Bond for an indefinite period of time.

Furthermore, the ability of investors and other market participants to make a market in the Covered Bonds may be impacted by changes in regulatory requirements applicable to the marketing, holding and trading of, and issuing quotations with respect to, the Covered Bonds.

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

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

The expected credit ratings of a Series of the Covered Bonds will be set out in the relevant Final Terms for such Series of Covered Bonds. In addition, the Final Terms will specify which Rating Agencies are assigning a credit rating to the relevant Series of Covered Bonds. A relevant Series of Covered Bonds may be rated by one or more Rating Agencies as set out therein. However, Covered Bondholders should be aware that any issuance of Covered Bonds will, subject to the comments made below in "*Risk Factors - A Rating Affirmation Notice may not address certain matters that may be of relevance to Covered Bondholders*", be subject to written confirmation from each Rating Agency that such issuance will not adversely affect the then current ratings of the Existing Covered Bonds. Any Rating Agency may lower its rating or withdraw its rating if, in the sole judgement of the Rating Agency, the credit quality of the Covered Bonds has declined or is in question. In the event that a rating assigned to the Covered Bonds or BNZ is subsequently lowered or withdrawn or qualified for any reason, no person or entity is obliged to provide any additional support or credit enhancement with respect to the Covered Bonds, the Issuer may be adversely affected, the market value of the Covered Bonds is likely to be adversely affected and the ability of the Issuer to make payment under the Covered Bonds may be adversely affected.

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

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such credit ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances. Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country 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, subject to transitional provisions that apply in certain circumstances). If the status of the rating agency rating the Covered Bonds changes, European regulated investors may no longer be able to use the rating for regulatory purposes and the Covered Bonds may have a different regulatory treatment. This may result in European regulated investors selling the Covered Bonds which may impact the value of the Covered Bonds in any secondary market. The list of registered and certified credit rating agencies published by ESMA on its website (at https://www.esma.europa.eu/credit-

rating-agencies/cra-authorisation) in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant credit rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant credit rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (i) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (ii) transitional provisions that apply in certain circumstances. Certain information with respect to the credit rating agencies and ratings referred to in this Prospectus, is set out in "*General Description of the Programme – Ratings*" of this Prospectus.

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

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

Each Series of Covered Bonds to be issued under the Programme will, unless otherwise specified in the applicable Final Terms, be expected to be rated "Aaa" by Moody's and "AAA" by Fitch. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning Rating Agency.

The terms of certain of the Programme Documents provide that, if certain events or circumstances occur, the Seller must deliver a Rating Affirmation Notice to the Covered Bond Guarantor (and copied to the Trust Manager and each Rating Agency) confirming that it has notified each Rating Agency of the events or circumstances and that the Seller is satisfied, for the purposes of the Programme Documents, following discussions with each Rating Agency, that the events or circumstances, as applicable will not result in a reduction, qualification or withdrawal of the ratings then assigned by such Rating Agency and if a Rating Agency confirmation is required for the purposes of the Programme Documents (a **Rating Affirmation Notice**) and the Rating Agency does not consider such confirmation necessary the Seller 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.

Any Rating Affirmation Notice, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time, and in the context of cumulative changes to the transaction of which the securities form part since the issuance closing date. A Rating Affirmation Notice is given on the basis that it will not be construed as advice for the benefit of any parties to the transaction.

If a Rating Agency does not respond to a written request for a confirmation or affirmation such non response shall not be interpreted to mean that such Rating Agency has given any deemed confirmation or affirmation of rating or other response in respect of such action or step.

By acquiring the Covered Bonds, investors will be deemed to have acknowledged and agreed that, notwithstanding the foregoing, a credit rating is an assessment of credit and does not address other matters that may be of relevance to Covered Bondholders, including, without limitation, in the case of a Rating Affirmation

Notice, whether any action proposed to be taken by the Issuer, the Covered Bond Guarantor, the Seller, the Servicer, the Trust Manager, the Calculation Manager, the Bond Trustee, the Security Trustee or any other party to a Programme Document is either (i) permitted by the terms of the relevant Programme Document, or (ii) in the best interests of, or not materially prejudicial to, some or all of the Covered Bondholders. In being entitled to have regard to the fact that a Rating Agency has confirmed that the then current ratings of the Covered Bonds would not be adversely affected or withdrawn, each of the Issuer, the Covered Bond Guarantor, the Bond Trustee, the Security Trustee and the Secured Creditors (including the Covered Bondholders) is deemed to have acknowledged and agreed that the above does not impose or extend any actual or contingent liability on a Rating Agency to the Issuer, the Covered Bond Guarantor, the Bond Trustee, the Security Trustee, the Secured Creditors (including the Covered Bondholders) or any other person or create any legal relations between the Rating Agencies and the Issuer, the Covered Bond Guarantor, the Bond Trustee, the Security Trustee, the Secured Creditors (including the Covered Bondholders) or any other person whether by way of contract or otherwise.

The fact that a Rating Agency has not advised that the then current ratings of the Covered Bonds would not be adversely affected or withdrawn does not impose or extend any actual or contingent liability on such Rating Agency to the Issuer, the Covered Bond Guarantor, the Bond Trustee, the Security Trustee, the Secured Creditors (including the Covered Bondholders) or any other person or create any legal relations between such Rating Agency and the Issuer, the Covered Bond Guarantor, the Bond Trustee, the Security Trustee, the Secured Creditors (including the Covered Bondholders) or any other person whether by way of contract or otherwise.

Any such confirmation, affirmation or response by a Rating Agency may be given or not given at the sole discretion of such Rating Agency. It should be noted that, depending on the timing of delivery of the request and any information needed to be provided as part of any such request, it may be the case that a Rating Agency cannot provide a confirmation, affirmation or response in the time available or at all, and the Rating Agency will not be responsible for the consequences thereof. Such confirmation, affirmation or response if given, will be given on the basis of the facts and circumstances prevailing at the relevant time, and in the context of cumulative changes to the transaction of which the securities form part since the issuance closing date. A Rating Affirmation Notice represents only a restatement of the opinions given, and is given on the basis that it will not be construed as advice for the benefit of any parties to the transaction. The Covered Bonds may not be a suitable investment for all investors.

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

Unless the Bearer Global Covered Bonds or the Registered Global Covered Bonds are exchanged for Bearer Definitive Covered Bonds or Registered Definitive Covered Bonds, respectively, which exchange will only occur in the limited circumstances set out under "*Form of the Covered Bonds – Bearer Covered Bonds*" and "*Form of the Covered Bonds – Registered Covered Bonds*" below, the beneficial ownership of the Covered Bonds will be recorded in book-entry form only with Euroclear and Clearstream, Luxembourg. For the avoidance of doubt, any NZ Registered Covered Bonds issued by BNZ will not be recorded in book-entry form with Euroclear and Clearstream, Luxembourg. The fact that the Covered Bonds are not represented in physical form could, among other things:

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

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

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

Mortgage Loans regulated by the Credit Contracts Act 1981, the Credit Contracts and Consumer Finance Act 2003 and the Fair Trading Act 1986

The Credit Contracts Act 1981 of New Zealand (**CCA**) and the Credit Contracts and Consumer Finance Act 2003 of New Zealand (**CCCFA**) impose requirements on Mortgage Loans which are regulated credit contracts. Certain provisions of the Fair Trading Act 1986 of New Zealand (**FTA**) can also affect the Mortgage Loans.

Each Mortgage Loan is a credit contract regulated by the CCCFA or the CCA. The CCCFA applies to all credit contracts entered into from 1 April 2005, and the CCA applies to all credit contracts entered into prior to 1 April 2005 unless an election has been made for the CCCFA to apply to the relevant credit contract.

Both the CCA and the CCCFA set out specific requirements for certain credit contracts in relation to required initial and ongoing disclosure, fees and terms provided by the credit contracts and the exercise of powers by the creditor under the credit contracts. Where a credit contract is entered into between a natural person and a creditor in the business of providing credit, and in the case of the CCCFA the contract is entered into wholly or predominantly for personal, domestic or household purposes, the contract is a "controlled credit contract" under the CCA or a "consumer credit contract" under the CCCFA.

Pursuant to the terms of the Mortgage Sale Agreement the Seller has represented and warranted that each Mortgage Loan and its Related Security complies with the relevant requirements for controlled credit contracts and consumer credit contracts in the CCA and the CCCFA at the time when each such Mortgage Loan and its Related Security is sold to the Covered Bond Guarantor (to the extent that those statutes are applicable to the Mortgage Loan and the Related Security) (or to the extent of any non-compliance, such non-compliance would not affect the enforceability of the Mortgage Loan and the Related Security). In the event of a material breach of this representation and warranty, or if the representation and warranty proves to be materially untrue, the Covered Bond Guarantor may require the Seller to repurchase the relevant Mortgage Loan and the Related Security (unless the Related Security also secures another Mortgage Loan in the Mortgage Loan Portfolio) in accordance with the terms of the Mortgage Sale Agreement.

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 or intends to exercise 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 oppressive, 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 & 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 contract for the variation is entered into. 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 to the relevant debtor before the change takes effect. However, if the change reduces the debtor's obligations, extends the time for payment, releases any security, changes any credit limit under a consumer credit contract or (in certain circumstances) reduces the amount of payments for up to three months, disclosure may instead be made either within five working days of the day on which the change takes effect or, if the creditor is required to make continuing disclosure, at the same time as the creditor provides the debtor with the next continuing disclosure statement after the change takes effect. Where the creditor exercises a power under the contract to make changes in relation to the interest rates, payments (including amounts, time for payments, frequency or method of calculating payments), fees or charges under the contract, or the credit limit under the contract, disclosure to the debtor must be made within five working days of the change taking effect, unless the change reduces the obligations of the debtor or extends time for payment, in which case disclosure may be made within five working days of the change taking effect (or if applicable, in the next continuing disclosure statement).

Ability to charge and recover fees on the Mortgage Loans

The CCCFA prohibits consumer credit contracts from providing for credit fees or default fees which are unreasonable. A court has the power to reduce or annul fees under a consumer credit contract if it is satisfied that those fees are unreasonable. "Credit fees" means fees or charges payable by the debtor under the credit contract, or payable by the debtor to, or for the benefit of the creditor in connection with the credit contract, other than interest charges, charges for optional services, default fees or default interest charges, government charges, duties, taxes or levies, fees and charges passed on by the creditor to an unassociated third party, and cancellation charges under a layby agreement referred to in section 36F of the FTA. Establishment fees, prepayment fees and insurance premiums payable for credit-related insurance in some cases are credit fees.

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 creditor's average reasonable 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 are unreasonable, the court must have regard to whether the fee reasonably compensates the creditor for any costs incurred by the creditor. In determining whether the fee reasonably compensates the creditor for any costs, the court must have regard to reasonable standards of commercial practice.

Lender responsibility principles

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

A breach of the obligation to register as a financial service provider under the Financial Service Providers (Registration and Dispute Resolution) Act 2008 of New Zealand or non-compliance with certain provisions of the CCCFA can affect the enforceability of credit contracts.

Fair Trading Act 1986

Each Mortgage Loan is a "standard form consumer contract" for the purposes of the FTA. For standard form consumer contracts entered into, varied or renewed after 17 March 2015, the Commerce Commission 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.

Banking Ombudsman Scheme

BNZ is a participating bank under the Banking Ombudsman scheme which provides a free dispute resolution service for persons who want to resolve a complaint about a particular bank and who have not been able to resolve it by contacting that bank. Under the Banking Ombudsman Terms of Reference, the Banking Ombudsman may consider complaints about financial services a bank has provided or failed to provide not exceeding the financial limit under its jurisdiction and facilitate the satisfaction of such claims having regard to what, in the Banking Ombudsman's opinion, would be fair in all the circumstances of the case, any applicable rule of law or relevant judicial authority, any relevant code of practice, and general principles of good banking practice. Subject to certain exceptions, including where claims exceed the financial limit or where the Banking Ombudsman considers that the case would be more appropriately dealt with by a court, the Banking Ombudsman has the power to consider complaints in respect of participating banks. Complaints to the Banking Ombudsman must first have had a reasonable opportunity to be considered by the internal complaint procedures of the relevant bank in circumstances where a deadlock in relation to the complaint has been reached. The Banking Ombudsman may order a money award to a Borrower, which may adversely affect the value at which the Mortgage Loans could be realised and accordingly the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee and may have an adverse effect on BNZ and its businesses and operations.

Restrictions On Transfer

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

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

Withholding tax obligations

The Covered Bonds may be subject to withholding taxes and in the circumstances where the Issuer is not obliged to make gross up payments, this would result in the Covered Bondholders receiving less interest than expected and could significantly adversely affect their return on the Covered Bonds.

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

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

RISK FACTORS RELATED TO THE STRUCTURE OF A PARTICULAR ISSUE OF COVERED BONDS

Fixed Rate Covered Bonds, Floating Rate Covered Bonds, Zero Coupon Covered Bonds (or a combination of any of the foregoing) may be issued under the Programme. A number of these Covered Bonds may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

Covered Bonds are subject to optional redemption by the Issuer, which may limit their market value

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

The Issuer may be expected to redeem Covered Bonds when its cost of borrowing is lower than the interest rate on the Covered Bonds. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Covered Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments that are likely to be available at that time.

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

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

If the Covered Bonds include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Covered Bonds concerned

The Issuer may issue Covered Bonds which bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Covered Bonds as the change of interest basis may

result in a lower return to Covered Bondholders. Where the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Covered Bonds may be less favourable than the prevailing spreads on comparable Floating Rate Covered Bonds tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Covered Bonds. Where the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than the then prevailing market rates.

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

Interest rates and indices which are deemed to be "benchmarks" (including, among others, SONIA, EURIBOR, BBSW and BKBM, each as defined above or in the Conditions of the Covered Bonds) are the subject of national and international regulatory guidance and reform aimed at supporting the transition to robust benchmarks. Most reforms have now reached their planned conclusion (including the transition away from the London inter-bank offered rate (**LIBOR**) following its permanent cessation), and "benchmarks" remain subject to ongoing monitoring. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Covered Bonds referencing such a "benchmark".

In Australia, examples of reforms that are already effective include changes to the methodology for calculation of BBSW, and amendments to the Corporations Act made by the Treasury Laws Amendment (2017 Measures No. 5) Act 2018 of Australia which, among other things, enables the Australian Securities and Investments Commission (**ASIC**) to make rules relating to the generation and administration of financial benchmarks. On 6 June 2018, ASIC designated BBSW as a "significant financial benchmark" and made the ASIC Financial Benchmark (Administration) Rules 2018 and the ASIC Financial Benchmarks (Compelled) Rules 2018. On 27 June 2019, ASIC granted ASX Benchmarks Pty Limited a licence to administer BBSW from 1 July 2019.

The Reserve Bank of Australia (**RBA**) has also recently amended its criteria for securities to be accepted as being eligible collateral for the purposes of any repurchase agreements to be entered into with the RBA. These include a requirement that floating rate bonds issued on or after 1 December 2022 referencing BBSW must contain at least one "robust" and "reasonable and fair" fallback rate for BBSW in the event that it permanently ceases to exist. The Australian Financial Markets Association (**AFMA**) published the "AFMA Fallback Language Template For Floating Rate Notes" on 1 November 2022 which was subsequently revised in June 2024 (the **AFMA Market Guidelines**) for voluntary use in contracts that reference BBSW to assist market participants to meet the requirements of the RBA's updated criteria, with a view to these becoming standardised provisions for BBSW-linked floating rate bond issuances. However, market participants are not required to adopt the AFMA Market Guidelines approach where the underlying securities are not intended to be repo-eligible, which has resulted in inconsistent application. Further, reference to a specific risk-free rate (such as AONIA) as a fallback for the BBSW Rate has not yet been settled at an industry level in Australia or adopted. There is therefore risk of inconsistency in the application of potential risk-free fallback rates across different products. However, the RBA is actively promoting a co-ordinated industry-agreed position on the relevant fallback rate to use. The fallback provisions relating to the BBSW Rate included in the Conditions of the Covered Bonds are based on the AFMA Market Guidelines.

New Zealand Financial Benchmark Facility Limited (**NZFBF**), which is the administrator of BKBM, has conducted a consultation on viable replacement options for BKBM. The consultation proposed four potential options for BKBM: retaining BKBM; retaining a reformed version of BKBM; transitioning from BKBM to the RBNZ's official cash rate which is a risk-free overnight rate with a reformed BKBM for certain financial products; or transitioning from BKBM to the RBNZ's official cash rate with a new risk-free term forward-looking benchmark for certain financial products. Submissions to the consultation showed no clear consensus for any one of the four options proposed. The NZFBF also sought guidance from regulators, who supported retaining market-based benchmark rates. In November 2025, the NZFBF announced that it is seeking to reform the BKBM determination process and that it would look to mirror the reform process undertaken in respect of BBSW in 2018.

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

In the UK, Regulation (EU) No 2016/1011 as it forms part of domestic law by virtue of the EUWA (the **UK Benchmarks Regulation**), among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK-supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

These reforms (including the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable) could have a material impact on any Covered Bonds linked to or referencing a benchmark which is in-scope of one or both regulations, in particular if the methodology or other terms of the "relevant benchmark" are changed in order to comply with the requirements imposed thereunder. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

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

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

The Federal Reserve Bank of New York (the **New York Federal Reserve**) (or a successor), as administrator of SOFR, may make methodological or other changes that could change the value of SOFR, including changes related to the method by which SOFR is calculated, eligibility criteria applicable to the transactions used to calculate SOFR, or timing related to the publication of SOFR (which may include withdrawing, suspending or discontinuing the calculation or dissemination of SOFR). The New York Federal Reserve may make any or all of these changes in its sole discretion and without notice, and it has no obligation to consider the interests

of holders of the Covered Bonds in calculating, withdrawing, modifying, amending, suspending or discontinuing SOFR. In respect of any SOFR-referenced Covered Bonds for which the Rate of Interest is determined by reference to the SOFR Index, the SOFR Index may be modified or discontinued and such SOFR-referenced Covered Bonds may bear interest by reference to a rate other than compounded SOFR, which could adversely affect the value of any such SOFR-referenced Covered Bonds. The SOFR Index is published by the New York Federal Reserve based on data received by it from sources other than the Issuer, and the Issuer has no control over the methods of calculation, publication schedule, rate revision practices or availability of the SOFR Index at any time. In addition, the New York Federal Reserve may withdraw, modify or amend the published SOFR Index or SOFR data in its sole discretion and without notice. The interest rate for any interest period will not be adjusted for any modifications or amendments to the SOFR Index or SOFR data that the New York Federal Reserve may publish after the interest rate for that interest period has been determined.

The Bank of England (or a successor), as administrator of SONIA, may make methodological or other changes that could change the value of SONIA, including changes related to the method by which SONIA is calculated, eligibility criteria applicable to the transactions used to calculate SONIA, or timing related to the publication of 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 the relevant Covered Bonds, which may adversely affect the trading prices of such Covered Bonds. The administrator of SONIA may withdraw, modify, amend, suspend or discontinue the calculation or dissemination of SONIA, respectively, in its sole discretion and without notice and has no obligation to consider the interests of holders of the Floating Rate Covered Bonds in calculating, withdrawing, modifying, amending, suspending or discontinuing SONIA.

Further, although the provisions of the Conditions of the Covered Bonds for determining the Rate of Interest by reference to the SONIA Compounded Index are based upon the guidance published by the Bank of England for calculating compounded SONIA rates by reference to the SONIA Compounded Index, there can be no assurance that the Bank of England's methodology for determining the SONIA Compounded Index, or its guidance for calculating compounded SONIA rates by reference to such index, will not change over time.

The European Central Bank (or a successor), as administrator of €STR, may make methodological or other changes that could change the value of €STR, including changes related to the method by which €STR is calculated, eligibility criteria applicable to the transactions used to calculate €STR, or timing related to the publication of €STR. If the manner in which €STR is calculated is changed, that change may result in a reduction of the amount of interest payable on the relevant Covered Bonds, which may adversely affect the trading prices of such Covered Bonds. The administrator of €STR may withdraw, modify, amend, suspend or discontinue the calculation or dissemination of €STR, respectively, in its sole discretion and without notice and has no obligation to consider the interests of holders of the Floating Rate Covered Bonds in calculating, withdrawing, modifying, amending, suspending or discontinuing €STR.

Further, although the provisions of the Conditions of the Covered Bonds for determining the Rate of Interest by reference to the compounded €STR index are based upon the guidance published by the European Central Bank for calculating compounded €STR rates by reference to the compounded €STR index, there can be no assurance that the European Central Bank's methodology for determining the compounded €STR index, or its guidance for calculating compounded €STR rates by reference to such index, will not change over time.

The Bank of Canada (or a successor), as administrator of CORRA, may make methodological or other changes that could change the value of CORRA, including changes related to the method by which CORRA is calculated, eligibility criteria applicable to the transactions used to calculate CORRA or timing related to the publication of CORRA. In addition, CORRA is published by the Bank of Canada based on data received from sources other than the Issuer, and the Issuer has no control over the methods of calculation, publication schedule, rate revision practices or availability of CORRA. If interest payable during a floating rate period of any CORRA-referenced Covered Bonds and the manner in which CORRA is calculated is changed, that change may result in a reduction of the amount of interest payable on such Covered Bonds during such period, which may adversely affect the trading prices of such Covered Bonds. The administrator of CORRA may

withdraw, modify, amend, suspend or discontinue the calculation or dissemination of CORRA in its sole discretion and without notice and has no obligation to consider the interests of holders of the Floating Rate Covered Bonds in calculating, withdrawing, modifying, amending, suspending or discontinuing CORRA.

Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Covered Bonds linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark. Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, or any of the international or national reforms and the possible application of the benchmark discontinuation or benchmark replacement provisions of the Covered Bonds in making any investment decision with respect to any Covered Bonds referencing a benchmark.

The Conditions of certain Floating Rate Covered Bonds provide for fallback arrangements that may not operate as intended or may result in a Rate of Interest on such Covered Bonds that would be less than the Original Reference Rate

Investors should be aware that in the case of certain Floating Rate Covered Bonds, the Conditions of the Covered Bonds provide for certain fallback arrangements in the event that a published benchmark, including an inter-bank offered rate (such as EURIBOR) or another relevant reference rate (such as the BKBM Rate) ceases to exist or be published or another Benchmark Event, Benchmark Transition Event (where the original benchmark is SOFR) or Temporary Disruption Trigger or Permanent Discontinuation Trigger (where the original benchmark is the BBSW Rate) (each as defined in the Conditions of the Covered Bonds), occurs. Where the original benchmark is other than SOFR or the BBSW Rate, these fallback arrangements include the possibility that the Rate of Interest could be determined by reference to a Successor Rate or an Alternative Rate and that an Adjustment Spread may be applied to such Successor Rate or Alternative Rate as a result of the replacement of the relevant benchmark or screen rate (as applicable) originally specified with the Successor Rate or the Alternative Rate (as the case may be), together with the making of certain Benchmark Amendments to the Conditions of such Covered Bonds (without the consent of the Covered Bondholders, as further described under Condition 4(d)(iii) "*Benchmark Discontinuation – Benchmark Amendments*" of the Conditions of the Covered Bonds), which in the case of any Alternative Rate, any Adjustment Spread (unless formally recommended or provided for) and any Benchmark Amendments shall be determined by the Issuer (acting in good faith and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser). An Adjustment Spread that is applied could be positive, negative or zero and may not be effective in reducing or eliminating any economic prejudice to investors arising out of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be). Where the original benchmark is SOFR, these fallback arrangements include the possibility that the Rate of Interest could be determined by reference to a Benchmark Replacement, together with the making of certain Benchmark Replacement Conforming Changes to the Conditions of the Covered Bonds (without the consent of the Covered Bondholders or Couponholders, as further described under Condition 4(b)(ii)(B)(5)(II) of the Conditions of the Covered Bonds). Where the original benchmark is the BBSW Rate, these fallback arrangements include the possibility that the Rate of Interest could be determined by reference to a Fallback Rate (or any other replacement rate determined in accordance with Condition 4(b)(ii)(F)(2)) (without the consent of the Covered Bondholders or Couponholders, as further described under Condition 4(b)(ii)(F) of the Conditions of the Covered Bonds). The Rate of Interest on the Covered Bonds may therefore cease to be determined by reference to the Original Reference Rate, and instead be determined by reference to the Successor Rate, Alternative Rate, Benchmark Replacement or Fallback Rate (or other replacement rate), as applicable, even if the Original Reference Rate continues to be published. Such Rate of Interest may be lower than that which would result from the Original Reference Rate for so long as the Original Reference Rate continues to be published, and the value of and return on the Covered Bonds may be adversely affected. The use of a Successor Rate or Alternative Rate (including with the application of an Adjustment Spread), a Benchmark Replacement (including with the application of Benchmark Replacement Conforming Changes) or Fallback Rate (or other replacement rate) will still result in any Covered Bonds referencing an original

benchmark performing differently (which may include payment of a lower Rate of Interest) than they would if the original benchmark were to continue to apply in its current form.

Where the original benchmark is SOFR, the Benchmark Replacement provisions in the Conditions of the Covered Bonds specify a "waterfall" of alternative rates that may become the Benchmark Replacement. These alternative rates are uncertain and no market convention currently exists, or may ever exist, for their determination. Uncertainty surrounding the establishment of market conventions related to the calculation of alternative rates, and whether any of the alternative rates is a suitable replacement or successor for the Original Reference Rate, may adversely affect the value of and return on Covered Bonds referencing SOFR as the Original Reference Rate.

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

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

The market continues to develop in relation to risk-free rates (including overnight rates) as reference rates, and such risk-free rates differ from term rates such as EURIBOR, any other IBOR and BBSW in a number of material respects

Interest on Covered Bonds may be determined by reference to a risk-free rate, such as SONIA, SOFR, CORRA, €STR or (in certain circumstances) AONIA. SONIA, SOFR, CORRA, €STR and AONIA, whether determined on a compounded daily basis or as a weighted average rate (as applicable) for a specified period, differ from term rates such as EURIBOR, any other IBOR and BBSW in a number of material respects, including (without limitation) that certain risk-free rates, such as SONIA, SOFR, CORRA, €STR and AONIA, are backwards-looking, risk-free overnight rates, whereas such term rates are expressed on the basis of a forward-looking term and include a risk-element based on inter-bank lending. Investors should be aware that risk-free rates such as SONIA, SOFR, CORRA, €STR and AONIA may behave materially differently as interest reference rates, in contrast to an IBOR and/or BBSW, for Covered Bonds issued under the Programme. The use of risk-free rates, such as SONIA, SOFR, CORRA, €STR and AONIA, whether on a compounded daily or a weighted average basis (as applicable), as a reference rate for bonds is subject to change and development, in terms of the substance of the calculation, in the development and adoption of market infrastructure for the issuance and trading of debt securities referencing risk-free rates, such as SONIA, SOFR, CORRA, €STR or AONIA, and how widely such risk-free rates and methodologies might be adopted.

Prospective investors in any Covered Bonds referencing SONIA, SOFR, CORRA or €STR or any Covered Bonds where the Rate of Interest is originally to be determined by reference to the BBSW Rate (and for which AONIA acts as a Fallback Rate) (**AONIA-linked Covered Bonds**) should further be aware that the market continues to develop in relation to SONIA, SOFR, CORRA, €STR and AONIA as reference rates in the capital markets and their adoption as an alternative to or replacement for (as applicable) Sterling LIBOR, U.S. dollar LIBOR, CDOR, EURIBOR and BBSW, respectively. For example, in the context of backwards-looking SOFR, SONIA, CORRA and €STR rates, market participants and relevant working groups have explored different methodologies, such as daily compounding rates and weighted average rates, and forward-looking

'term' SOFR, SONIA, CORRA and €STR reference rates (which seek to measure the market's forward expectation of an average SOFR, SONIA, CORRA or €STR rate over a designated term) have also been, or are being, developed. The adoption of SONIA may also see component inputs into swap rates or other composite rates transferring from another reference rate to SONIA.

The market or a significant part thereof may adopt an application of SONIA, SOFR, CORRA, €STR or AONIA that differs significantly from that set out in the Conditions as applicable to Covered Bonds referencing SONIA, SOFR, CORRA or €STR or AONIA-linked Covered Bonds, as the case may be, that are issued under this Prospectus. In addition, the methodology for determining any overnight rate index by reference to which the Rate of Interest in respect of certain Covered Bonds may be calculated could change during the life of any Covered Bonds. Furthermore, the Issuer may in future issue Covered Bonds referencing risk-free rates, such as SONIA, SOFR, CORRA, €STR and/or AONIA, that differ materially in terms of interest determination when compared with any previous Covered Bonds referencing such rate issued by it under the Programme. The continued development of risk-free rates, such as SONIA-, SOFR-, CORRA-, €STR- and AONIA-based rates, for the bond 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 Covered Bonds referencing such rates issued under the Programme from time to time.

The manner of adoption or application of risk-free rates, such as SONIA-, SOFR-, CORRA-, €STR- and AONIA-based rates, in one market may differ materially compared with the application and adoption of such rates in other markets, such as the derivatives and loan markets, including the manner of adoption or application by the Issuer. Investors should carefully consider how any mismatch between the adoption of risk-free rates, such as SONIA, SOFR, CORRA, €STR and AONIA reference rates, across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Covered Bonds referencing such rates. If the market adopts a different calculation method, that may adversely affect the market value of any such SONIA-, SOFR-, CORRA- or €STR-referenced Covered Bonds and/or AONIA-linked Covered Bonds.

Market terms for debt securities indexed to SOFR, such as the spread over the index reflected in interest rate provisions, may evolve over time, and trading prices of any Covered Bonds linked to SOFR may be lower than those of later-issued indexed debt securities as a result. The SOFR-referenced Covered Bonds may not be able to be sold or may not be able to be sold at prices that will provide a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk.

Also, as a rate based on transactions secured by Government of Canada treasury bills and bonds, CORRA does not measure unsecured corporate credit risk and, as a result, is less likely to correlate with the unsecured short-term funding costs of corporations. This may mean that market participants would not consider CORRA a suitable substitute or successor for CDOR, which may, in turn, lead to lessened market acceptance of CORRA. To the extent market acceptance for CORRA as a benchmark for floating-rate debt securities is not robust or declines, the return on and value of the CORRA-referenced Covered Bonds and the price at which investors can sell CORRA-referenced Covered Bonds in the secondary market could be adversely affected. In addition, investors in CORRA-referenced Covered Bonds may not be able to sell such CORRA-referenced Covered Bonds at all or may not be able to sell such CORRA-referenced Covered Bonds at prices that will provide them with a yield comparable to similar investments that continue to have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk. Further, multiple market conventions with respect to the implementation of CORRA as a base rate for floating rate Instruments or other securities may develop. The manner of calculation and related conventions with respect to the determination of interest rates based on CORRA in floating rate bond markets may differ materially compared with the manner of calculation and related conventions with respect to the determination of interest rates based on CORRA in other markets, such as the derivatives and loan markets. Uncertainty with respect to market conventions related to the implementation of CORRA and whether CORRA is a suitable replacement or

successor for CDOR may adversely affect the value of, return on and trading market for any Covered Bonds referencing CORRA.

SOFR and the SOFR Index may be modified or discontinued by their administrator, which could adversely affect the value of any SOFR-referenced Covered Bonds

The New York Federal Reserve notes on its publication page for SOFR that the New York Federal Reserve may alter the methods of calculation, publication schedule, rate revision practices or availability of SOFR and/or the SOFR Index (as defined in Condition 4(b)(ii)(B)) at any time without notice. Because SOFR and the SOFR Index are published by the New York Federal Reserve based on data received from other sources, the Issuer has no control over its determination, calculation or publication. The New York Federal Reserve has no obligation to consider the interests of holders of the Covered Bonds in calculating, adjusting, converting, revising or discontinuing SOFR or the SOFR Index.

There can be no guarantee that SOFR and/or the SOFR Index will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in relevant Covered Bonds linked to SOFR. If the manner in which SOFR and/or the SOFR Index are calculated is changed, such change may result in a reduction in the amount of interest payable on the SOFR-referenced Covered Bonds and the trading prices of such Covered Bonds. The Rate of Interest for SOFR-referenced Covered Bonds for any Interest Period will not be adjusted for any modifications or amendments to SOFR or the SOFR Index that the New York Federal Reserve may publish after the Rate of Interest for that Interest Period has been determined.

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

Historical levels of SOFR are not an indication of its future levels and SOFR may be more volatile than other benchmarks or market rates

The New York Federal Reserve began to publish SOFR in April 2018, and it therefore has a relatively limited history. 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 New York Federal Reserve, such data inherently involves assumptions, estimates and approximations. Hypothetical or historical performance data and trends are not indicative of, and have no bearing on, the potential performance of SOFR and therefore investors should not rely on any such data or trends as an indicator of future performance.

Since the initial publication of SOFR, daily changes in SOFR have, on occasion, been more volatile than daily changes in other benchmark or market rates. Although changes in compounded SOFR generally are not expected to be as volatile as changes in daily levels of SOFR, the return on and value of SOFR-referenced Covered Bonds may fluctuate more than floating rate securities that are linked to less volatile rates. In addition, the volatility of SOFR has reflected the underlying volatility of the overnight U.S. Treasury repo market. The New York Federal Reserve has at times conducted operations in the overnight U.S. Treasury repo market in order to help maintain the federal funds rate within a target range. There can be no assurance that the New York Federal Reserve will continue to conduct such operations in the future, and the duration and extent of any such operations is inherently uncertain. The effect of any such operations, or of the cessation of such operations to the extent they are commenced, is uncertain and could be materially adverse to investors in SOFR-referenced Covered Bonds. The future performance of SOFR is impossible to predict, and therefore no future performance of SOFR should be inferred from any hypothetical or historical data or trends.

The Rate of Interest on Covered Bonds which reference overnight risk-free rates such as SONIA, SOFR, CORRA or €STR will be capable of being determined only near the end of the relevant Interest Period

The Rate of Interest on Covered Bonds which reference overnight risk-free rates such as SONIA, SOFR, CORRA or €STR is only capable of being determined immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Covered Bonds which reference overnight risk-free rates such as SONIA, SOFR, CORRA or €STR to estimate reliably the amount of interest which will be payable on such Covered Bonds, and some investors may be unable or unwilling to trade such Covered Bonds without changes to their IT systems, both of which factors could adversely impact the liquidity of such Covered Bonds. Because of the delay between the final day on which SONIA, SOFR, CORRA or €STR, as applicable, is observed in connection with any interest determination and the related Interest Payment Date, increases in the level of SONIA, SOFR, CORRA or €STR, as the case may be, which occur during such period will not be reflected in the interest payable on such Interest Payment Date, and any such increase will (if "Lag", "Lookback" or "Observation Shift" is specified as being the "Observation Method" in the applicable Final Terms) instead be reflected in the following Interest Period. Further, in contrast to IBOR-based Covered Bonds, if Covered Bonds referencing SONIA, SOFR, CORRA or €STR become due and payable as a result of an Event of Default under Condition 9, or are otherwise redeemed early on a date which is not an Interest Payment Date, the final Rate of Interest payable in respect of such Covered Bonds shall only be determined immediately prior to the date on which the Covered Bonds become due and payable, and shall not be reset thereafter.

The market value of Covered Bonds issued at a substantial discount or premium may fluctuate more than the market value of conventional interest-bearing securities

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

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

Pursuant to and subject to the terms of the Bond Trust Deed, the Bond Trustee may without the consent or sanction of any of the Covered Bondholders of any Series, the related Couponholders and without the consent of the other Secured Creditors at any time and from time to time concur (or direct the Security Trustee to concur) with the Issuer and the Covered Bond Guarantor and any other party in making any modification to the Covered Bonds of one or more Series, the related Coupons or to the Programme Documents (a) if in the opinion of the Bond Trustee such modification will not be materially prejudicial to the interests of the Covered Bondholders of any Series (provided such modification does not relate to a Series Reserved Matter), (b) which in the opinion of the Bond Trustee is 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 (regardless of 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 regulations or any directive of any regulatory body including, without limitation, the RBNZ that are introduced in New Zealand for the purpose of regulating covered bonds provided that the Bond Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the Covered Bondholders of any Series. In addition, the Bond Trustee shall be obliged to concur, and shall be obliged to direct the Security Trustee to concur, with the Issuer, in effecting any BBSW Rate Amendments in the circumstances and as otherwise set out in Condition 4(b)(ii)(F)(3) without the consent of the Covered Bondholders.

Pursuant to and subject to the terms of the Security Deed, the Security Trustee may without the consent or sanction of any of the Covered Bondholders of any Series, the related 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 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 any Programme Documents if the Security Trustee is so directed by either the Bond Trustee (for so long as there

are any Covered Bonds outstanding) or the Majority Secured Creditors (where no Covered Bonds are outstanding).

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

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

Neither the Bond Trustee nor the Security Trustee shall be bound to take enforcement proceedings in relation to the Bond Trust Deed, the Covered Bonds or the Coupons, the Security or any other Programme Document unless the Bond Trustee or Security Trustee, as applicable, shall have been indemnified and/or prefunded and/or secured to its satisfaction and provided that neither the Bond Trustee nor the Security Trustee shall be bound to take any enforcement proceedings which may, in the opinion of the Bond Trustee or the Security Trustee, as applicable, in its absolute discretion, result in the Bond Trustee or the Security Trustee, as applicable, failing to receive any payment to which it is or would be entitled.

Enforceability of Priority of Excluded Swap Termination Payment

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

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

Contrary to this, however, a U.S. Bankruptcy Court has held that such a subordination provision is unenforceable in cases under the U.S. Bankruptcy Code and that any action to enforce such provision would violate certain structures that apply under such law in the case of a U.S. bankruptcy of the creditor. However, a subsequent 2016 decision of a U.S. Bankruptcy Court held that in certain circumstances flip clauses are protected under the U.S. Bankruptcy Code and therefore enforceable in bankruptcy. The 2016 decision was affirmed on 14 March 2018 by the U.S. District Court for the Southern District of New York, which 2018 decision was further affirmed on 11 August 2020 by the U.S. Court of Appeals for the Second Circuit. Nevertheless, the implications of this conflict are not fully resolved.

If a Swap Provider or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales or New Zealand (including, but not limited to, the U.S.), and it is owed a payment by the Covered Bond Guarantor, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of the subordination provisions of the relevant Priority of Payments which refer to the ranking of the Swap Providers' payment rights in respect of Excluded Swap Termination Amounts. In particular, based on the decision of the

U.S. Bankruptcy Court referred to above, there is a risk that such subordination provisions would not be upheld under U.S. bankruptcy laws. Such laws may be relevant in certain circumstances with respect to a range of entities which may act as Swap Provider, including U.S. established entities and certain non-U.S. established entities with assets or operations in the U.S. (although the scope of any such proceedings may be limited if the relevant non-U.S. entity is a bank with a licensed branch in a U.S. state). As at the date of this Prospectus, BNZ is the only Swap Provider.

In general, if a subordination provision included in the relevant Programme Documents was successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales and any relevant foreign judgment or order was recognised by the English courts, there can be no assurance that such actions would not adversely affect the rights of the Covered Bondholders, the market value of the Covered Bonds and/or the ability of the Covered Bond Guarantor to satisfy its obligations under the Covered Bond Guarantee.

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 New Zealand courts) may result in negative rating pressure in respect of the Covered Bonds. If any rating assigned to the Covered Bonds is lowered, the market value of the Covered Bonds may reduce.

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 judgement or order would be recognised by a New Zealand court. A New Zealand court 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.

Covered Bondholders may be prevented from enforcing rights in connection with the Covered Bonds where BNZ has been placed into statutory management

Insolvency proceedings in respect of BNZ will generally be governed by NZ law. NZ's voluntary administration and statutory management regimes differ significantly from similar provisions under the insolvency laws of other jurisdictions. The most relevant statutory management regimes in NZ are the regimes under the CIM Act and the BPS Act.

Pursuant to the BPS Act, the RBNZ may give a registered bank, such as BNZ, a direction in writing and/or place the registered bank under statutory management where, among other things, the RBNZ has reasonable grounds to believe that the registered bank is insolvent or is likely to become insolvent or where the registered bank has failed to comply with a direction given by the RBNZ. Where a registered bank is declared to be subject to statutory management, every subsidiary of that registered bank is also subject to statutory management. As a corporation, BNZ may also be placed into statutory management in similar circumstances under the CIM Act. Where a corporation is declared to be subject to statutory management, a moratorium will apply and no person shall commence any action or other proceedings against that corporation. Accordingly, Covered Bondholders may be prevented from enforcing rights in connection with the Covered Bonds where BNZ has been placed into statutory management.

Open Bank Resolution (OBR) is also relevant where BNZ is subject to statutory management. OBR is an RBNZ policy option aimed at resolving a bank failure quickly. NZ-incorporated registered banks with retail deposits over NZ$1 billion, which includes BNZ, are required to comply with the OBR Pre-positioning Requirements Policy (BS17), which requires liabilities that represent a range of products and facilities used by customers to access banking services (such as transactional accounts or similar products and term deposit accounts) to be pre-positioned for OBR. Upon a direction from the RBNZ, a bank must:

- upon a statutory manager's appointment, close promptly, restrict customer access to accounts and freeze all liabilities in full; and

- reopen by no later than 9 a.m. the next business day to provide customers access to transactional accounts up to a de minimis amount (if required) and unfreeze a portion of the pre-positioned liabilities, while maintaining a full freeze on other liabilities.

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

The current regulatory framework for banks will continue under the BPS Act until the DT Act comes fully into force. The RBNZ's crisis management and resolution powers under the DT Act build on the powers already existing in the BPS Act. Notable differences include:

(i) The DT Act will replace statutory management with resolution. The RBNZ is designated as the resolution authority for deposit takers to enable the powers that currently reside with a statutory manager to be exercised directly by the RBNZ.

(ii) The RBNZ is required to prepare and maintain a resolution plan for each deposit taker and to publish a statement of approach to resolution.

(iii) The RBNZ may issue new crisis management preparedness and bail-in standards that may require a deposit taker to prepare contingency and recovery plans and to issue a minimum amount of bail-in instruments.

(iv) The RBNZ has several new statutory powers related to crisis management and resolution under the DT Act that are not in the BPS Act. For instance:

(a) the power to offer, issue or transfer any financial product in respect of which a deposit taker in resolution is the issuer;

(b) the power to give a direction to a deposit taker to implement all, or part, of the deposit taker's contingency and recovery plans, to issue shares, and to trigger the contractual terms of bail-in instruments; and

(c) a new ipso facto protection that provides that certain contractual rights (e.g. the right to terminate or close out any transaction) are unenforceable against a deposit taker in resolution.

(v) The RBNZ may use the depositor compensation scheme fund to support a resolution measure in relation to a deposit taker, subject to conditions.

(vi) The introduction of a "no creditor worse off" safeguard.

The RBNZ has released a consultation paper that discusses its approach to crisis management and resolution under the DT Act, including the role of bail-in resolution tools. Subordinated debt capital instruments are expected to include contractual bail-in provisions from December 2028. The consultation paper provides that the RBNZ will also explore introducing a narrow form of statutory bail-in to enable the cancellation or transfer of ordinary shares in a deposit taker that is in resolution. Part 7 of the DT Act (which contains the crisis management and resolution provisions) will commence on a date set by Order in Council, or otherwise in July 2029.

PRINCIPAL CHARACTERISTICS OF THE PROGRAMME

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

Issuer:	Bank of New Zealand: incorporated as a company under the Companies Act 1993 of New Zealand (the **NZ Companies Act**) with company number 428849 and having its registered office at Level 4, 80 Queen Street, Auckland 1010, New Zealand.
Covered Bond Guarantor:	CBG Trustee Company Limited, a company incorporated in New Zealand with limited liability under registration number 2467131, having its registered office at Level 16, SAP Tower, 151 Queen Street, Auckland 1010, New Zealand, as trustee of the BNZ Covered Bond Trust.
Nature of eligible property:	Residential Mortgage Loans and the Related Security, Substitution Assets, and Authorised Investments.
Location of eligible residential property securing Mortgage Loans:	New Zealand.
Asset Coverage Test:	Yes, see "*Credit Structure*" on page 260.
Amortisation Test:	Yes, see "*Credit Structure*" on page 260.
Pre-Maturity Test:	Yes, see "*Credit Structure*" on page 260.
Reserve Fund:	A Reserve Fund to trap a specified amount of Available Revenue Receipts or a Term Advance will be established if: • prior to the Roll-off Date, BNZ's short-term, unsecured, unsubordinated and unguaranteed debt obligations are rated below F1+ by Fitch or P-1 by Moody's; or • on and from the Roll-off Date, BNZ's short-term, unsecured, unsubordinated and unguaranteed debt obligations are rated below F1 by Fitch or P-1 by Moody's or such other rating as is acceptable to Moody's and/or Fitch in order to maintain the then current ratings of the Covered Bonds.
Maximum Asset Percentage:	97 per cent.
Extendable Maturities:	Available.
Hard Bullet Maturities:	Available.
Asset Monitor:	Ernst & Young.
Asset Segregation from Issuer:	Yes.

Terms:	As set out in the Final Terms for the relevant Series or Tranche of Covered Bonds.
Listing and admission to trading:	Application has been made to admit Covered Bonds issued under the Programme to the Official List and to admit the Covered Bonds to trading on the Regulated Market of the Luxembourg Stock Exchange. Covered Bonds issued under the Programme may be unlisted or may be listed on such other or further stock exchanges or regulated or unregulated markets, as may be agreed between the Issuer, the Covered Bond Guarantor, the Bond Trustee and the relevant Dealer(s). Covered Bonds may also be governed by laws other than English law. Any NZ Registered Covered Bonds issued by BNZ may be unlisted. In each case, Covered Bonds will be subject to the provisions of the Programme Documents.

DOCUMENTS INCORPORATED BY REFERENCE AND CREDIT RATINGS

(A) *Documents Incorporated by Reference*

The following documents which have previously been published and have been filed with the CSSF shall be incorporated by reference in, and form part of, this Prospectus:

(a) (i) the information set out on the following pages of BNZ's Disclosure Statement for the financial year ended 30 September 2025, including the consolidated audited financial statements of BNZ and its subsidiaries (the **2025 Disclosure Statement**), which is published on the website of the Luxembourg Stock Exchange (www.luxse.com) and is available via https://dl.luxse.com/dlp/109cfa515ad1144833b56d95c94cffe9e0; and

Financial Statements	pages 4 to 8
- Income Statement and Statement of Comprehensive Income	page 5
- Statement of Changes in Equity	page 6
- Balance Sheet	page 7
- Cash Flow Statement	page 8
Notes to the Financial Statements	pages 9 to 59
Registered Bank Disclosures	pages 60 to 92
Directors' Statements	page 93
Independent Auditor's Report	pages 94 to 98
Independent Assurance Report	pages 99 to 100

(ii) the information set out on the following pages of BNZ's Disclosure Statement for the financial year ended 30 September 2026, including the consolidated audited financial statements of BNZ and its subsidiaries (the **2026 Disclosure Statement**), which is published on the website of the Luxembourg Stock Exchange (www.luxse.com) and is available via https://dl.luxse.com/dlp/10992790b95aba4b75b9a785ca3f4b52e4;

Financial Statements	pages 5 to 9
- Income Statement and Statement of Comprehensive Income	page 6
- Statement of Changes in Equity	page 7
- Balance Sheet	page 8
- Cash Flow Statement	page 9
Notes to the Financial Statements	pages 10 to 61
Registered Bank Disclosures	pages 62 to 94

Directors' Statements	page 95
Independent Auditor's Report	pages 96 to 100
Independent Assurance Report	pages 101 to 102

(b) the following pages of the constitution of BNZ, which is published on the website of the Luxembourg Stock Exchange (www.luxse.com) and is available via https://dl.bourse.lu/dlp/101a84168711c44c67bd1df435b80c7c79;

Constitution of BNZ	
- New BNZ Constitution Cover Page	first page
- New BNZ Constitution Table of Contents	pages i to iii
- New BNZ Constitution	pages 1 to 19 of 19

(c) (i) the information set out on the following pages of the audited Financial Statements of the BNZ Covered Bond Trust (including the auditors' report and notes thereto), as prepared on behalf of the Covered Bond Guarantor, in its capacity as a Trustee of the Trust, for the financial year ended 30 September 2025, which is published on the website of the Luxembourg Stock Exchange (www.luxse.com) and is available via https://dl.luxse.com/dlp/10b857b335a7094a9bae0661bc76465727; and

Balance Sheet	Page 6
Income Statement	Page 4
Cash Flow Statement	Page 7
Statement of Changes in Trust Capital	Page 5
Notes to the Financial Statements	Pages 8-17
Independent Auditor's Report	Pages 20-21

(ii) the information set out on the following pages of the audited Financial Statements of the BNZ Covered Bond Trust (including the auditors' report and notes thereto), as prepared on behalf of the Covered Bond Guarantor, in its capacity as a Trustee of the Trust, for the financial year ended 30 September 2026, which is published on the website of the Luxembourg Stock Exchange (www.luxse.com) and is available via https://dl.luxse.com/dlp/1007eb3c46fe31442384ea72aebc067c96;

Balance Sheet	Page 6
Income Statement	Page 4
Cash Flow Statement	Page 7
Statement of Changes in Trust Capital	Page 5
Notes to the Financial Statements	Pages 8-17
Independent Auditor's Report	Pages 20-21

(d) (i) the information set out on the following pages of BNZ's Supplemental Information for the financial year ended 30 September 2025, which is published on the website of the Luxembourg Stock Exchange (www.luxse.com) and is available via https://dl.luxse.com/dlp/100f9d96f8753d48d398faf737fe2a12af;

Average Balance Sheet and Related Interest	pages 3 to 4
Summary of Loan Loss Experience	pages 8 to 11

(ii) the information set out on the following pages of BNZ's Supplemental Information for the financial year ended 30 September 2026, which is published on the website of the Luxembourg Stock Exchange (www.luxse.com) and is available via https://dl.luxse.com/dlp/10b0e8aa7a9eae4d93a848d18f2cedb8b8; and

Average Balance Sheet and Related Interest	pages 3 to 4
Summary of Loan Loss Experience	pages 8 to 10

(e) (i) the information set out on the following pages of BNZ's U.S. Debt Funding Information for the financial year ended 30 September 2025, which is published on the website of the Luxembourg Stock Exchange (www.luxse.com) and is available via https://dl.luxse.com/dlp/1055903feafd7e4e8d86e007926f6d0a45;

Selected Financial Information	pages 4 to 5
Results of Operations	pages 8 to 13

(ii) the information set out on the following pages of BNZ's U.S. Debt Funding Information for the financial year ended 30 September 2026, which is published on the website of the Luxembourg Stock Exchange (www.luxse.com) and is available via https://dl.luxse.com/dlp/103c3b3618385d4e01acd85dd8c0708d42; and

Selected Financial Information	pages 4 to 5
Results of Operations	pages 8 to 10
Financial Condition	pages 11 to 13

(f) for the purposes of an issue of Covered Bonds when the first tranche of Covered Bonds which is being increased was issued under a Prospectus of an earlier date, the Terms and Conditions of the Covered Bonds set out in the prospectuses dated:

(i) 14 November 2025 (on pages 110 to 201 inclusive) which is available via https://dl.luxse.com/dlp/1046b8fe49b99143febdf4e17ed8c6e2cf;

(ii) 14 May 2025 (on pages 108 to 198 inclusive) which is available via https://dl.luxse.com/dlp/1048acaa1a6cbb4a48874f90cca14e001f;

(iii) 1 June 2023 (on pages 106 to 179 inclusive) which is available via https://dl.luxse.com/dlp/1033da08f7847648a18b058846362fb031;

(iv) 1 June 2022 (on pages 105 to 178 inclusive), which is available via https://dl.bourse.lu/dlp/10be46684fe1c54e24ac8d144abf063d4d;

(v) 25 May 2021 (on pages 102 to 174 inclusive), which is available via https://dl.luxse.com/dlp/10630512cca29f4d878fc230b182a44f68; and

each of which is also published on the website of the Luxembourg Stock Exchange (www.luxse.com).

For the avoidance of doubt, the applicable Final Terms for a Series or Tranche of Covered Bonds will indicate the Terms and Conditions applicable to such Series or Tranche and unless otherwise indicated in the applicable Final Terms, the Terms and Conditions of all Covered Bonds issued after the date hereof shall be those set out in full in this Prospectus. The remaining portions of the prospectuses dated 14 November 2025, 14 May 2025, 1 June 2023, 1 June 2022 and 25 May 2021 are not relevant for prospective investors.

In addition to the above, the following information shall be incorporated in, and form part of, this Prospectus as and when it is published during the period of 12 months from the date of this Prospectus on https://www.bnz.co.nz/about-us/governance/documents-incorporated-by-reference:

(g) the information set out in the following sections of BNZ's Disclosure Statement for the financial year ended 30 September 2027, including the consolidated audited financial statements of BNZ and its subsidiaries:

Financial Statements

- Income Statement and Statement of Comprehensive Income

- Statement of Changes in Equity

- Balance Sheet

- Cash Flow Statement

Notes to the Financial Statements

Registered Bank Disclosures

Directors' Statements

Independent Auditor's Report

Independent Assurance Report

(h) the information set out in the following sections of BNZ's Disclosure Statement for the six months ended 31 March 2027, including the consolidated unaudited financial statements of BNZ and its subsidiaries (together with the notes and the auditor's independent review report and assurance report thereon):

Interim Financial Statements

- Income Statement and Statement of Comprehensive Income

- Statement of Changes in Equity

- Balance Sheet

- Cash Flow Statement

Notes to the Interim Financial Statements

Registered Bank Disclosures

Directors' Statements

Independent Auditor's Review Report

Independent Assurance Report

(i) the information set out in the following sections of BNZ's U.S. Debt Funding Information for the financial year ended 30 September 2027:

Selected Financial Information

Results of Operations

Financial Condition

(j) the information set out in the following sections of BNZ's U.S. Debt Funding Information for the six months ended 31 March 2027:

Selected Financial Information

Results of Operations

Financial Condition

(k) the information set out in the following sections of BNZ's Supplemental Information for the financial year ended 30 September 2027:

Average Balance Sheet and Related Interest

Summary of Loan Loss Experience

(l) the information set out in the following sections of the audited Financial Statements of the BNZ Covered Bond Trust (including the auditors' report and notes thereto), as prepared on behalf of the Covered Bond Guarantor, in its capacity as a Trustee of the Trust, published after the date of this Prospectus:

Balance Sheet

Income Statement

Cash Flow Statement

Statement of Changes in Trust Capital

Notes to the Financial Statements

Independent Auditor's Report

Information incorporated by reference pursuant to paragraphs (g) to (l) above shall, to the extent applicable, be deemed to modify or supersede statements contained in this Prospectus.

Copies of this Prospectus and all documents incorporated by reference will also be made available free of charge on the website of the Luxembourg Stock Exchange (*www.luxse.com*).

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

Any non-incorporated parts of a document referred to herein (which, for the avoidance of doubt and where applicable, means any parts not listed in the cross-reference lists above) are either (i) not considered by the Issuer to be relevant for investors or (ii) covered elsewhere in this Prospectus.

Any statement contained herein or in a document and/or information which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in any such subsequent document and/or information which is incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise, including where such modifying or superseding statement is made by way of supplement to this Prospectus pursuant to Article 23 of the Prospectus Regulation).

For the purposes of the NZ Registered Covered Bonds, the relevant documents incorporated by reference described above will be available from the specified offices of the NZ Registrar for the time being at 159 Hurstmere Road, Takapuna, Auckland 0622, Private Bag 92119, Victoria Street West, Auckland 1142, New Zealand.

Other than the URLs for the documents incorporated by reference into this Prospectus, the content of any other websites or URLs referred to in this Prospectus do not form part of this Prospectus.

(B) *Credit Ratings*

As at the date of this Prospectus, the Issuer's credit rating (long-term / short-term) is as follows:

- S&P Global Ratings Australia Pty Ltd: AA- / A-1+;
- Moody's Investors Service Pty Limited: A1 / Prime-1;
- Fitch Australia Pty Ltd: A+ / F1.

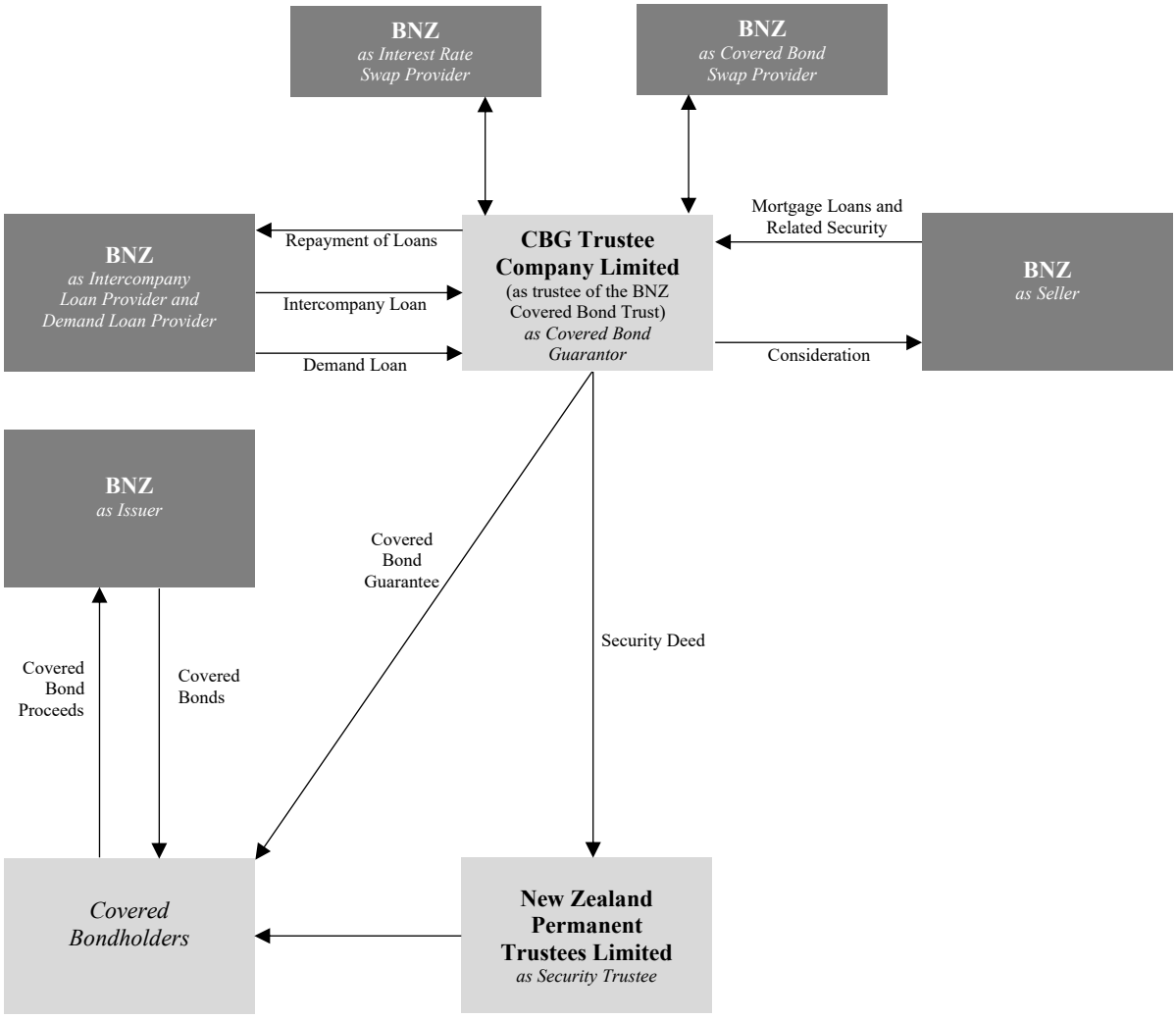
There are credit ratings contained in BNZ's Disclosure Statements, which are assigned by S&P Australia, Moody's and Fitch.

STRUCTURE OVERVIEW

The information in this section is an overview of the structure relating to the Programme and does not purport to be complete. This Structure Overview must be read as an introduction to this Prospectus and any decision to invest in any Covered Bonds should be based on a consideration of this Prospectus as a whole, including the documents incorporated herein by reference. Words and expressions defined elsewhere in this Prospectus shall have the same meanings in this Structure Overview. A glossary of certain defined terms used in this document is contained at the end of this Prospectus on page 304.

The BPS Act provides that covered bonds may only be issued under registered covered bond programmes. The Programme was registered with the RBNZ on 8 August 2014.

Structure Diagram



Structure Overview

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

Intercompany Loan Agreement: Pursuant to the terms of the Intercompany Loan Agreement, BNZ 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 Issuer of amounts due under the Covered Bonds will not be conditional upon receipt by BNZ 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.

Covered Bond Guarantee: Pursuant to the terms of the Bond Trust Deed, the Covered Bond Guarantor has guaranteed payments of interest and principal under the Covered Bonds issued by the Issuer. The Covered Bond Guarantor has agreed to pay an amount equal to the Guaranteed Amounts when the same shall become Due for Payment but which would otherwise be unpaid by the Issuer. The obligations of the Covered Bond Guarantor under the Covered Bond Guarantee constitute 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 Issuer but not at such time as against the Covered Bond Guarantor).

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

The proceeds of Term Advances: 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 Mortgage Loan Portfolio (consisting of Mortgage 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) 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 requirements of 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).

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

Cashflows:

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:

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

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

Application of monies 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 and the Issuer) and/or the commencement of winding up proceedings against the Trust and/or realisation of the Security, all Available Revenue Receipts and all Available Principal Receipts will continue to be applied in accordance with the applicable Priority of Payments save that, whilst any Covered Bonds remain outstanding, no monies will be applied to (i) acquire New Mortgage Loans and the Related Security to ensure compliance with the Asset Coverage Test, (ii) repay the amounts due or to become due and payable to the Intercompany Loan Provider in respect of each Term Advance, (iii) pay the purchase price for New Mortgage Loans and the Related Security sold to the Covered Bond Guarantor in accordance with clause 4.3 of the Mortgage Sale Agreement (see further "*Overview of the Principal Documents – Mortgage Sale Agreement – Sale by the Seller of Mortgage Loans and Related Security*"), (iv) reimburse the Seller for funding Further Advances and/or Cash Redraws, (v) repay the principal amount outstanding on the Demand Loan (or to deposit an amount in the GIC Account that would otherwise have been applied in repayment of the Demand Loan), or (vi) pay the subordinated servicing fee payable to the Servicer under the Subordinated Servicing Fee Letter, and the remainder (if any) will be deposited into the GIC Account and applied as Available Revenue Receipts or Available Principal Receipts, as the case may be, on the next succeeding Trust Payment Date.

Application of monies following service of a Notice to Pay

Following service on the Covered Bond Guarantor of a Notice to Pay (but prior to a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor, the Issuer and/or the realisation of the Security and/or the commencement of winding up proceedings against the Trust) the Covered Bond Guarantor will use all monies (other than Third Party Amounts) 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 Servicer 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 the occurrence of a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer and/or the realisation of the Security and/or the commencement of winding up proceedings against the Covered Bond Guarantor, the Covered Bonds will become immediately due and repayable (if not already due and payable as against the Issuer) and the Bond Trustee will then have a claim against the Covered Bond Guarantor under the Covered Bond Guarantee for an amount equal to the Early Redemption Amount in respect of each Covered Bond together with accrued interest and any other amounts due under the Covered Bonds (other than additional amounts payable by the Issuer under Condition 7 (*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 enforcement of the Security created by the Covered Bond Guarantor over the Charged Property will be distributed according to the Post-Enforcement Priority of Payments.

Asset Coverage Test: To protect the value of the Mortgage Loan Portfolio, the Establishment Deed provides that, prior to the service of a Notice to Pay on the Covered Bond Guarantor, the assets of the Covered Bond Guarantor are subject to the Asset Coverage Test. Accordingly, for so long as Covered Bonds remain outstanding, the Covered Bond Guarantor must ensure that on each Calculation Date, the Adjusted Aggregate Mortgage 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 from time to time. The Asset Coverage Test will be undertaken by the Calculation Manager on each Calculation Date.

If the Adjusted Aggregate Mortgage Loan Amount is less than the NZ Dollar Equivalent of the aggregate Principal Amount Outstanding of all Covered Bonds on a Calculation Date and also on the next following Calculation Date, the Asset Coverage Test will be breached and the Bond Trustee will serve an Asset Coverage Test Breach Notice on the 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 Calculation 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 Calculation Date after service of such Asset Coverage Test Breach Notice an Issuer Event of Default will occur.

Amortisation Test: In addition, on each Calculation Date following service of a Notice to Pay on the Covered Bond Guarantor (but prior to 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 Mortgage Loan Amount, as calculated on such Calculation 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 Calculation 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 and the Issuer 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 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 BNZ's 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.

Reserve Fund: Prior to the Roll-off Date, if, on a Calculation Date, BNZ'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 establish a reserve fund within the GIC Account and to credit, on the next Trust Payment Date, to the Reserve Fund the proceeds of Available Revenue Receipts or the remaining proceeds of 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 then outstanding from (and including) such Calculation Date to (but excluding) the date falling three months after such Calculation Date, and (ii) due for payment on each Series of Covered Bonds from (and including) such Calculation Date to (but excluding) the date falling three months after such Calculation 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) and (b) of the Pre-Acceleration Revenue Priority of Payments.

On and from the Roll-off Date, if, on a Calculation Date, BNZ's short-term, unsecured, unsubordinated and unguaranteed debt obligations are not rated at least P-1 by Moody's and F1 by Fitch or such other rating as is acceptable to Moody's and/or Fitch in order to maintain the then current ratings of the Covered Bonds, the Covered Bond Guarantor is required to establish a reserve fund within the GIC Account and to credit, on the next Trust Payment Date, to the Reserve Fund the proceeds of Available Revenue Receipts or the remaining proceeds of 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 in respect of which there is no Covered Bond Swap in effect (including where a Covered Bond Swap has been entered into but has been terminated) from (and including) such Calculation Date to (but excluding) the date falling three months after such Calculation Date; and (ii) due for payment on each Series of Covered Bonds in respect of which there is no Covered Bond Swap in effect (including where a Covered Bond Swap has been entered into but has been terminated) from (and including) such Calculation Date to (but excluding) the date falling three months after such Calculation Date; and (b) the aggregate of all scheduled floating amounts that will become due and payable to the Covered Bond Swap Provider within the next three months under each Covered Bond Swap; and (c) an amount equal to the anticipated aggregate amount due for payment within the next three months in respect of the items specified in paragraphs (a) and (b) of the Pre-Acceleration Revenue Priority of Payments.

On 7 April 2020, Fitch downgraded the short-term credit rating of BNZ from "F1+" to "F1". As a result of this a Reserve Fund has been established by the Covered Bond Guarantor.

Demand Loan Agreement: Pursuant to the Demand Loan Agreement, BNZ 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 be used by the Covered Bond Guarantor: (i) as consideration (in whole or in part) for the acquisition of Mortgage 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 prevent or rectify a failure to meet the Asset Coverage Test; (iv) to rectify a breach of the Pre-Maturity Test; or (v) to rectify an Interest Rate Shortfall. Each Demand Loan Advance will be consolidated to form the Demand Loan. Amounts owed by the Covered

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

Mortgage Sale Agreement: Under the terms of the Mortgage Sale Agreement, the consideration payable to the Seller for the sale of Mortgage Loans and the Related Security originated by the Seller to the Covered Bond Guarantor on any Transfer Date will be a cash payment paid by the Covered Bond Guarantor to the Seller on the applicable Transfer Date (unless the sale is made pursuant to clause 4.3 of the Mortgage Sale Agreement (see further "*Overview of the Principal Documents – Mortgage Sale Agreement – Sale by the Seller of Mortgage Loans and Related Security*"), in which case the cash payment will be made on the immediately following Trust Payment Date). The Seller will, subject to the satisfaction of certain conditions be permitted to sell Qualifying Mortgage Loans and the Related Security to the Covered Bond Guarantor from time to time.

Servicing Agreement: In its capacity as Servicer, BNZ has entered into the Servicing Agreement with the Covered Bond Guarantor and the Security Trustee, pursuant to which the Servicer has agreed to provide administrative services in respect of, inter alia, the Mortgage Loans, the Asset Register and the Related Security sold by BNZ (in its capacity as Seller) to the Covered Bond Guarantor.

Dual recourse: Excess Proceeds to be paid to Covered Bond Guarantor: Following the occurrence of an Issuer Event of Default, the Bond Trustee may serve an Issuer Acceleration Notice on the Issuer and a Notice to Pay on the Covered Bond Guarantor.

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

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

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

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

FORM OF THE COVERED BONDS

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

Bearer Covered Bonds

Each Tranche of Bearer Covered Bonds will be initially issued in the form of a temporary global covered bond without interest coupons attached (a **Temporary Global Covered Bond**) or, if so specified in the applicable Final Terms, a permanent global covered bond without interest coupons attached (a **Permanent Global Covered Bond** and, together with the Temporary Global Covered Bonds, the **Bearer Global Covered Bonds** and each a **Bearer Global Covered Bond**) which, in either case, will:

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

(b) if the Bearer Global Covered Bonds are not intended to be issued in NGCB form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the **Common Depositary**) for Euroclear and Clearstream, Luxembourg.

Whilst any Bearer Covered Bond is represented by a Temporary Global Covered Bond, payments of principal, interest (if any) and any other amount payable in respect of the Bearer Covered Bonds due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Covered Bond if the Temporary Global Covered Bond is not intended to be issued in NGCB form) only to the extent that certification to the effect that the beneficial owners of interests in such Bearer Covered Bond are not U.S. persons for U.S. federal income tax purposes 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: (i) interests in a Permanent Global Covered Bond of the same Series; or (ii) for Bearer Definitive Covered Bonds of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of Bearer Definitive Covered Bonds, to such notice period as is specified in the applicable Final Terms), in each case against certification of non-U.S. beneficial ownership as described above unless such certification has already been given. 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.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Covered Bond will be made 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 intended to be issued in NGCB form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Covered Bond will be exchangeable (free of charge), in whole but not in part, for Bearer Definitive Covered Bonds with, where applicable, interest coupons and talons attached upon either: (i) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Covered Bond) to the Principal Paying Agent as described therein; or (ii) only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that: (i) 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, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available; or (ii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Bearer Covered Bonds represented by the Permanent Global Covered Bond in definitive form. The Issuer will promptly give notice to the Covered Bondholders of each Series of Bearer Global Covered Bonds in accordance with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Covered Bond) or the Bond Trustee may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (ii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

Bearer Global Covered Bonds and Bearer Definitive Covered Bonds will be issued pursuant to the Agency Agreement.

Bearer Global Bonds and Bearer Definitive Covered Bonds will bear the restrictive legend described under "*Subscription and Sale and Transfer and Selling Restrictions*".

The following legend will appear on all Bearer Global Covered Bonds and Bearer Definitive Covered Bonds which have an original maturity of more than one year and on all interest coupons, talons or receipts 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 United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Covered Bonds or interest coupons, talons or receipts, and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Bearer Covered Bonds or interest coupons, talons or receipts.

The exchange of a Permanent Bearer Global Covered Bond for Bearer Definitive Covered Bonds upon notice from Euroclear and/or Clearstream (acting on the instructions of any holder) or at any time at the request of the Issuer should not be expressed to be applicable in the applicable Final Terms, if the Bearer Covered Bonds are issued with a minimum Specified Denomination such as €100,000 (or its equivalent in another currency) plus one or more higher integral multiples of another smaller amount such as €1,000 (or its equivalent in another currency). Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Covered Bonds which is to be represented on issue by a Temporary Bearer Global Covered Bond exchangeable for definitive Bearer Covered Bonds.

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

Registered Covered Bonds

The Registered Covered Bonds of each Tranche offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will initially be represented by a global covered bond in registered form (a **Regulation S Global Covered Bond**). Prior to expiry of the period that ends 40 days after the completion of the distribution of each Tranche of Covered Bonds, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant Lead Manager (in the case of a syndicated issue) (the **Distribution Compliance Period**), beneficial interests in a Regulation S Global Covered Bond may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 (*Transfers of Registered Covered Bonds*) and may not be held otherwise than through Euroclear or Clearstream, Luxembourg, and such Regulation S Global Covered Bond will bear a legend regarding such restrictions on transfer.

The Registered Covered Bonds of each Tranche may only be offered and sold in the United States or to U.S. persons in private transactions exempt from registration under the Securities Act to **qualified institutional buyers** within the meaning of Rule 144A (**QIBs**). The Registered Covered Bonds of each Tranche sold to QIBs will be represented by a global covered bond in registered form (a **Rule 144A Global Covered Bond** and, together with a Regulation S Global Covered Bond, the **Registered Global Covered Bonds**).

Registered Global Covered Bonds will either: (i) be deposited with a custodian for, and registered in the name of a nominee of, DTC for the accounts of Euroclear and Clearstream, Luxembourg; or (ii) be deposited with a common depositary or common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg, or in the name of a nominee of the common safekeeper as specified in the applicable Final Terms. In the case of a Regulation S Global Covered Bond registered in the name of a nominee of DTC, prior to the end of the Distribution Compliance Period applicable to the Covered Bonds represented by such Regulation S Global Covered Bond, interests in such Regulation S Global Covered Bond may only be held through the accounts of Euroclear and Clearstream, Luxembourg.

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

Payments of principal, interest and any other amount in respect of the Registered Global Covered Bonds will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 5(d)) as the registered holder of the Registered Global Covered Bonds. None of the Issuer, the Covered Bond Guarantor, the Bond Trustee, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

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

Interests in a Registered Global Covered Bond will be exchangeable (free of charge), in whole but not in part, for Registered Definitive Covered Bonds without interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes. **Exchange Event** means that: (i) in the case of Covered Bonds registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Covered Bonds and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act; (ii) in the case of Covered Bonds registered in the name of a nominee for a common depositary or in the name of a nominee of the common

safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg, 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, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available; or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Covered Bonds represented by the Registered Global Covered Bond in definitive form. The Issuer will promptly give notice to the Covered Bondholders of each Series of Registered Global Covered Bonds in accordance with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any registered holder of an interest in such Registered Global Covered Bond) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

Definitive Rule 144A Covered Bonds will be issued only in minimum denominations of U.S.$100,000 and integral multiples of U.S.$1,000 in excess thereof (or the approximate equivalents in the applicable Specified Currency).

Transfer of Interests

Interests in a Registered Global Covered Bond may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Covered Bond. No beneficial owner of an interest in a Registered Global Covered Bond will be able to transfer such interest, except in accordance with the applicable procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream, Luxembourg), Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. Registered Covered Bonds are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see "*Subscription and Sale and Transfer and Selling Restrictions*".

General

Pursuant to the 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 and, where applicable, a CUSIP and CINS number which are different from the common code, ISIN, CUSIP and CINS assigned to Covered Bonds of any other Tranche of the same Series until at least the expiry of the Distribution Compliance Period applicable to the Covered Bonds of such Tranche.

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

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

The Issuer may agree with any Dealer that Covered Bonds may be issued in a form not contemplated by the Terms and Conditions of the Covered Bonds, in which case (if the Covered Bonds are intended to be listed) a new Prospectus will be made available which will describe the effect of the agreement reached in relation to such Covered Bonds.

Eurosystem eligibility

The Issuer will notify the International Central Securities Depositories (**ICSDs**) and the Paying Agents upon issue whether the Covered Bonds are intended, or are not intended, to be held in a manner which would allow Eurosystem eligibility and deposited with one of the ICSDs as common safekeeper (and in the case of registered Covered Bonds, registered in the name of a nominee of one of the ICSDs acting as common safekeeper). Where the Covered Bonds are not intended to be deposited with one of the ICSDs as common safekeeper upon issuance, should the Eurosystem eligibility criteria be amended in the future such that the Covered Bonds are capable of meeting such criteria, the Covered Bonds may then be deposited with one of the ICSDs as common safekeeper. Where the Covered Bonds are so deposited with one of the ICSDs as common safekeeper (and in the case of registered Covered Bonds, registered in the name of a nominee of one of the ICSDs acting as a common safekeeper) upon issuance or otherwise, this does not necessarily mean that the Covered Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at issuance or at any time during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

FORM OF FINAL TERMS IN RESPECT OF COVERED BONDS TO BE ISSUED UNDER THE PROGRAMME BY BNZ WITH A MINIMUM DENOMINATION OF AT LEAST EUR 100,000 (OR ITS EQUIVALENT IN ANOTHER CURRENCY)

Set out below is the form of Final Terms for the purposes of Article 8(2)(a) of the Prospectus Regulation which will be completed for each Tranche of Covered Bonds issued under the Programme.

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

[**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Covered Bonds are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold, distributed or otherwise made available to any retail investor in the United Kingdom (the **UK**). For these purposes, a retail investor means a person who is either one (or both) of the following: (i) not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); or (ii) not a qualified investor as defined in paragraph 15 of Schedule 1 to the Public Offers and Admissions to Trading Regulations 2024. Consequently, no disclosure document required by the FCA Product Disclosure Sourcebook (**DISC**) for offering, selling or distributing the Covered Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering, selling or distributing the Covered Bonds or otherwise making them available to any retail investor in the UK may be unlawful under DISC and the Consumer Composite Investments (Designated Activities) Regulations 2024.][2]

PROHIBITION OF SALES TO CONSUMERS IN BELGIUM – The Covered Bonds are not intended to be offered, sold or otherwise made available, and will not be offered, sold or otherwise made available, in Belgium to "consumers" (*consommateurs/consumenten*) within the meaning of the Belgian Code of Economic Law (*Code de droit économique/Wetboek van economisch recht*), as amended.

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

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

2 *Legend to be included on front of the Final Terms if the Covered Bonds potentially constitute consumer composite investments and no disclosure document will be prepared in the UK or the Issuer wishes to prohibit offers to UK retail investors for any other reason, in which case the item entitled "Prohibition of Sales to UK Retail Investors" should be specified to be "Applicable".*

adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.][3]

[**UK MiFIR PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the [European Union (Withdrawal) Act 2018/EUWA] (**UK MiFIR**); and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a **UK distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a UK distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.][4]

[Date]

Bank of New Zealand (the Issuer)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Covered Bonds]

guaranteed by the Covered Bond Guarantor

under the NZ $10,000,000,000

BNZ Covered Bond Programme

Legal Entity Identifier (LEI): N7LGVZM7X4UQ66T7LT74

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Covered Bonds (the **Conditions**) set forth in the Prospectus dated 12 November 2026 [and the supplement to the prospectus dated [●]] ([together,] the **Prospectus**), which constitute[s] a base prospectus for the purposes of the Prospectus Regulation. This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 8 of the Prospectus Regulation and must be read in conjunction with the Prospectus [as so supplemented] in order to obtain all the relevant information. The Prospectus is available on the website of the Luxembourg Stock Exchange (www.luxse.com).

[*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.*]

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Covered Bonds (the **Conditions**) set forth in the prospectus dated [*14 November 2025/14 May 2025/1 June 2023/1 June 2022/25 May 2021*] which are incorporated by reference in the Prospectus dated 12 November 2026 [and the supplement to the prospectus dated [●]] ([together,] the **Prospectus**). This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 8 of the Prospectus Regulation and must be read in conjunction with the Prospectus [and the supplements to the Prospectus] which

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

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

together constitute a base prospectus for the purposes of the Prospectus Regulation in order to obtain all the relevant information. The Prospectus [and supplement[s] to the Prospectus] and Final Terms are available for viewing on the website of the Luxembourg Stock Exchange (www.luxse.com).**]**

1.	(a)	Series Number:	[●]
	(b)	Tranche Number:	[●]
	(c)	Series with which Covered Bonds will be consolidated and form a single Series:	[●]/[Not Applicable]
	(d)	Date on which the Covered Bonds will be consolidated and form a single Series with the Series specified above:	[●]/[Issue Date]/[Not Applicable]
2.	Specified Currency or Currencies:		[●]
3.	Nominal amount of Covered Bonds to be issued:		[●]
4.	Aggregate Nominal Amount of Covered Bonds admitted to trading:		
	(a)	Series:	[●] (**Aggregate Nominal Amount**)
	(b)	Tranche:	[●]
5.	Issue Price:		[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]]
6.	(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 (in relation to calculation of interest for Covered Bonds in global form or in the form of Registered Definitive Covered Bonds, see Conditions):	[●]
7.	(a)	Issue Date:	[●]
	(b)	Interest Commencement Date:	[●]/[Issue Date]/[Not Applicable]

8.	Final Maturity Date:	[*Fixed rate/Floating rate/Zero Coupon* – [[*specify date*]/[Interest Payment Date falling in [*specify month and year*] (*only include in the case of Floating Rate Covered Bonds with Specified Period(s) applying the Floating Rate Convention*)]] [, subject to adjustment in accordance with the Business Day Convention set out in Paragraph [14(f)/15(b)/16(d)] below]]
9.	Extended Due for Payment Date:	[●/Interest Payment Date falling in [or nearest to] [●]]/[Not Applicable] [If an Extended Due for Payment Date is specified and the Final Redemption Amount is not paid in full on the Final Maturity Date, payment of the unpaid amount will be automatically deferred until the Extended Due for Payment Date, provided that any amount representing the Final Redemption Amount due and remaining unpaid on the Final Maturity Date may be paid by the Issuer on any Interest Payment Date occurring thereafter up to (and including) the relevant Extended Due for Payment Date. See Condition [6(a)].]
10.	Interest Basis:	[[●] per cent. per annum Fixed Rate] (*additional language to include if there is an Extended Due for Payment Date: [payable [annually] in arrear, accruing from (and including) the Interest Commencement Date to (but excluding) the Final Maturity Date]*) [[EURIBOR/BBSW/BKBM/HIBOR/NIBOR/Compounded Daily [SONIA/SOFR/CORRA/€STR]] [Average [SONIA/SOFR/CORRA/€STR]] +/- [●] per cent. per annum Floating Rate] (*additional language to include if there is an Extended Due for Payment Date: [payable [monthly] in arrear, accruing from (and including) the Final Maturity Date to (but excluding) the Extended Due for Payment Date]*) [Zero Coupon] (further particulars specified below) (*N.B. It is expected that BBSW Rate or BKBM Rate will only be selected where "BBSW Determination" or "BKBM Determination", respectively, are marked as "Applicable" below*)

11.	Change of Interest Basis:	[Not Applicable]/[From, and including the Final Maturity Date to, but excluding the Extended Due for Payment Date the following Interest Provisions apply: [●]]
12.	Put/Call Options:	[Investor Put] [Issuer Call] [Issuer Clean-Up Call] [Not Applicable]
13.	Date Board approval for issuance of Covered Bonds and Guarantee obtained:	[●] [and [●], respectively]]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Covered Bond Provisions:		[Applicable/Not Applicable/ (*if there is an Extended Due for Payment Date:* [Applicable from the Interest Commencement Date to the Final Maturity Date])]
	(a)	Rate[(s)] of Interest:	[●] per cent. per annum
	(b)	Interest Payment Date(s):	[[●] [and]/[in each year from (and including) [●] up to (and including)] the [Final Maturity Date]/[Extended Due for Payment Date, if applicable (*additional language to include if there is an Extended Due for Payment Date: [(provided however that after the Final Maturity Date, the Interest Payment Dates shall be monthly in accordance with paragraph 15 below*)]), subject to adjustment in accordance with the Business Day Convention set out below *(Amend appropriately in the case of irregular coupons and depending on the tenor of the relevant Covered Bonds)*
	(c)	Fixed Coupon Amount(s) for Bearer Covered Bonds in definitive form (and in relation to Covered Bonds in global form or in the form of Registered Definitive Covered Bonds, see Conditions):	[[●] per Calculation Amount]/[Not Applicable] (*'Not Applicable' should be specified where 'Business Day Convention – Adjusted' is specified as being 'Applicable'*)
	(d)	Broken Amount(s) for Bearer Covered Bonds in definitive form (and in relation to Covered Bonds in global form or in the form of Registered Definitive Covered Bonds, see Conditions):	[[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]]/[Not Applicable]
	(e)	Day Count Fraction:	[30/360] [Actual/Actual (ICMA)] [RBA Bond Basis]/[Australian Bond Basis]

		[Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [NZ Government Bond Basis]
(f)	Business Day Convention:	[Floating Rate Convention]/ [Following Business Day Convention]/ [Modified Following Business Day Convention]/ [Preceding Business Day Convention]
	• Adjusted:	[Applicable]/[Not Applicable]
	• Non-Adjusted:	[Applicable]/[Not Applicable]
(g)	Additional Business Centre(s):	[[*Specify Additional Business Centre(s)*] For the avoidance of doubt, in accordance with the Conditions, [this/these] Additional Business Centre[s] [is/are] in addition to [New Zealand and London] / [T2]]/[Not Applicable]
(h)	Determination Date(s):	[●] in each year/[Not Applicable]
15.	Floating Rate Covered Bond Provisions:	[Applicable/Not Applicable/(*alternative language to include if there is an Extended Due for Payment Date: [Applicable from the Final Maturity Date to the Extended Due for Payment Date])*]
(a)	Specified Period(s)/Specified Interest Payment Dates:	[●] [in each year from (and including) [●]] [and]/[up to (and including)] the [Final Maturity Date]/[Extended Due for Payment Date, if applicable] subject to adjustment in accordance with the Business Day Convention set out below / *(alternative language to include if there is an Extended Due for Payment Date: [**Specified Period** means the period from (and including) each Specified Interest Payment Date up to (but excluding) the next following Specified Interest Payment Date provided that the first Specified Period shall be from (and including) the Final Maturity Date to (but excluding) the next following Specified Interest Payment Date, subject to adjustment in accordance with the Business Day Convention set out below).* *The **Specified Interest Payment Dates** are the [●] day of each month from (but excluding) the Final Maturity Date to (and including) the Extended Due for Payment Date (or, if earlier, the date on which the Covered Bonds are redeemed in full), subject to*

		adjustment in accordance with the Business Day Convention set out below.] *(Amend appropriately depending on the tenor of the relevant Covered Bonds; use "and" in the case of Specified Interest Payment Dates where the tenor is one year)*
(b)	Business Day Convention:	[Floating Rate Convention]/ [Following Business Day Convention]/ [Modified Following Business Day Convention]/ [Preceding Business Day Convention]
(c)	Additional Business Centre(s):	[[*Specify Additional Business Centre(s)*] For the avoidance of doubt, in accordance with the Conditions, [this/these] Additional Business Centre[s] [is/are] in addition to [New Zealand and London] / [T2]]/Not Applicable]
(d)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination – Term Rate/Screen Rate Determination – SOFR/Screen Rate Determination – SONIA/ Screen Rate Determination – CORRA/ Screen Rate Determination – €STR/BBSW Determination/BKBM Determination]
(e)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent):	[●] (the **Calculation Agent**)
(f)	Screen Rate Determination:	[Applicable – Term Rate/Applicable – SOFR/Applicable – SONIA/Applicable – CORRA/Applicable – €STR]/[Not Applicable]
	(i) Reference Rate, Relevant Time and relevant financial centre:	Reference Rate: [[●] month [EURIBOR/HIBOR/NIBOR]] [SONIA][SOFR][CORRA][€STR] Relevant Time: [●]/[Not Applicable] (*Where (i) Reference Rate is SONIA and Calculation Method is <u>not</u> SONIA Index Determination, or (ii) Reference Rate is CORRA and Calculation Method is <u>not</u> CORRA Index Determination, (iii) Reference Rate is €STR and Calculation Method is <u>not</u> €STR Index Determination, or (iv) Reference Rate is SOFR, Relevant Time will be "Not Applicable"*) Relevant financial centre: [Brussels]/[Hong Kong]/[Toronto]/[Oslo]/ [New York]/[*specify other relevant Financial Centre*]/[Not Applicable]

(*Where Reference Rate is SONIA, SOFR, CORRA or €STR, Relevant Financial Centre will be 'Not Applicable'*)

(ii) Interest Determination Date(s): [●]

(iii) Relevant Screen Page: [●] (or any replacement thereto)

(iv) SOFR Provisions: [Applicable]/[Not Applicable]

(*If not applicable, delete the remaining subparagraphs of this paragraph 15(f)(iv))*

(A) Calculation Method: [Compounded Daily SOFR Formula/SOFR Index Determination/Average SOFR]

(B) Observation Method: [Lookback/Observation Shift/Not Applicable]

(C) Lookback Period (p): [5/[●] U.S. Government Securities Business Days][Not Applicable]

(D) Observation Shift Period: [5/[●] U.S. Government Securities Business Days][Not Applicable]

(*N.B. When setting the Lookback Period (p) or the Observation Shift Period, the practicalities of this period should be discussed with the Principal Paying Agent or, if applicable, such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms. It is anticipated that '(p)' will be no fewer than 5 U.S. Government Securities Business Days unless otherwise agreed with the Principal Paying Agent or, if applicable/required, such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms, in relation to the relevant issuance*)

(E) Relevant Number: [[●] U.S. Government Securities Business Days][Not Applicable]

(*Not applicable unless Calculation Method is SOFR Index Determination*)

(*N.B. When setting the Relevant Number, the practicalities of this period should be discussed with the Principal Paying Agent or, if applicable, such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms. It is anticipated that the Relevant Number will be no fewer than 5 U.S. Government Securities*

Business Days unless otherwise agreed with the Principal Paying Agent or, if applicable/required, such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms, in relation to the relevant issuance)

(v) SONIA Provisions [Applicable]/[Not Applicable]

(*If not applicable, delete the remaining subparagraphs of this paragraph 15(f)(v)*)

(A) Calculation Method: [Compounded Daily SONIA Formula/SONIA Index Determination/Average SONIA]

(B) Observation Method: [Lag/Observation Shift/Not Applicable]

(C) Lag Lookback Period (p): [5/[●] London Banking Days][Not Applicable]

(D) Observation Shift Period: [5/[●] London Banking Days][Not Applicable]

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

(E) Relevant Number: [5/[●] London Banking Days][Not Applicable]

(*Not applicable unless Calculation Method is SONIA Index Determination*)

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

(*It is anticipated that Screen Rate Determination will be used on an issue by issue basis, unless otherwise agreed between the Issuer and the relevant dealer or the relevant managers on the launch of a particular issue*.)

(vi) CORRA Provisions: [Applicable]/[Not Applicable]

(*If not applicable, delete the remaining subparagraphs of this Paragraph 15(f)(vi)*)

(A) Calculation Method: [Compounded Daily CORRA Formula/CORRA Index Determination/Average CORRA]

(B) Observation Method: [Lag/Observation Shift/Not Applicable]

(C) Lag Lookback Period (p): [5/[*specify other*] Toronto Business Days][Not Applicable]

(D) Observation Shift Period: [5/[*specify other*] Toronto Business Days][Not Applicable]

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

(E) Relevant Number: [5/[*specify other*] Toronto Business Days][Not Applicable]

(*Not applicable unless Calculation Method is CORRA Index Determination*)

(*N.B. When setting the Relevant Number, the practicalities of this period should be discussed with the Principal Paying Agent or, if applicable, such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms. It is anticipated that the Relevant Number will be no fewer than 5 Toronto Business Days unless otherwise agreed with the Principal Paying Agent or, if applicable/required, such other party*

responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms, in relation to the relevant issuance)

(vii) €STR Provisions: [Applicable]/[Not Applicable]

(*If not applicable, delete the remaining subparagraphs of this Paragraph 15(f)(vii)*)

(A) Calculation Method: [Compounded Daily €STR Formula/€STR Index Determination/Average €STR]

(B) Observation Method: [Lag/Observation Shift/Not Applicable]

(C) Lag Lookback Period (p): [5/[*specify other*] T2 Business Days][Not Applicable]

(D) Observation Shift Period: [5/[*specify other*] T2 Business Days][Not Applicable]

(*N.B. When setting the Lag Lookback Period (p) or the Observation Shift Period, the practicalities of this period should be discussed with the Principal Paying Agent or, if applicable, such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms. It is anticipated that '(p)' will be no fewer than 5 T2 Business Days unless otherwise agreed with the Principal Paying Agent or, if applicable/required, such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms, in relation to the relevant issuance*)

(E) Relevant Number: [5/[*specify other*] T2 Business Days][Not Applicable]

(*Not applicable unless Calculation Method is €STR Index Determination*)

(*N.B. When setting the Relevant Number, the practicalities of this period should be discussed with the Principal Paying Agent or, if applicable, such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms. It is anticipated that the Relevant Number will be no fewer than 5 T2 Business Days unless otherwise agreed with the Principal Paying Agent or, if applicable/required, such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms, in relation to the relevant issuance.*)

(*It is anticipated that Screen Rate Determination will be used on an issue-by-issue basis, unless otherwise agreed between the Issuer and the relevant dealer or the relevant managers on the launch of a particular issue*)

(g)	BBSW Determination:		[Applicable]/[Not Applicable] (*If not applicable, delete the remaining subparagraphs of this Paragraph 15(g)*)
	(i)	Interest Determination Date(s) for BBSW Rate:	[As specified in Condition 4(b)(ii)(F)(4)/*specify other*]
	(ii)	Interest Determination Date(s) for Fallback Rates:	[As specified in Condition 4(b)(ii)(F)(4)/*specify other*]
(h)	BKBM Determination:		[Applicable]/[Not Applicable] (*If not applicable, delete the remaining subparagraphs of this Paragraph 15(h)*)
	(i)	Relevant Financial Centre:	[New Zealand]
	(ii)	Interest Determination Date(s):	[●]
(i)	Linear Interpolation:		[Not Applicable][Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation
(j)	Margin(s):		[+/-] [●] per cent. per annum
(k)	Minimum Rate of Interest:		[●] per cent. per annum/[Not Applicable]
(l)	Maximum Rate of Interest:		[●] per cent. per annum/[Not Applicable]
(m)	Day Count Fraction:		[30/360] [Actual/Actual (ICMA)] [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30E/360] [Eurobond Basis] [30E/360 (ISDA)]
(n)	Interest Amounts Non-Adjusted:		[Applicable]/[Not Applicable]
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 and late payment:	[Conditions 6(f) and 6(i) apply]/[●]
	(d)	Business Day Convention:	[Floating Rate Convention]/ [Following Business Day Convention]/ [Modified Following Business Day Convention]/ [Preceding Business Day Convention]
	(e)	Additional Business Centre(s):	[[*Specify Additional Business Centre(s)*] For the avoidance of doubt, in accordance with the Conditions, [this/these] Additional Business Centre[s] [is/are] in addition to [New Zealand and London] / [T2]]/Not Applicable]

PROVISIONS RELATING TO REDEMPTION

17.	Issuer Call:		[Applicable]/[Not Applicable]
	(a)	Optional Redemption Date(s):	[[*specify*]/[Interest Payment Date falling in [*specify month and year*] (*only include in the case of Floating Rate Covered Bonds with Specified Period(s) applying the Floating Rate Convention*)]] [, subject to adjustment in accordance with the Business Day Convention set out in Paragraph [14(f)/15(b)/16(d)] above]
	(b)	Optional Redemption Amount and method, if any, of calculation of such amount(s):	[●] per Calculation Amount
	(c)	If redeemable in part:	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this Paragraph 17(c))*
		(i) Minimum Redemption Amount:	[●]
		(ii) Maximum Redemption Amount:	[●]
18.	Issuer Clean-Up Call:		[Applicable]/[Not Applicable] (*If not applicable, delete the remaining subparagraphs of this Paragraph 18*)
	(a)	Issuer Clean-Up Call Threshold:	[As per Condition 6(c)(B)]/[*specify other*]
	(b)	Residual Redemption Amount:	[●] per Calculation Amount
	(c)	Notice periods:	Minimum period: [10/[ ]] days

		Maximum period: [30/[ ]] days (*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or Bond Trustee*)
	(d) Earliest Possible Date for Redemption:	[*insert date*][Not Applicable] (*N.B. In accordance with Condition 6(c)(B), this sub-paragraph 18(d) can be specified as "Not Applicable" if no earliest possible date for redemption is to apply to the Issuer Clean-Up Call*)
19.	Investor Put:	[Applicable]/[Not Applicable]
	(a) Optional Redemption Date(s):	[[*specify*]/[Interest Payment Date falling in [*specify month and year*] (*only include in the case of Floating Rate Covered Bonds with Specified Period(s) applying the Floating Rate Convention*)]] [, subject to adjustment in accordance with the Business Day Convention set out in Paragraph [14(f)/15(b)/16(d)] above]
	(b) Optional Redemption Amount and method, if any, of calculation of such amount(s):	[[●] per Calculation Amount/*specify other*/see Appendix]
20.	Final Redemption Amount:	[●] per Calculation Amount
21.	Early Redemption Amount payable on redemption for taxation reasons or illegality of the Intercompany Loan Agreement or the Demand Loan Agreement or on event of default:	[●] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

22.	Principal Paying Agent (if not Deutsche Bank AG, London Branch):	[●]/[Not Applicable]
23.	Any applicable Tax Jurisdiction:	[●]/[Not applicable]
24.	(a) Form of Covered Bonds:	[Bearer Covered Bonds: [Temporary Bearer Global Covered Bond exchangeable for a Permanent Bearer Global Covered Bond which is exchangeable for Definitive Covered Bonds [on 60 days' notice given at any

time/only upon an Exchange Event]. The Covered Bonds shall not be physically delivered in Belgium, except to a clearing system, a depositary or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005.]

[Temporary Bearer Global Covered Bond exchangeable for Definitive Covered Bonds on and after the Exchange Date. The Covered Bonds shall not be physically delivered in Belgium, except to a clearing system, a depositary or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005.]

[Permanent Bearer Global Covered Bond exchangeable for Definitive Covered Bonds [on 60 days' notice given at any time/only upon an Exchange Event]. The Covered Bonds shall not be physically delivered in Belgium, except to a clearing system, a depositary or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005.]]

[Registered Covered Bonds:

Regulation S Global Covered Bond (U.S.$[●] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]/Rule 144A Global Covered Bond (U.S.$[●] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]/Registered Global Covered Bond (NZ$[●] nominal amount) registered in the name of a nominee for the depository for NZClear exchangeable for Definitive Registered Covered Bonds only upon an Exchange Event.]

(b) New Global Covered Bond: [Yes][No]

(c) Global Covered Bond held under the New Safekeeping Structure: [Yes][No]

25. Additional Financial Centre(s) or other special provisions relating to Payment Days: [[*Specify Additional Financial Centre(s)*]

For the avoidance of doubt, in accordance with the Conditions, [this/these] Additional Financial Centre[s] [is/are] in addition to [New Zealand and London] / [T2]]/[Not Applicable]

26.	Talons for future Coupons to be attached to Definitive Bearer Covered Bonds:	[Yes, as the Covered Bonds have more than 27 coupon payments, Talons may be required if on exchange into definitive form more than 27 coupon payments are still to be made/No/Not Applicable] *(This Paragraph 26 can be specified as "Not Applicable" if the Covered Bonds are not issued in bearer form.)*
27.	Redenomination applicable:	[Not Applicable]/[The provisions in Condition 5(h) apply]

Signed on behalf of **Bank of New Zealand**:

By:

Duly authorised

By:

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(i)	Listing and Admission to trading:	[Application [is expected to be]/[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 Luxembourg Stock Exchange]/] with effect from [●].][Application is expected to be made by the Issuer (or on its behalf) for the Covered Bonds to be listed on the official list of the [Luxembourg Stock Exchange][*other*]] with effect from [ ].] / [Not Applicable.]
(ii)	Estimate of total expenses related to admission to trading:	[●]

2. RATINGS

Ratings:	The Covered Bonds to be issued [have been][are expected to be] rated: [Fitch: [●]] [Moody's: [●]] [The ratings issued by the Rating Agencies have been endorsed by Moody's Investors Service Ltd and Fitch Ratings Limited, in each case in accordance with the UK CRA Regulation.] [The ratings issued by the Rating Agencies have been endorsed by Moody's Deutschland GmbH and Fitch Ratings Ireland Limited, in each case in accordance with the CRA Regulation.] *[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider. Consider including the following (to be completed at the time of the relevant issuance):* *[[Fitch Australia Pty Ltd] has, in its [month, year] publication "[Fitch Ratings Rating Definitions]", described a credit rating of ['AAA'] in the following terms: ["'AAA' ratings denote the lowest expectation of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events. Within rating categories, Fitch may use modifiers. The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories".] (Source:* [●])*] [Complete as applicable]*

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

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

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Covered Bonds has an interest material to the offer. The [Managers/Dealers] and [its/their] [respective] 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 and its affiliates in the ordinary course of business.]/[Not Applicable]

4. OPERATIONAL INFORMATION

(i)	ISIN Code:	[●]
(ii)	Common Code:	[●]
(iii)	CUSIP Code:	[●]
(iv)	CINS Code:	[●]
(v)	CFI Code:	[[*include code*][5], as updated, as set out on]/[See] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
(vi)	FISN:	[[*include code*][6], as updated, as set out on]/[See] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
(vii)	Any clearing system(s) other than Euroclear and Clearstream, Luxembourg, DTC and NZClear and the relevant identification number(s):	[●]/[Not Applicable]

[5] The actual code should only be included where the issuer is comfortable that it is correct.
[6] The actual code should only be included where the issuer is comfortable that it is correct.

(viii)	Delivery:	Delivery [against/free of] payment
(ix)	Name(s) and address(es) of initial Paying Agent(s):	[●]/[Not Applicable]
(x)	Name(s) and address(es) of additional Paying Agent(s) (if any):	[●]/[Not Applicable]
(xi)	Name(s) and address(es) of additional Calculation Agent(s) (if any):	[●]/[Not Applicable]

5. YIELD (*Fixed Rate Covered Bonds only*)

Indication of yield:	[●]/[Not Applicable]

6. DISTRIBUTION

(i)	U.S. Selling Restrictions:	[[Reg. S Compliance Category [1/2/3]]; [TEFRA D/TEFRA C/TEFRA not applicable]]
(ii)	Prohibition of Sales to EEA Retail Investors:	[Applicable]/[Not Applicable] (*N.B. If the Covered Bonds clearly do not constitute "packaged" products or the Covered Bonds do constitute "packaged" products and a key information document will be prepared in the EEA, "Not Applicable" should be specified. If the Covered Bonds may constitute "packaged" products and no key information document will be prepared in the EEA, or the Issuer wishes to prohibit offers to EEA retail investors for any other reason, "Applicable" should be specified.*)
(iii)	Prohibition of Sales to UK Retail Investors:	[Applicable]/[Not Applicable] (*N.B. If the Covered Bonds clearly do not constitute consumer composite investments, or the Covered Bonds do constitute consumer composite investments and a disclosure document will be prepared in the UK, "Not Applicable" should be specified. If the Covered Bonds may constitute consumer composite investments and no disclosure document will be prepared in the UK, or the Issuer wishes to prohibit offers to UK retail investors for any other reason, "Applicable" should be specified.*)

7. USE OF THE PROCEEDS AND ESTIMATED NET PROCEEDS

(i)	Use of the proceeds:	[See "*Use of Proceeds*" in the Prospectus/[●]]

(*See "Use of Proceeds" wording in the Prospectus – if use of the proceeds differ from what is disclosed in the Prospectus, give details*)

(ii) Estimated net proceeds: [●]

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 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 Bank of New Zealand (**BNZ** and the **Issuer**) constituted by a trust deed (such trust deed as modified and/or supplemented and/or restated from time to time, the **Bond Trust Deed**) dated 2 June 2010 (the **Programme Date**) made between, among others, the Issuer, CBG Trustee Company 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 14 (Meetings of Covered Bondholders, Modification, Waiver and Substitution), references herein to the **Covered Bonds** shall be references to the Covered Bonds of this Series and shall mean:

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

(ii) any Global Covered Bond;

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

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

The Covered Bonds and the Coupons (as defined below) have the benefit of a principal agency agreement (such agency agreement as amended and/or supplemented and/or restated from time to time the **Principal Agency Agreement**) dated the Programme Date and made between, among others, the Issuer, the Covered Bond Guarantor, the Bond Trustee and Deutsche Bank AG, London Branch as issuing and UK paying agent (in such capacity, the **UK Paying Agent**, which expression shall include any successor UK paying agent) (together with the NZ Paying Agent (as defined below), the **Paying Agents**, which expression shall include any additional or successor paying agents), Deutsche Bank AG, London Branch as UK exchange agent (in such capacity, the **UK Exchange Agent**, which expression shall include any additional or successor exchange agent) and as UK transfer agent (in such capacity, a **UK Transfer Agent**), Deutsche Bank, Luxembourg, S.A. as Luxembourg registrar (in such capacity, the **Luxembourg Registrar**, which expression shall include any successor registrar and together with the UK Transfer Agent, the **UK Transfer Agents**, which expression shall include any additional or successor transfer agents).

NZ Registered Covered Bonds (and related Coupons) also have the benefit of a NZ registry and agency agreement (such registry and agency agreement as amended and/or supplemented and/or restated from time to time, the **NZ Registry Agreement** and, together with the Principal Agency Agreement, the **Agency Agreements**) dated the Programme Date and made between BNZ as Issuer, the Covered Bond Guarantor, the Security Trustee, the Trust Manager and Computershare Investor Services Limited as NZ registrar (the **NZ Registrar**). Prior to service of a Notice to Pay, BNZ (and any successor paying agent appointed in respect of the Trust) shall act as NZ paying agent (in respect of NZ Registered Covered Bonds recorded in NZClear) and

following service of a Notice to Pay, the NZ Registrar shall act as NZ Paying Agent (in respect of NZ Registered Covered Bonds) (**NZ Paying Agent**).

As used herein, **Agents** shall mean each Paying Agent and each Exchange Agent, each Transfer Agent and each Registrar, **Principal Paying Agent** shall mean, in relation to a Tranche or Series of Covered Bonds, the UK Paying Agent or, in the case of NZ Registered Covered Bonds, the NZ Paying Agent, or such other paying agent as the Final Terms for that Tranche or Series may specify, **Registrar** shall mean, in relation to a Tranche or Series of Covered Bonds (other than NZ Registered Covered Bonds), the Luxembourg Registrar or, in the case of NZ Registered Covered Bonds, the NZ Registrar, or such other registrar as the Final Terms for that Tranche or Series may specify, **Transfer Agent** shall mean, in relation to a Tranche or Series of Covered Bonds, the UK Transfer Agent or such other transfer agent as the Final Terms for that Tranche or Series may specify and **Exchange Agent** shall mean, in relation to a Tranche or Series of Covered Bonds, the UK Exchange Agent or such other exchange agent as the Final Terms for that Tranche or Series may specify.

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. Registered Covered Bonds (which include Registered Global Covered Bonds and/or Registered Definitive Covered Bonds as the case may be) and Global Covered Bonds do not have Coupons or Talons attached on issue.

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

The security for the obligations of the Covered Bond Guarantor under the Covered Bond Guarantee and the other Programme Documents to which it is a party has been created in and pursuant to, and on the terms set out in, a security 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, among others, the Covered Bond Guarantor, the Issuer, the Bond Trustee, New Zealand Permanent Trustees Limited (the **Security Trustee**) and certain other Secured Creditors.

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

Copies of the Bond Trust Deed, the Security Deed, the Definitions Schedule (as defined below), the Agency Agreements and each of the other Programme Documents are (i) available for inspection free of charge by appointment during normal business hours at the registered office for the time being of the Bond Trustee being at the Programme Date at 21 Moorfields, London, United Kingdom, EC2Y 9DB and at the specified office of each of the UK Paying Agent and the NZ Paying Agent, or (ii) may be provided to a Covered Bondholder for inspection by electronic means following their prior written request to the Bond Trustee or the UK Paying Agent or the NZ Paying Agent, as the case may be, and provision of proof of holding and identity (in a form satisfactory to the Bond Trustee or the Principal Paying Agent, as the case may be). Copies of the applicable Final Terms for all Covered Bonds of each Series (including in relation to unlisted Covered Bonds of any Series) are obtainable during normal business hours at the specified office of the UK 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. The Covered Bondholders and the Couponholders are deemed to have notice of, are bound by, and are entitled to the benefit of, all the provisions of, and definitions contained in, the Bond Trust Deed, the Security Deed, the BNZ Covered Bond Trust Definitions Schedule, the relevant Agency Agreements, each of the other Programme Documents and the applicable Final Terms which are applicable to them and to have notice of 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 BNZ covered bond trust definitions schedule made between the parties to the Programme Documents on the Programme Date (as the same may be amended and/or supplemented and/or restated from time to time, the **Definitions Schedule**), a copy of each of which may be obtained as described above. In the event of inconsistency between the Bond Trust Deed and the Definitions Schedule, the Bond Trust Deed will prevail and in the event of inconsistency between the Bond Trust Deed and the applicable Final Terms, the applicable Final Terms will prevail.

1. Form, Denomination and Title

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

This Covered Bond may be a Fixed Rate Covered Bond, a Floating Rate Covered Bond, a Zero Coupon Covered Bond or a combination of any of the foregoing, 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.

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.

Subject as set out below, title to the Bearer Covered Bonds 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 relevant Agency Agreement. The Issuer, 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 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 SA/NV (**Euroclear**) and/or Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) or The Depository Trust Company (**DTC**) or registered in the name of New Zealand Central Securities Depository Limited (**NZCSD**) as depository of the NZClear System maintained by the Reserve Bank of New Zealand in accordance with the NZClear Regulations (**NZClear**) (in the case of NZ Registered Covered Bonds) each person (other than Euroclear or Clearstream, Luxembourg DTC or NZClear) who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg, DTC or NZClear 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, DTC or NZClear 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 EasyWay or Clearstream's Xact system) in accordance with its usual procedures and in which the holder of a particular nominal amount of the Covered Bonds is clearly identified with the amount of such holding) shall be treated by the Issuer, the Covered Bond Guarantor, the Paying Agents, the Security Trustee and the Bond Trustee as the holder of such nominal amount of such Covered Bonds for all purposes other than with respect to the payment of principal or interest or other amounts on such nominal amount of such Covered Bonds, and, in the case of DTC or its nominee, voting, giving consents and making requests, for which purpose the bearer of the relevant Global Covered Bond or the registered holder of the relevant Registered Global Covered Bond shall be treated by the Issuer, the Covered Bond Guarantor, any Paying Agent, the Security Trustee and the Bond Trustee as the holder of such nominal amount of such Covered Bonds in accordance with and subject to the terms of the relevant Global Covered Bond and the expression **Covered Bondholder** and related expressions shall be construed accordingly.

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

References to DTC, NZClear, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits (but not in the case of any NGCB), be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

2. Transfers of Registered Covered Bonds

(a) Transfers of interests in Registered Global Covered Bonds

Transfers of beneficial interests in Rule 144A Global Covered Bonds (as defined below) and Regulation S Global Covered Bonds (as defined below) (together, the **Registered Global Covered Bonds**) will be effected by DTC, NZClear, 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 Specified Denominations set out in the applicable

Final Terms and only in accordance with the rules and operating procedures for the time being of DTC and its direct and indirect participants (including, if applicable, Euroclear and Clearstream, Luxembourg), NZClear, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the relevant Agency Agreement. Transfers of a Registered Global Covered Bond registered in the name of a nominee for DTC shall be limited to transfers of such Registered Global Covered Bond, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

(b) Transfers of Registered Covered Bonds in definitive form

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

(c) Registration of transfer upon partial redemption

In the event of a partial redemption of Covered Bonds under Condition 6, 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) Transfers of interests in Regulation S Global Covered Bonds

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Regulation S Global Covered Bond to a transferee in the United States or who is a U.S. person will only be made upon receipt by the Registrar of a written certification substantially in the form set out in the Principal Agency Agreement, amended as appropriate (a **Transfer Certificate**), copies of which are available from the specified office of the Luxembourg Registrar or any UK Transfer Agent, from the transferor of the Covered Bond or beneficial interest therein to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

In the circumstances set out in this Condition 2(e), such transferee may take delivery through a Legended Covered Bond in global or definitive form. Prior to the end of the applicable Distribution Compliance Period beneficial interests in Regulation S Global Covered Bonds registered in the name of a nominee for DTC may only be held through the accounts of Euroclear and Clearstream, Luxembourg. After expiry of the applicable Distribution Compliance Period: (i) beneficial interests in Regulation S Global Covered Bonds registered in the name of a nominee for DTC may be held through DTC directly, by a participant in DTC or indirectly through a participant in DTC; and (ii) such certification requirements will no longer apply to such transfers.

(f) Transfers of interests in Legended Covered Bonds

Transfers of Legended Covered Bonds or beneficial interests therein may be made:

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

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

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

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

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

(g) Definitions

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

CGCB means a Temporary Global Covered Bond or a Permanent 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;

Legended Covered Bonds means Registered Covered Bonds (whether in definitive form or represented by a Registered Global Covered Bond) sold in private transactions to QIBs in accordance with the requirements of Rule 144A;

NGCB means a Temporary Global Covered Bond or a Permanent Global Covered Bond, in either case in respect of which the applicable Final Terms specify that it is a new global covered bond;

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

Regulation S means Regulation S under the Securities Act;

Regulation S Global Covered Bond means a Registered Global Covered Bond representing Covered Bonds sold outside the United States in reliance on Regulation S;

Rule 144A means Rule 144A under the Securities Act;

Rule 144A Global Covered Bond means a Registered Global Covered Bond representing Covered Bonds sold in the United States to QIBs in reliance on Rule 144A; and

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

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

(a) Status of the Covered Bonds

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

(b) Status of the Covered Bond Guarantee

The payment of Guaranteed Amounts in respect of the Covered Bonds when the same shall become Due for Payment has been unconditionally and irrevocably guaranteed by the Covered Bond Guarantor (the **Covered Bond Guarantee**) as set out in the Bond Trust Deed. However, the Covered Bond Guarantor shall have no obligation under the Covered Bond Guarantee to pay any Guaranteed Amounts until the occurrence of an Issuer Event of Default, service by the Bond Trustee on the Issuer of an Issuer Acceleration Notice and service by the Bond Trustee on the Covered Bond Guarantor of a Notice to Pay or, if earlier, following the occurrence of a Covered Bond Guarantor Event of Default and service by the Bond Trustee of a Covered Bond Guarantee Acceleration Notice. The obligations of the Covered Bond Guarantor under the Covered Bond Guarantee are (following an Issuer Event of Default, service of an Issuer Acceleration Notice and service of a Notice to Pay or a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice), direct, unconditional (subject as provided in Condition 17 (*Limited Recourse, Covered Bond Guarantee 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) discharge *pro tanto* the obligations of the Issuer in respect of such payment under the Covered Bonds and Coupons except where such payment has been declared void, voidable or otherwise recoverable in whole or in part and recovered from the Bond Trustee or the Covered Bondholders.

4. Interest

(a) Interest on Fixed Rate Covered Bonds

Each Fixed Rate Covered Bond bears interest on its Principal Amount Outstanding from (and including) the **Interest Commencement Date** at the rate(s) per annum equal to the Rate(s) of Interest payable, subject as provided in these Conditions, in arrear on the Interest Payment Date(s) in each year up to (and including) the Final Maturity Date. If a Notice to Pay is served on the Covered Bond Guarantor, the Covered Bond Guarantor shall pay Guaranteed Amounts in equivalent amounts to those described in the preceding sentence under the Covered Bond Guarantee in respect of the Covered Bonds on the Original Due for Payment Dates or, if applicable, the Extended Due for Payment Date.

If the Covered Bonds are Bearer Covered Bonds in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the fixed coupon amount specified in the Final Terms (the **Fixed Coupon Amount**). Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the broken amount specified in the relevant Final Terms (the **Broken Amount**) so specified.

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If "Business Day Convention—Adjusted" is specified in the applicable Final Terms, (a) any Interest Payment Date otherwise falling on a day which is not a Business Day (as defined in Condition 4(b)(i)) will be postponed or brought forward (as applicable) in accordance with the Business Day Convention set out in the applicable Final Terms (as described below) and (b) the amount of interest payable on such Interest Payment Date will be adjusted accordingly and the provisions of subparagraph (iv) of Condition 4(b) (excluding the determination of the Rate of Interest) and (vi) of Condition 4(b) (excluding the notification of the Rate of Interest) shall apply, mutatis mutandis, as though references to "Floating Rate Covered Bonds" were to "Fixed Rate Covered Bonds" and references to "Interest Amounts" were to amounts of interest payable in respect of Fixed Rate Covered Bonds.

If "Business Day Convention—Non-Adjusted" is specified in the applicable Final Terms, any Interest Payment Date otherwise falling on a day which is not a Business Day will be postponed or brought forward (as applicable) in accordance with the Business Day Convention set out in the applicable Final Terms (as described below) and there will be no corresponding adjustment of the amount of interest or, if applicable, principal, payable on such Interest Payment Date.

Except in the case of Bearer Covered Bonds in definitive form where a Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

(i) in the case of Fixed Rate Covered Bonds which are (A) represented by a Global Covered Bond or (B) Registered Covered Bonds in definitive form, the aggregate outstanding nominal

amount of (I) the Fixed Rate Covered Bonds represented by such Global Covered Bond or (II) such Registered Covered Bond; or

(ii) in the case of Fixed Rate Covered Bonds which are Bearer Covered Bonds in definitive form, the Calculation Amount,

and in each case, multiplying such sum by the applicable Day Count Fraction. The resultant figure (including after application of any Fixed Coupon Amount or Broken Amount, as applicable, to the Calculation Amount in the case of Fixed Rate Covered Bonds which are Bearer Covered Bonds in definitive form) shall be rounded to the nearest sub-unit of the relevant Specified Currency, with half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Fixed Rate Covered Bond which is a Bearer Covered Bond in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Covered Bond shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4(a):

(i) if **Actual/Actual (ICMA)** is specified in the applicable Final Terms:

(A) in the case of Covered Bonds where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(B) in the case of Covered Bonds where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;

(ii) if **30/360** is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360; and

(iii) if **NZ Government Bond Basis** is specified in the applicable Final Terms:

(A) for amounts paid and/or calculated in respect of Interest Payment Dates, one divided by the number of Interest Payment Dates in a year; and

(B) for amounts paid and/or calculated in respect of dates other than Interest Payment Dates, Actual/Actual (ICMA).

In these Conditions:

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

Original Due for Payment Date means, in respect of the payment of Guaranteed Amounts, prior to the occurrence of a Covered Bond Guarantor Event of Default and following the delivery of a Notice to Pay on the Covered Bond Guarantor, the date on which the Scheduled Payment Date in respect of such Guaranteed Amounts is reached, or, if later, the day which is two Business Days following service of a Notice to Pay on the Covered Bond Guarantor in respect of such Guaranteed Amounts, or if the applicable Final Terms specify that an Extended Due for Payment Date is applicable to the relevant Series of Covered Bonds, the Scheduled Payment Date that would have applied if the Final Maturity Date of such Series of Covered Bonds had been the Extended Due for Payment Date.

Principal Amount Outstanding means in respect of a Covered Bond on any day the principal amount of that Covered Bond on the relevant Issue Date thereof less principal amounts received by the relevant Covered Bondholder in respect thereof on or prior to that day.

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, euro 0.01.

(b) Interest on Floating Rate Covered Bonds

(i) Interest Payment Dates

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

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

(B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an Interest Payment Date) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Conditions, the expression **Interest Period** shall mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date or the relevant payment date if the Covered Bonds become payable on a date other than the Interest Payment Date.

Business Day Convention

In respect of any Covered Bond, for the purposes of these Terms and Conditions, if a Business Day Convention is specified in the applicable Final Terms and (x) in the case of any Interest Payment Date, if there is no numerically corresponding day in the calendar month in which such Interest Payment Date should occur or (y) in the case of any Interest Payment Date, Maturity Date or Optional Redemption Date, if such date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

I. in any case where Specified Periods are specified in accordance with Condition 4(b)(i)(B) above, the **Floating Rate Convention**, such Interest Payment Date: (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of paragraph (II) below shall apply *mutatis mutandis*; or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (1) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (2) each subsequent Interest Payment Date shall be the last Business Day in the month which falls in the Specified Period after the preceding applicable Interest Payment Date occurred;

II. the **Following Business Day Convention**, such date shall be postponed to the next day which is a Business Day;

III. the **Modified Following Business Day Convention**, such date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day; or

IV. the **Preceding Business Day Convention**, such date shall be brought forward to the immediately preceding Business Day.

In these Conditions, **Business Day** means:

(A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in New Zealand and, if the Covered Bonds are not NZ Registered Covered Bonds, in London and any Additional Business Centre specified in the applicable Final Terms; and

(B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or New Zealand, respectively or (2) in relation to any Covered Bonds denominated or payable in euro, a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer System or any successor to or replacement for that system (**T2**) is open.

(ii) Rate of Interest

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

(A) Screen Rate Determination for Floating Rate Covered Bonds referencing a term rate

(1) Where "Screen Rate Determination – Term Rate" is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject to Condition 4(d) and subject as provided below, be either:

(I) the offered quotation (if there is only one quotation on the Relevant Screen Page); or

(II) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards or, in the case of NZ Registered Covered Bonds only, rounded if necessary to the fourth decimal place, with 0.00005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which either (i) in the case of NZ Registered Covered Bonds, appears or appear, as the case may be, on the Relevant Screen Page as at 10.45 a.m. (New Zealand time) on the Interest Determination Date in question plus or minus the Margin (if any), all as determined by the NZ Paying Agent, or (ii) otherwise, appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. Brussels time (in the case of the Euro-zone inter-bank offered rate (**EURIBOR**)), at 11.00 a.m. Hong Kong time (in the case of the Hong Kong inter-bank offered rate (**HIBOR**)), at 12.00 noon Oslo time (in the case of the Oslo inter-bank offered rate (**NIBOR**)) or (in the case of any other Reference Rate) local time in the relevant financial centre specified in the applicable Final Terms on the Interest Determination Date in question plus or minus the Margin (if any), all as determined by the UK Paying Agent or other party responsible for the calculation of the Rate of Interest as specified in the applicable Final Terms (and references in this Condition 4(b)(ii)(A) to "UK Paying Agent" shall be construed accordingly) or the Calculation Agent responsible for the calculation of the Rate of Interest as specified in the applicable Final Terms (and references in this Condition 4(b)(ii)(A) to "UK Paying Agent" and "relevant Principal Paying Agent" shall be construed accordingly). If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the relevant Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

(2) If, other than in the circumstances described in Condition 4(d) below, the Relevant Screen Page is not available or if, in the case of Condition 4(b)(ii)(A)(1)(I), no such offered quotation appears or, in the case of Condition 4(b)(ii)(A)(1)(II), fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph, the relevant Principal Paying Agent shall request each of the Reference Banks to provide the relevant Principal Paying Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the time specified in the previous paragraph on the Interest Determination Date in question. If two or more of the Reference Banks provide the relevant Principal Paying Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the relevant Principal Paying Agent.

(3) If on any Interest Determination Date one only or none of the Reference Banks provides the relevant Principal Paying Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the relevant Principal Paying Agent determines as being the arithmetic mean (rounded as provided above) of the rates, as communicated to (and at the request of) the relevant Principal Paying Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the time specified in the paragraph above on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the Euro-zone inter-bank market (if the Reference Rate is EURIBOR), the Hong Kong inter-bank offered rate (if the Reference Rate is HIBOR), the Norwegian inter-bank offered rate (if the Reference Rate is NIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the relevant Principal Paying Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the time specified in the previous paragraph on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs (at the request of the Issuer) the relevant Principal Paying Agent it is quoting to leading banks in the Euro-zone inter-bank market (if the Reference Rate is EURIBOR), the Hong Kong inter-bank offered rate (if the Reference Rate is HIBOR), the Norwegian inter-bank offered rate (if the Reference Rate is NIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 4(b)(ii)(A), the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to the relevant Interest Period in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as applicable) relating to that last preceding Interest Period).

(4) In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions, the Rate of Interest shall be, if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Covered Bonds for the first scheduled Interest Period had the Covered Bonds been in issue for a period equal in duration to the first scheduled Interest Period but ending on (and excluding) the Interest Commencement Date (and applying the Margin and, if applicable, any Maximum Rate of Interest and/or Minimum Rate of Interest, applicable to the first scheduled Interest Period).

For the purposes of this Condition 4(b)(ii)(A):

Interest Determination Date shall mean the date specified as such in the Final Terms or if none is so specified:

(i) if the Reference Rate is HIBOR, the first day of each Interest Period;

(ii) if the Reference Rate is EURIBOR, the second day on which T2 is open prior to the start of each Interest Period; or

(iii) if the Reference Rate is NIBOR, the second Oslo business day prior to the start of each Interest Period.

Reference Banks shall mean (i) in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market; (ii) in the case of a determination of HIBOR, four major banks in the Hong Kong inter-bank market; and (iii) in the case of a determination of NIBOR, four major banks in the Oslo inter-bank market, in each case, selected by the Issuer or as specified in the applicable Final Terms.

Reference Rate means (i) EURIBOR, (ii) HIBOR, or (iii) NIBOR, as specified in the applicable Final Terms, in each case, for the relevant period or in respect of the relevant date.

Relevant Financial Centre shall mean Brussels, in the case of a determination of EURIBOR, Hong Kong, in the case of a determination of HIBOR, and Oslo, in the case of a determination of NIBOR, or as specified in the applicable Final Terms.

Relevant Time shall mean (i) in the case of EURIBOR, 11.00 a.m., (ii) in the case of HIBOR 11.00 a.m., and (iii) in the case of NIBOR, 12.00 noon, each as specified in the applicable Final Terms.

(B) Screen Rate Determination for Floating Rate Covered Bonds referencing SOFR

(1) Where "Screen Rate Determination – SOFR" is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and the Calculation Method is specified in the applicable Final Terms as being "Compounded Daily SOFR Formula", the Rate of Interest for an Interest Period will, subject as provided below, be the Compounded Daily SOFR Formula Rate with respect to such Interest Period plus or minus (as indicated in the applicable Final Terms) the Margin (if any).

Compounded Daily SOFR Formula Rate means, with respect to an Interest Period, the rate of return of a daily compound interest investment in U.S. dollars (with the Secured Overnight Financing Rate as the reference rate for the calculation of interest) as calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest fifth decimal place, with 0.000005 being rounded upwards):

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

where:

d is the number of calendar days in:

(a) where "Lookback" is specified as the Observation Method in the applicable Final Terms, the relevant Interest Period; or

(b) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

d_o is the number of U.S. Government Securities Business Days in:

(a) where "Lookback" is specified as the Observation Method in the applicable Final Terms, the relevant Interest Period; or

(b) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

i is a series of whole numbers from one to d_o, each representing the relevant U.S. Government Securities Business Day in chronological order from, and including, the first U.S. Government Securities Business Day in:

(a) where "Lookback" is specified as the Observation Method in the applicable Final Terms, the relevant Interest Period; or

(b) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

n_i, for any U.S. Government Securities Business Day "i", means the number of calendar days from (and including) such U.S. Government Securities Business Day "i" up to (but excluding) the following U.S. Government Securities Business Day;

Observation Period means, in respect of an Interest Period, the period from (and including) the date falling "*p*" U.S. Government Securities Business Days prior to the first day of the relevant Interest Period to (but excluding) the date falling "*p*" U.S. Government Securities Business Days prior to (I) the Interest Payment Date for such Interest Period or (II) if applicable, the relevant payment date if the Covered Bonds become due and payable on a date other than an Interest Payment Date;

p means:

(a) where "Lookback" is specified as the Observation Method in the applicable Final Terms, the number of U.S. Government Securities Business Days included in the "Lookback Period (*p*)" in the applicable Final Terms (or, if no such number is so specified, five U.S. Government Securities Business Days); or

(b) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the number of U.S. Government Securities Business Days included in the "Observation Shift Period" in the applicable Final Terms (or, if no such number is so specified, five U.S. Government Securities Business Days);

SOFR means, in respect of any U.S. Government Securities Business Day, a rate determined in accordance with the following provisions:

(I) the Secured Overnight Financing Rate published for such U.S. Government Securities Business Day that appears on the SOFR Administrator's Website at or about 3.00 p.m. (New York City time) on the U.S. Government Securities Business Day immediately following such U.S. Government Securities Business Day; and

(II) if the rate specified in paragraph (I) above does not so appear, unless both a Benchmark Transition Event and its related Benchmark Replacement Date have occurred, then the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) shall use the Secured Overnight Financing Rate published on the SOFR Administrator's Website for the first preceding U.S. Government Securities Business Day on which the Secured Overnight Financing Rate was published on the SOFR Administrator's Website;

$SOFR_i$ means, in respect of any U.S. Government Securities Business Day "i":

(a) where "Lookback" is specified as the Observation Method in the applicable Final Terms, SOFR in respect of the U.S. Government Securities Business Day falling "*p*" U.S. Government Securities Business Days prior to the relevant U.S. Government Securities Business Day "i"; or

(b) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, SOFR in respect of such U.S. Government Securities Business Day "i"; and

U.S. Government Securities Business Day means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for the purposes of trading in U.S. government securities.

Certain other capitalised terms used in the foregoing terms and provisions relating to determination of the Compounded Daily SOFR Formula Rate have the meanings set forth under Condition 4(b)(ii)(B)(5) below.

Notwithstanding anything to the contrary, if both a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to determining the Compounded Daily SOFR Formula Rate, the benchmark replacement provisions set forth in Condition 4(b)(ii)(B)(5) below shall apply for the purposes of all determinations of the Rate of Interest in respect of the Covered Bonds.

(2) Where "Screen Rate Determination – SOFR" is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, and the Calculation Method is specified in the applicable Final Terms as being "SOFR Index Determination", the Rate of Interest for an Interest Period will, subject as provided below, be the Compounded SOFR Index Rate with respect to such Interest Period plus or minus (as indicated in the applicable Final Terms) the Margin (if any).

Compounded SOFR Index Rate means, with respect to an Interest Period, the rate of return of a daily compound interest investment in U.S. dollars as calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest fifth decimal place, with 0.000005 being rounded upwards):

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

where:

d is the number of calendar days from (and including) the day in relation to which "SOFR $Index_{Start}$" is determined to (but excluding) the day in relation to which "SOFR $Index_{End}$" is determined (being the number of calendar days in the applicable reference period);

Relevant Number is as specified in the applicable Final Terms;

SOFR $Index_{End}$ means the SOFR Index value relating to the U.S. Government Securities Business Day falling the Relevant Number of U.S. Government Securities Business Days prior to (I) the Interest Payment Date for the relevant Interest Period or (II) if applicable, the relevant payment date if the Covered Bonds become due and payable on a date other than an Interest Payment Date;

SOFR $Index_{Start}$ means the SOFR Index value relating to the U.S. Government Securities Business Day falling the Relevant Number of U.S. Government Securities Business Days prior to the first date of the relevant Interest Period;

the **SOFR Index** means, with respect to any U.S. Government Securities Business Day, prior to a Benchmark Replacement Date:

(I) the SOFR Index published for such U.S. Government Securities Business Day as such value appears on the SOFR Administrator's Website at 3:00 p.m. (New York City time) on such U.S. Government Securities Business Day; provided that

(II) if the SOFR $Index_{Start}$ or the SOFR $Index_{End}$ does not appear on the SOFR Administrator's Website on the relevant Interest Determination Date and a Benchmark Transition Event and its related Benchmark Replacement Date have not occurred with respect to the Compounded SOFR Index Rate, the Compounded SOFR Index Rate for the applicable Interest Period for which such SOFR Index is not available shall be the "Compounded Daily SOFR Formula Rate" determined in accordance with Condition 4(b)(ii)(B)(1) above as if the Calculation Method specified in the applicable Final Terms were "Compounded Daily SOFR Formula" (and not "SOFR Index Determination"), and for these purposes: (i) the "Observation Method" shall be deemed to be "Observation Shift", and (ii) the "Observation Shift Period" shall be deemed to be equal to the Relevant Number of U.S. Government Securities Business Days, as

if those alternative elections had been made in the applicable Final Terms; and

U.S. Government Securities Business Day has the meaning set out in Condition 4(b)(ii)(B)(1) above.

Certain other capitalised terms used in the foregoing terms and provisions relating to determination of the Compounded SOFR Index Rate have the meanings set forth under Condition 4(b)(ii)(B)(5) below.

Notwithstanding anything to the contrary, if both a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to determining the Compounded SOFR Index Rate, the benchmark replacement provisions set forth in Condition 4(b)(ii)(B)(5) below shall apply for the purposes of all determinations of the Rate of Interest in respect of the Covered Bonds.

(3) Where "Screen Rate Determination - SOFR" is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, and the Calculation Method is specified in the applicable Final Terms as being "Average SOFR", the Rate of Interest for an Interest Period will, subject as provided below, be the Average SOFR Rate with respect to such Interest Period plus or minus (as indicated in the applicable Final Terms) the Margin (if any).

Average SOFR Rate means, with respect to an Interest Period, the arithmetic mean of SOFR in effect during such Interest Period as calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest fifth decimal place, with 0.000005 being rounded upwards):

$$\frac{\sum_{i=1}^{d_o} SOFR_i \times n_i}{d}$$

where **d**, $\mathbf{d_o}$, **i**, $\mathbf{n_i}$, **SOFR** and $\mathbf{SOFR_i}$ have the meanings set out in Condition 4(b)(ii)(B)(1) above.

Notwithstanding anything to the contrary, if both a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to determining the Average SOFR Rate, the benchmark replacement provisions set forth in Condition 4(b)(ii)(B)(5) below shall apply for the purposes of all determinations of the Rate of Interest in respect of the Covered Bonds.

(4) If the relevant Series of Covered Bonds becomes due and payable in accordance with Condition 9, the final Rate of Interest shall be calculated for the period from (and including) the previous Interest Payment Date to (but excluding) the date on which the Covered Bonds become so due and payable, and such Rate of Interest shall continue to apply to the Covered Bonds for so long as interest continues to accrue thereon as provided in Condition 4(c) and the Trust Deed.

(5) Notwithstanding any other provisions in these Conditions, if:

(x) the Benchmark is SOFR; and

(y) any Rate of Interest (or any component part thereof) remains to be determined by reference to the Benchmark,

then the following provisions of this Condition 4(b)(ii)(B)(5) shall apply.

(I) Benchmark Replacement

If the Issuer or its designee determines prior to the Reference Time on the relevant Interest Determination Date that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Covered Bonds in respect of all determinations on such date and all determinations on all subsequent dates (subject to any subsequent application of this Condition 4(b)(ii)(B)(5) with respect to such Benchmark Replacement).

In the event that the Issuer or its designee is unable to, or does not, determine a Benchmark Replacement, or a Benchmark Replacement is not implemented in accordance with this Condition 4(b)(ii)(B)(5), prior to 5:00 p.m. (New York City time) on the relevant Interest Determination Date, the Rate of Interest for the relevant Interest Period shall be:

(1) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to the relevant Interest Period, in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as applicable) relating to that last preceding Interest Period); or

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

(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.

At the request of the Issuer, but subject to receipt by the Bond Trustee and the Principal Paying Agent of the certificate referred to in Condition 4(b)(ii)(B)(5)(IV) below and subject as provided below, the Bond Trustee and the Agents (as applicable) shall (at the expense of the Issuer), without any requirement for the consent or approval of Covered Bondholders, Receiptholders or Couponholders and without liability to the Covered Bondholders or any other person, be obliged to concur with the Issuer in effecting any Benchmark Replacement Conforming Changes (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed) with effect from the date specified in the notice referred to in Condition 4(b)(ii)(B)(5)(IV) below.

Notwithstanding any other provision of this Condition 4(b)(ii)(B)(5)(II), neither the Bond Trustee nor any Agent (as applicable) shall be obliged to concur with the Issuer in respect of any Benchmark Replacement Conforming Changes which, in the sole opinion of the Bond Trustee or the relevant Agent (as applicable), would (i) expose the Bond Trustee or the relevant Agent (as applicable) to any additional liability or (ii) increase the obligations or duties, or decrease the rights or protections, afforded to the Bond Trustee or the relevant Agent (as applicable) in the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed), the Agency Agreement and/or these Conditions.

(III) Decisions and Determinations

Any determination, decision or election that may be made by the Issuer or its designee pursuant to this Condition 4(b)(ii)(B)(5), including (without limitation) any determination with respect to a tenor, rate or adjustment or the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error, may be made in the Issuer's or its designee's sole discretion (as applicable), and, notwithstanding anything to the contrary in these Conditions or the Trust Deed, shall become effective without any requirement for the consent or approval of the Covered Bondholders, Receiptholders, Couponholders or any other party.

In connection with any Benchmark Replacement Conforming Changes in accordance with this Condition 4(b)(ii)(B)(5), if and for so long as the Covered Bonds are admitted to trading and listed on the official list of a stock exchange, the Issuer shall comply with the rules of that stock exchange.

(IV) Notice and Certification

Any Benchmark Replacement Conforming Changes determined under this Condition 4(b)(ii)(B)(5) shall be notified promptly (in any case, not less than five Business Days prior to the relevant Interest Determination Date) by the Issuer to the Bond Trustee, the party responsible for determining the Rate of Interest (being the Principal Paying Agent or other such party specified in the applicable Final Terms, as applicable) and, in accordance with Condition 13, the Covered Bondholders. Such notice shall be irrevocable and shall specify the effective date of such Benchmark Replacement Conforming Changes.

No later than notifying the Bond Trustee and the party responsible for determining the Rate of Interest (being the Principal Paying Agent or such other party specified in the applicable Final Terms, as applicable) of the same, the Issuer shall deliver to each of the Bond Trustee and the Principal Paying Agent a certificate (on which each of the Bond Trustee and the Principal Paying Agent shall be entitled to rely without further enquiry or liability) signed by two Authorised Signatories (as defined in the Trust Deed) of the Issuer confirming (i) that a Benchmark Transition Event has occurred, (ii) the Benchmark Replacement, and (iii) the specific terms of any Benchmark Replacement Conforming Changes, in each case as determined in accordance with the provisions of this Condition 4(b)(ii)(B)(5).

If, following the occurrence of a Benchmark Transition Event and its related Benchmark Replacement Date, any Benchmark Replacement is notified to the Principal Paying Agent or any other party specified in the applicable Final Terms as being responsible for determining the Rate of Interest pursuant to this Condition 4(b)(ii)(B)(5), and the Principal Paying Agent or such other responsible party (as applicable) is in any way uncertain as to the application of such Benchmark Replacement in the calculation or determination of any Rate of Interest, it shall promptly notify the Issuer thereof and the Issuer or its designee shall direct the Principal Paying Agent or such other party (as applicable) in writing as to which course of action to adopt in the application of such Benchmark Replacement in the determination of such Rate of Interest. If the Principal Paying Agent or such other party specified in the applicable Final Terms as being responsible for determining the Rate of Interest is not promptly provided with such direction, it shall notify the Issuer thereof, and the Principal Paying Agent or such other party (as applicable) shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so. For the avoidance of doubt, for the period that the Principal Paying Agent or such other party (as applicable) remains uncertain of the application of the Benchmark Replacement in the calculation or determination of any Rate of Interest, the original Benchmark and any other applicable fallback provisions provided for in this Condition 4(b) and/or the applicable Final Terms, as the case may be, will continue to apply.

(V) Definitions

In this Condition 4(b)(ii)(B)(5):

Benchmark means, initially, SOFR (provided that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to SOFR (or the published daily SOFR used in the calculation thereof) or any Benchmark which has replaced it in accordance with this Condition 4(b)(ii)(B)(5), then the term "**Benchmark**" means the applicable Benchmark Replacement);

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:

(A) the sum of: (1) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark and (2) the Benchmark Replacement Adjustment;

(B) the sum of: (1) the ISDA Fallback Rate and (2) the Benchmark Replacement Adjustment; or

(C) the sum of: (1) the alternate rate of interest that has been selected by the Issuer or its designee as the replacement for the then-current Benchmark 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 (2) 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:

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

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

(C) 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, rounding amounts or tenors, 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 (including the daily published component used in the calculation thereof):

(A) in the case of paragraph (A) or (B) of the definition of "Benchmark Transition Event", the later of (1) the date of the public statement or publication of information referenced therein and (2) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or

(B) in the case of paragraph (C) 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 on the relevant Interest Determination Date, 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 (including the daily published component used in the calculation thereof):

(A) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), 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 such component);

(B) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction

over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark (or such component), which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) 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 such component); or

(C) 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;

designee means an affiliate or any other agent of the Issuer;

ISDA Definitions means the 2021 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;

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 (A) if the Benchmark is SOFR, 3:00 p.m. (New York City time) or such other time as is reasonably agreed between the Issuer or its designee and the Principal Paying Agent, and (B) if the Benchmark is not SOFR, 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 SOFR Administrator on the SOFR Administrator's Website;

SOFR Administrator means the Federal Reserve Bank of New York (or a successor administrator of SOFR);

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

Unadjusted Benchmark Replacement means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

(C) Screen Rate Determination for Floating Rate Covered Bonds referencing SONIA

(1) Where "Screen Rate Determination – SONIA" is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and the Calculation Method is specified in the applicable Final Terms as being "Compounded Daily SONIA Formula", the Rate of Interest for an Interest Period will, subject as provided below, be the Compounded Daily SONIA Formula Rate with respect to such Interest Period plus or minus (as indicated in the applicable Final Terms) the Margin (if any).

Compounded Daily SONIA Formula Rate means, with respect to an Interest Period, the rate of return of a daily compound interest investment in Sterling (with the Sterling Overnight Index Average (**SONIA**) as the reference rate for the calculation of interest) as calculated by the Principal Paying Agent (or the Calculation Agent responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded if necessary to the nearest fourth decimal place, with 0.00005 being rounded upwards):

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

where:

d is the number of calendar days in:

(a) where "Lag" is specified as the Observation Method in the applicable Final Terms, the relevant Interest Period; or

(b) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

$\mathbf{d_o}$ is the number of London Banking Days in:

(a) where "Lag" is specified as the Observation Method in the applicable Final Terms, the relevant Interest Period; or

(b) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

i is a series of whole numbers from one to d_o, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in:

(a) where "Lag" is specified as the Observation Method in the applicable Final Terms, the relevant Interest Period; or

(b) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

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

$\mathbf{n_i}$, for any London Banking Day "i", means the number of calendar days from (and including) such London Banking Day "i" up to (but excluding) the following London Banking Day;

Observation Period means, in respect of an Interest Period, the period from (and including) the date falling "*p*" London Banking Days prior to the first day of the relevant Interest Period to (but excluding) the date falling "*p*" London Banking Days prior to (I) the Interest Payment Date for such Interest Period or (II) if applicable, the relevant payment date if the Covered Bonds become due and payable on a date other than an Interest Payment Date;

p means:

(a) where "Lag" is specified as the Observation Method in the applicable Final Terms, the number of London Banking Days included in the "Lag Lookback Period (*p*)" in the applicable Final Terms (or, if no such number is so specified, five London Banking Days); or

(b) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the number of London Banking Days included in the "Observation Shift Period" in the applicable Final Terms (or, if no such number is so specified, five London Banking Days);

SONIA Reference Rate means, in respect of any London Banking Day a reference rate equal to the daily 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

$\mathbf{SONIA_i}$ means, in respect of any London Banking Day "i":

(a) where "Lag" is specified as the Observation Method in the applicable Final Terms, the SONIA reference rate in respect of the London Banking Day falling "*p*" London Banking Days prior to the relevant London Banking Day "i"; or

(b) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the SONIA reference rate in respect of the relevant London Banking Day "i".

(2) Where "Screen Rate Determination – SONIA" is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, and the Calculation Method is specified in the applicable Final Terms as being "SONIA Index Determination", the Rate of Interest for an Interest Period will, subject as provided below, be the SONIA Compounded Index Rate with respect to such Interest Period plus or minus (as indicated in the applicable Final Terms) the Margin (if any).

SONIA Compounded Index Rate means, with respect to an Interest Period, the rate of return of a daily compound interest investment in Sterling as calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest fourth decimal place, with 0.00005 being rounded upwards):

$$\left(\frac{SONIA\ Compounded\ Index_{End}}{SONIA\ Compounded\ Index_{Start}} - 1\right) \times \frac{365}{d}$$

where:

d is the number of calendar days from (and including) the day in relation to which "SONIA Compounded $Index_{Start}$" is determined to (but excluding) the day in relation to which "SONIA Compounded $Index_{End}$" is determined (being the number of calendar days in the applicable reference period);

London Banking Day has the meaning set out in Condition 4(b)(ii)(C)(1) above;

Relevant Number is as specified in the applicable Final Terms;

SONIA Compounded $Index_{End}$ means the SONIA Compounded Index value relating to the London Banking Day falling the Relevant Number of London Banking Days prior to (I) the Interest Payment Date for the relevant Interest Period or (II) if applicable, the relevant payment date if the Covered Bonds become due and payable on a date other than an Interest Payment Date;

SONIA Compounded $Index_{Start}$ means the SONIA Compounded Index value relating to the London Banking Day falling the Relevant Number of London Banking Days prior to the first day of the relevant Interest Period; and

SONIA Compounded Index means, with respect to any London Banking Day, the value of the SONIA compounded index that is provided by the administrator of the SONIA reference rate to authorised distributors and as then published on the Relevant Screen Page (or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors) in respect of such London Banking Day.

If the relevant SONIA Compounded Index required to determine SONIA Compounded $\text{Index}_{\text{Start}}$ or SONIA Compounded $\text{Index}_{\text{End}}$ is not published or displayed by the administrator of the SONIA reference rate or other information service at the Relevant Time specified in the applicable Final Terms (or, if later, by the time falling one hour after the customary or scheduled time for publication thereof in accordance with the then-prevailing operational procedures of the administrator of the SONIA reference rate or such other information service, as the case may be) on the relevant Interest Determination Date, the SONIA Compounded Index Rate for the applicable Interest Period for which the SONIA Compounded Index is not available shall be the "Compounded Daily SONIA Formula Rate" determined in accordance with Condition 4(b)(ii)(C)(1) above as if the Calculation Method specified in the applicable Final Terms were "Compounded Daily SONIA Formula" (and not "SONIA Index Determination"), and for these purposes: (i) the "Observation Method" shall be deemed to be "Observation Shift", and (ii) the "Observation Shift Period" shall be deemed to be equal to the Relevant Number of London Banking Days, as if those alternative elections had been made in the applicable Final Terms.

(3) Where "Screen Rate Determination - SONIA" is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, and the Calculation Method is specified in the applicable Final Terms as being "Average SONIA", the Rate of Interest for an Interest Period will, subject as provided below, be the Average SONIA Rate with respect to such Interest Period plus or minus (as indicated in the applicable Final Terms) the Margin (if any).

Average SONIA Rate means, with respect to an Interest Period, the arithmetic mean of the SONIA reference rate in effect during such Interest Period as calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest fourth decimal place, with 0.00005 being rounded upwards):

$$\frac{\sum_{i=1}^{d_o} SONIA_i \times n_i}{d}$$

where **d**, $\mathbf{d_o}$, **i**, $\mathbf{n_i}$, **SONIA reference rate** and $\mathbf{SONIA_i}$ have the meanings set out in Condition 4(b)(ii)(C)(1) above.

(4) For the purposes of Conditions 4(b)(ii)(C)(1) and 4(b)(ii)(C)(3) above, and, subject to Condition 4(d) below, if, in respect of any London Banking Day in the relevant Observation Period or the relevant Interest Period, as applicable, the UK Paying Agent (or the Calculation Agent responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) determines that the applicable SONIA reference rate has not been made available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, then the UK Paying Agent (or the Calculation Agent responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms, as applicable) shall determine the SONIA reference rate in respect of such London Banking Day as being:

(I) (i) the Bank of England's Bank Rate (the **Bank Rate**) prevailing at 5.00 p.m. (London time) (or, if earlier, close of business) on such London Banking Day; plus (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five London Banking Days in respect of which the SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and the lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate; or

(II) if the Bank Rate under (I)(i) above is not available at the relevant time, either (A) the SONIA reference rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding London Banking Day in respect of which the SONIA reference rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) or (B) if this is more recent, the latest rate determined under (I)(i) above,

and in each case "**SONIA reference rate**" shall be interpreted accordingly.

(5) In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions, the Rate of Interest shall be:

(A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to the relevant Interest Period, in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as applicable) relating to that last preceding Interest Period); or

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

in each case as determined by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms, as applicable).

(6) If the relevant Series of Covered Bonds becomes due and payable in accordance with Condition 9, the final Rate of Interest shall be calculated for the Interest Period to (but excluding) the date on which the Covered Bonds become so due and payable, and such Rate of Interest shall continue to apply to the Covered Bonds for so long as interest continues to accrue thereon as provided in Condition 4(c) and the Bond Trust Deed.

(D) Screen Rate Determination for Floating Rate Covered Bonds referencing CORRA

(1) Where "Screen Rate Determination – CORRA" is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, and the Calculation Method is specified in the applicable Final Terms as being "Compounded Daily CORRA Formula", the Rate of Interest for an Interest Period will, subject as provided below, be the Compounded Daily CORRA Formula Rate with respect to such Interest Period plus or minus (as indicated in the applicable Final Terms) the Margin (if any).

Compounded Daily CORRA Formula Rate means, with respect to an Interest Period, the rate of return of a daily compound interest investment in Canadian Dollars (with the Canadian Overnight Repo Rate Average (**CORRA**) as the reference rate for the calculation of interest) as calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest fourth decimal place, with 0.00005 being rounded upwards):

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

where:

CORRA reference rate means, in respect of any Toronto Business Day, a reference rate equal to the daily CORRA rate for such Toronto Business Day, as published by the Bank of Canada as the administrator of the CORRA reference rate (or any successor administrator of such rate) on the website of the Bank of Canada or any successor website, in each case, as it appears on such website on the Toronto Business Day immediately following that day;

CORRA$_i$ means, in respect of any Toronto Business Day "i":

(a) where "Lag" is specified as the Observation Method in the applicable Final Terms, the CORRA reference rate in respect of the Toronto Business Day falling "*p*" Toronto Business Days prior to the relevant Toronto Business Day "i"; or

(b) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the CORRA reference rate in respect of the relevant Toronto Business Day "i";

d is the number of calendar days in:

(a) where "Lag" is specified as the Observation Method in the applicable Final Terms, the relevant Interest Period; or

(b) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

d$_o$ is the number of Toronto Business Days in:

(a) where "Lag" is specified as the Observation Method in the applicable Final Terms, the relevant Interest Period; or

(b) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

i is a series of whole numbers from one to d_o, each representing the relevant Toronto Business Day in chronological order from, and including, the first Toronto Business Day in:

(a) where "Lag" is specified as the Observation Method in the applicable Final Terms, the relevant Interest Period; or

(b) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

$\mathbf{n_i}$, for any Toronto Business Day "i", means the number of calendar days from (and including) such Toronto Business Day "i" up to (but excluding) the following Toronto Business Day;

Observation Period means, in respect of an Interest Period, the period from (and including) the date falling "*p*" Toronto Business Days prior to the first day of the relevant Interest Period to (but excluding) the date falling "*p*" Toronto Business Days prior to (I) the Interest Payment Date for such Interest Period or (II) if applicable, the relevant payment date if the Covered Bonds become due and payable on a date other than an Interest Payment Date;

p means:

(a) where "Lag" is specified as the Observation Method in the applicable Final Terms, the number of Toronto Business Days included in the "Lag Lookback Period (*p*)" in the applicable Final Terms (or, if no such number is so specified, five Toronto Business Days); or

(b) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the number of Toronto Business Days included in the "Observation Shift Period" in the applicable Final Terms (or, if no such number is so specified, five Toronto Business Days); and

Toronto Business Day means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in the city of Toronto, Canada.

(2) Where "Screen Rate Determination – CORRA" is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, and the Calculation Method is specified in the applicable Final Terms as being "CORRA Index Determination", the Rate of Interest for an Interest Period will, subject as provided below, be the CORRA Compounded Index Rate with respect to such Interest Period plus or minus (as indicated in the applicable Final Terms) the Margin (if any).

CORRA Compounded Index Rate means, with respect to an Interest Period, the rate of return of a daily compound interest investment in Canadian Dollars as calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest fourth decimal place, with 0.00005 being rounded upwards):

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

where:

CORRA Compounded Index$_{End}$ means the CORRA Compounded Index value relating to the Toronto Business Day falling the Relevant Number of Toronto Business Days prior to (I) the Interest Payment Date for the relevant Interest Period or (II) if applicable, the relevant payment date if the Covered Bonds become due and payable on a date other than an Interest Payment Date;

CORRA Compounded Index$_{Start}$ means the CORRA Compounded Index value relating to the Toronto Business Day falling the Relevant Number of Toronto Business Days prior to the first day of the relevant Interest Period;

CORRA Compounded Index means, with respect to any Toronto Business Day, the value of the CORRA Compounded Index that is published by the Bank of Canada as the administrator of such rate (or any successor administrator of such rate), on the website of the Bank of Canada or any successor website, in respect of such Toronto Business Day;

d is the number of calendar days from (and including) the day in relation to which "CORRA Compounded Index$_{Start}$" is determined to (but excluding) the day in relation to which "CORRA Compounded Index$_{End}$" is determined (being the number of calendar days in the applicable reference period);

Toronto Business Day has the meaning set out in Condition 4(b)(ii)(D)(1) above; and

Relevant Number is as specified in the applicable Final Terms.

If the relevant CORRA Compounded Index required to determine CORRA Compounded Index$_{Start}$ or CORRA Compounded Index$_{End}$ is not published by the Bank of Canada as the administrator of the CORRA reference rate (or any successor administrator of such rate) on the website of the Bank of Canada or any successor website at the Relevant Time specified in the applicable Final Terms on the relevant Interest Determination Date (or, if later, by the time falling one hour after the customary or scheduled time for publication thereof in accordance with the then-prevailing operational procedures of the administrator of the CORRA reference rate or such other information service, as the case may be), the CORRA Compounded Index Rate for the applicable Interest Period for which the CORRA Compounded Index is not available shall be the "Compounded Daily CORRA Formula Rate" determined in accordance with Condition 4(b)(ii)(D)(1) above as if the Calculation Method specified in the applicable Final Terms were "Compounded Daily CORRA

Formula" (and not "CORRA Index Determination"), and for these purposes: (i) the "Observation Method" shall be deemed to be "Observation Shift", and (ii) the "Observation Shift Period" shall be deemed to be equal to the Relevant Number of Toronto Business Days, as if those alternative elections had been made in the applicable Final Terms.

(3) Where "Screen Rate Determination – CORRA" is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, and the Calculation Method is specified in the applicable Final Terms as being "Average CORRA", the Rate of Interest for an Interest Period will, subject as provided below, be the Average CORRA Rate with respect to such Interest Period plus or minus (as indicated in the applicable Final Terms) the Margin (if any).

Average CORRA Rate means, with respect to an Interest Period, the arithmetic mean of the CORRA reference rate in effect during such Interest Period as calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest fourth decimal place, with 0.00005 being rounded upwards):

$$\frac{\sum_{i=1}^{d_o} CORRA_i \times n_i}{d}$$

where $\mathbf{d_o}$, **i**, **CORRA reference rate**, $\mathbf{CORRA_i}$, $\mathbf{n_i}$ and **d** have the meanings set out in Condition 4(b)(ii)(D)(1) above.

(4) For the purposes of Conditions 4(b)(ii)(D)(1) and 4(b)(ii)(D)(3) above, and subject to Condition 4(d) below, if, in respect of any Toronto Business Day in the relevant Observation Period or the relevant Interest Period, as applicable, the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) determines that the applicable CORRA reference rate has not been published by the Bank of Canada as the administrator of such rate (or any successor administrator of the CORRA reference rate) on the website of the Bank of Canada or any successor website, then the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms, as applicable) shall determine the CORRA reference rate in respect of such Toronto Business Day as being:

(a) the prevailing Bank of Canada Target for the Overnight Rate as displayed on the Bank of Canada website (or any successor website or official publication of the Bank of Canada) as at the close of business in Toronto on such Toronto Business Day or, if the Bank of Canada does not target a single rate, the mid-point of the target range set by the Bank of Canada and so published (calculated as the arithmetic average of the upper bound of the target range and the lower bound of the target range, rounded, if necessary, to the nearest second decimal place, 0.005 being rounded upwards); or

(b) if the overnight rate under (4)(a) above is not available at the relevant time, the CORRA reference rate published by the Bank of Canada as the administrator of the CORRA reference rate (or any successor administrator of such rate), on the website of the Bank of Canada or any successor website, for the first preceding Toronto Business Day in respect of which the CORRA reference rate was published by the Bank of Canada as the administrator of the CORRA reference rate (or any successor administrator of such rate) on the website of the Bank of Canada or any successor website,

and, in each case, "CORRA reference rate" shall be interpreted accordingly.

(5) In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions, and subject to Condition 4(d) below, the Rate of Interest shall be:

(a) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to the relevant Interest Period, in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as applicable) relating to that last preceding Interest Period); or

(b) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Covered Bonds for the first scheduled Interest Period had the Covered Bonds been in issue for a period equal in duration to the first scheduled Interest Period but ending on (and excluding) the Interest Commencement Date (and applying the Margin and, if applicable, any Maximum Rate of Interest and/or Minimum Rate of Interest, applicable to the first scheduled Interest Period),

in each case, as determined by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms, as applicable).

(6) If the relevant Series of Covered Bonds becomes due and payable in accordance with Condition 9, the final Rate of Interest shall be calculated for the period from (and including) the previous Interest Payment Date to (but excluding) the date on which the Covered Bonds become so due and payable, and such Rate of Interest shall continue to apply to the Covered Bonds for so long as interest continues to accrue thereon as provided in Condition 4(c) and the Bond Trust Deed.

(E) Screen Rate Determination for Floating Rate Covered Bonds referencing €STR

(1) Where "Screen Rate Determination – €STR" is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, and the Calculation Method is specified in the applicable Final Terms as being "Compounded Daily €STR Formula", the Rate of Interest for an Interest

Period will, subject as provided below, be the Compounded Daily €STR Formula Rate with respect to such Interest Period plus or minus (as indicated in the applicable Final Terms) the Margin (if any).

Compounded Daily €STR Formula Rate means, with respect to an Interest Period, the rate of return of a daily compound interest investment in euro (with the daily euro short-term rate (**€STR**) as the reference rate for the calculation of interest) as calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest fifth decimal place, with 0.000005 being rounded upwards):

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

where:

€STR reference rate means, in respect of any T2 Business Day, a reference rate equal to the daily €STR for such T2 Business Day, as provided by the European Central Bank as the administrator of €STR (or any successor administrator of such rate) on the website of the European Central Bank (or, if no longer published on its website, as otherwise published by it or provided by it to authorised distributors, or as otherwise published by such authorised distributors) on the T2 Business Day immediately following such T2 Business Day (in each case, at the time specified by, or determined in accordance with, the applicable methodology, policies or guidelines, of the European Central Bank or the successor administrator of €STR);

€STR$_i$ means, in respect of any T2 Business Day "i":

(a) where "Lag" is specified as the Observation Method in the applicable Final Terms, the €STR reference rate in respect of the T2 Business Day falling "*p*" T2 Business Days prior to the relevant T2 Business Day "i"; or

(b) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the €STR reference rate in respect of the relevant T2 Business Day "i";

d is the number of calendar days in:

(a) where "Lag" is specified as the Observation Method in the applicable Final Terms, the relevant Interest Period; or

(b) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

d_o is the number of T2 Business Days in:

(a) where "Lag" is specified as the Observation Method in the applicable Final Terms, the relevant Interest Period; or

(b) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

i is a series of whole numbers from one to d_o, each representing the relevant T2 Business Day in chronological order from, and including, the first T2 Business Day in:

(a) where "Lag" is specified as the Observation Method in the applicable Final Terms, the relevant Interest Period; or

(b) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

$\mathbf{n_i}$, for any T2 Business Day "i", means the number of calendar days from (and including) such T2 Business Day "i" up to (but excluding) the following T2 Business Day;

Observation Period means, in respect of an Interest Period, the period from (and including) the date falling "*p*" T2 Business Days prior to the first day of the relevant Interest Period to (but excluding) the date falling "*p*" T2 Business Days prior to (I) the Interest Payment Date for such Interest Period or (II) if applicable, the relevant payment date if the Covered Bonds become due and payable on a date other than an Interest Payment Date;

p means:

(a) where "Lag" is specified as the Observation Method in the applicable Final Terms, the number of T2 Business Days included in the "Lag Lookback Period (*p*)" in the applicable Final Terms (or, if no such number is so specified, five T2 Business Days); or

(b) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the number of T2 Business Days included in the "Observation Shift Period" in the applicable Final Terms (or, if no such number is so specified, five T2 Business Days); and

T2 Business Day means any day on which T2 is open.

(2) Where "Screen Rate Determination – €STR" is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, and the Calculation Method is specified in the applicable Final Terms as being "€STR Index Determination", the Rate of Interest for an Interest Period will, subject as provided below, be the €STR Compounded Index Rate with respect to such Interest Period plus or minus (as indicated in the applicable Final Terms) the Margin (if any).

€STR Compounded Index Rate means, with respect to an Interest Period, the rate of return of a daily compound interest investment in euro as calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest fifth decimal place, with 0.000005 being rounded upwards):

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

where:

€STR Compounded Index$_{End}$ means the €STR Compounded Index value relating to the T2 Business Day falling the Relevant Number of T2 Business Days prior to (I) the Interest Payment Date for the relevant Interest Period or (II) if applicable, the relevant payment date if the Covered Bonds become due and payable on a date other than an Interest Payment Date;

€STR Compounded Index$_{Start}$ means the €STR Compounded Index value relating to the T2 Business Day falling the Relevant Number of T2 Business Days prior to the first day of the relevant Interest Period;

€STR Compounded Index means, with respect to any T2 Business Day, the value of the €STR Compounded Index that is published by the European Central Bank as the administrator of such rate (or any successor administrator of such rate), on the website of the European Central Bank or any successor website, in respect of such T2 Business Day;

d is the number of calendar days from (and including) the day in relation to which "€STR Compounded Index$_{Start}$" is determined to (but excluding) the day in relation to which "€STR Compounded Index$_{End}$" is determined (being the number of calendar days in the applicable reference period);

Relevant Number is as specified in the applicable Final Terms; and

T2 Business Day has the meaning set out in Condition 4(b)(ii)(E)(1) above.

If the relevant €STR Compounded Index required to determine €STR Compounded Index$_{Start}$ or €STR Compounded Index$_{End}$ is not published or displayed by the European Central Bank as the administrator of the €STR reference rate (or any successor administrator of such rate) on the website of the European Central Bank or any successor website at the Relevant Time specified in the applicable Final Terms (or, if later, by the time falling one hour after the customary or scheduled time for publication thereof in accordance with the then-prevailing operational procedures of the administrator of €STR) on the relevant Interest Determination Date, the €STR Compounded Index Rate for the applicable Interest Period for which the €STR Compounded Index is not available shall be the "Compounded Daily €STR Formula Rate" determined in accordance with Condition 4(b)(ii)(E)(1) above as if the Calculation Method specified in the applicable Final Terms were "Compounded Daily €STR Formula" (and not "€STR Index Determination"), and for these purposes: (i) the "Observation Method" shall be deemed to be "Observation Shift", and (ii) the "Observation Shift Period" shall be deemed to be equal to the Relevant Number of T2 Business Days, as if those alternative elections had been made in the applicable Final Terms.

(3) Where "Screen Rate Determination – €STR" is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, and the Calculation Method is specified in the applicable Final Terms as being "Average €STR", the Rate of Interest for an Interest Period will, subject as provided below, be the Average €STR Rate with respect to such Interest

Period plus or minus (as indicated in the applicable Final Terms) the Margin (if any).

Average €STR Rate means, with respect to an Interest Period, the arithmetic mean of the €STR reference rate in effect during such Interest Period as calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest fifth decimal place, with 0.000005 being rounded upwards):

$$\frac{\sum_{i=1}^{d_o} €STR_i \times n_i}{d}$$

where **€STR reference rate**, **€STR$_i$**, **d**, **d$_o$**, **i**, and **n$_i$** have the meanings set out in Condition 4(b)(ii)(E)(1) above.

(4) For the purposes of Conditions 4(b)(ii)(E)(1) and 4(b)(ii)(E)(3) above, and subject to Condition 4(d) below, if, in respect of any T2 Business Day in the relevant Observation Period or the relevant Interest Period, as applicable, the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) determines that the applicable €STR reference rate has not been published by the European Central Bank as the administrator of such rate (or any successor administrator of the €STR reference rate) on the website of the European Central Bank or any successor website, then the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms, as applicable) shall determine the €STR reference rate in respect of such T2 Business Day as being the €STR reference rate published by the European Central Bank as the administrator of the €STR reference rate (or any successor administrator of such rate), on the website of the European Central Bank or any successor website, for the first preceding T2 Business Day in respect of which the €STR reference rate was published by the European Central Bank as the administrator of the €STR reference rate (or any successor administrator of such rate) on the website of the European Central Bank or any successor website, and "€STR reference rate" shall be interpreted accordingly.

(5) In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions, and subject to Condition 4(d) below, the Rate of Interest shall be:

(a) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to the relevant Interest Period, in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as applicable) relating to that last preceding Interest Period); or

(b) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Covered Bonds for the first scheduled Interest Period had the Covered Bonds been in issue for a period equal in duration to the first scheduled Interest Period but ending on (and excluding) the Interest Commencement Date (and applying the Margin and, if applicable, any Maximum Rate of Interest and/or Minimum Rate of Interest, applicable to the first scheduled Interest Period),

in each case, as determined by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms, as applicable).

(6) If the relevant Series of Covered Bonds becomes due and payable in accordance with Condition 9, the final Rate of Interest shall be calculated for the period from (and including) the previous Interest Payment Date to (but excluding) the date on which the Covered Bonds become so due and payable, and such Rate of Interest shall continue to apply to the Covered Bonds for so long as interest continues to accrue thereon as provided in Condition 4(c) and the Bond Trust Deed.

(F) BBSW Determination for Floating Rate Covered Bonds

(1) BBSW Determination

(a) Where "BBSW 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 an Interest Period will, subject as provided in Condition 4(b)(ii)(F)(2) below, be the BBSW Rate with respect to such Interest Period plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms (and references in this Condition 4(b)(ii)(F) to "Principal Paying Agent" shall be construed accordingly).

(b) The determination of, substitution for and any adjustments made to the BBSW Rate as described in this Condition 4(b)(ii)(F)(1) and in Condition 4(b)(ii)(F)(2) below shall be binding on all Covered Bondholders and Couponholders (in all cases without any requirement for the consent or approval of Covered Bondholders or Couponholders). Any determination, decision or election (including a decision to take or refrain from taking any action or as to the occurrence or non-occurrence of any event or circumstance), and any substitution for and adjustments made to the BBSW Rate, and, in each case, made in accordance with this Condition 4(b)(ii)(F)(1) and Condition 4(b)(ii)(F)(2), will, in the absence of manifest or proven error, be conclusive and binding on the Issuer, the Bond Trustee, all Covered Bondholders and Couponholders, the Principal Paying Agent and each other Agent and, notwithstanding anything to the contrary in these Conditions or other documentation relating to the Floating Rate Covered Bonds, shall become effective without the consent of any person.

(c) If the Principal Paying Agent is unwilling or unable to determine a necessary rate, adjustment, quantum, formula, methodology or other variable in order to calculate the applicable Rate of Interest in accordance with this Condition 4(b)(ii)(F), such rate, adjustment, quantum, formula, methodology or other variable will be determined by the Issuer (acting in good faith and in a commercially reasonable manner) or an alternate financial institution (acting in good faith and in a commercially reasonable manner) appointed by the Issuer (in its sole discretion) to so determine.

(2) BBSW Rate Fallback

If:

(a) a Temporary Disruption Trigger has occurred; or

(b) a Permanent Discontinuation Trigger has occurred,

then the BBSW Rate for an Interest Period, where such Temporary Disruption Trigger is continuing as at the applicable Interest Determination Date or where the applicable Interest Determination Date falls after the occurrence of a Permanent Discontinuation Trigger, will be determined by the Principal Paying Agent as follows (in the following order of application and precedence):

(i) where a Temporary Disruption Trigger has occurred with respect to the original BBSW Rate, the BBSW Rate for such Interest Period will be equal to, in the following order of precedence:

(A) first, the Administrator Recommended Rate;

(B) then, the Supervisor Recommended Rate; and

(C) lastly, the Final Fallback Rate;

(ii) where a determination of the AONIA Rate is required for the purposes of paragraph (i) above, if a Temporary Disruption Trigger has occurred with respect to AONIA, the rate for any day for which AONIA is required will be the last provided or published level of AONIA;

(iii) where a determination of the RBA Recommended Rate is required for the purposes of paragraph (i) or (ii) above, if a Temporary Disruption Trigger has occurred with respect to the RBA Recommended Rate, the rate for any day for which the RBA Recommended Rate is required will be the last rate provided or published by the Administrator of the RBA Recommended Rate (or if no such rate has been so provided or published, the last provided or published level of AONIA);

(iv) if a Permanent Discontinuation Trigger has occurred with respect to the original BBSW Rate, the BBSW Rate for any day on which the BBSW Rate is required to be determined on or after the Permanent

Fallback Effective Date will be the first rate available in the following order of precedence:

(A) first, if at the time of the BBSW Rate Permanent Fallback Effective Date, no AONIA Permanent Fallback Effective Date has occurred, the AONIA Rate;

(B) then, if at the time of the BBSW Rate Permanent Fallback Effective Date, an AONIA Permanent Fallback Effective Date has occurred and an RBA Recommended Rate has been created but no RBA Recommended Rate Permanent Fallback Effective Date has occurred, the RBA Recommended Fallback Rate; and

(C) lastly, if neither paragraph (A) nor paragraph (B) of this Condition 4(b)(ii)(F)(2)(iv) applies, the Final Fallback Rate;

(v) where a determination of the AONIA Rate is required for the purposes of paragraph (iv)(A) above, if a Permanent Discontinuation Trigger has occurred with respect to AONIA, the rate for any day for which AONIA is required on or after the AONIA Permanent Fallback Effective Date will be the first rate available in the following order of precedence:

(A) first, if at the time of the AONIA Permanent Fallback Effective Date, an RBA Recommended Rate has been created but no RBA Recommended Rate Permanent Fallback Effective Date has occurred, the RBA Recommended Rate; and

(B) lastly, if paragraph (A) of this Condition 4(b)(ii)(F)(2)(v) does not apply, the Final Fallback Rate; and

(vi) where a determination of the RBA Recommended Rate is required for the purposes of paragraph (iv) or (v) above, respectively, if a Permanent Discontinuation Trigger has occurred with respect to the RBA Recommended Rate, the rate for any day for which the RBA Recommended Rate is required on or after that Permanent Fallback Effective Date will be the Final Fallback Rate.

When calculating a Rate of Interest in circumstances where a Fallback Rate other than the Final Fallback Rate applies, that Rate of Interest will be calculated as if references to the BBSW Rate were references to that Fallback Rate. When calculating a Rate of Interest in circumstances where the Final Fallback Rate applies, the Rate of Interest will be calculated on the same basis as if the Applicable Benchmark Rate in effect immediately prior to the application of that Final Fallback Rate remained in effect but with necessary adjustments to substitute all references to that Applicable Benchmark Rate with corresponding references to the Final Fallback Rate (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

(3) BBSW Rate Amendments

(a) If, at any time, a Permanent Discontinuation Trigger occurs with respect to the Applicable Benchmark Rate that applies to the Covered Bonds at that time (such event, a **BBSW Rate Event**), and the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, determines in its discretion that amendments to these Conditions and/or any Programme Document are necessary to give effect to the application of the applicable Fallback Rate as contemplated by Condition 4(b)(ii)(F)(2) (such amendments, the **BBSW Rate Amendments**), then the Issuer shall, subject to the following paragraphs of this Condition 4(b)(ii)(F)(3) and subject to the Issuer having to give notice thereof to the Covered Bondholders in accordance with Condition 13, and to the Covered Bond Guarantor, the Bond Trustee and the Calculation Agent in accordance with this Condition 4(b)(ii)(F)(3), without any requirement for the consent or approval of the Covered Bondholders, make the necessary modifications to these Conditions and/or Programme Documents to give effect to such BBSW Rate Amendments. At the request of the Issuer, but subject to receipt by the Bond Trustee of the certificate referred to in Condition 4(b)(ii)(F)(3)(e), and subject as provided below, the Bond Trustee shall (at the expense of the Issuer), without any requirement for the consent or approval of the Covered Bondholders and without liability to the Covered Bondholders or any other person, be obliged to concur, and shall be obliged to direct the Security Trustee to concur, with the Issuer in effecting any BBSW Rate Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Bond Trust Deed or any other Programme Document) with effect from the date specified in such notice.

(b) In connection with any such modifications in accordance with this Condition 4(b)(ii)(F)(3), if and for so long as the Covered Bonds are admitted to trading and listed on the official list of a stock exchange, the Issuer shall comply with the rules of that stock exchange.

(c) Notwithstanding any other provision of these Conditions or the Programme Documents, the Bond Trustee shall not be obliged to concur with the Issuer and the Covered Bond Guarantor, and/or (in the case of the Bond Trustee) direct the Security Trustee to concur with the Issuer and the Covered Bond Guarantor in respect of any BBSW Rate Amendments which, in the sole opinion of the Bond Trustee, would have the effect of (i) exposing the Bond Trustee to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protections, of the Bond Trustee in the Bond Trust Deed and/or these Conditions.

(d) Any BBSW Rate Amendments determined under this Condition 4(b)(ii)(F)(3) shall be notified promptly (in any case, not less than five Business Days prior to the relevant Interest Determination Date) by the Issuer to the Covered Bond Guarantor, the Bond Trustee, the

Calculation Agent and, in accordance with Condition 13, the Covered Bondholders. Such notice shall be irrevocable and shall specify the effective date of such BBSW Rate Amendments.

(e) No later than notifying the Bond Trustee of the same in accordance with Condition 4(b)(ii)(F)(3)(d), the Issuer shall deliver to the Bond Trustee a certificate (on which the Bond Trustee shall be entitled to rely without further enquiry or liability) signed by two Authorised Signatories of the Issuer:

(A) confirming (i) that a BBSW Rate Event has occurred and (ii) the specific terms of any BBSW Rate Amendments as determined in accordance with the provisions of this Condition 4(b)(ii)(F)(3); and

(B) certifying that the BBSW Rate Amendments (in accordance with the provisions of this Condition 4(b)(ii)(F)(3)) are necessary to give effect to the application of the applicable Fallback Rate as contemplated by Condition 4(b)(ii)(F)(2).

The BBSW Rate Amendments specified in such certificate will (in the absence of manifest error in the determination of the applicable Fallback Rate as contemplated by Condition 4(b)(ii)(F)(2) and the BBSW Rate Amendments giving effect to such Fallback Rate, and without prejudice to the Bond Trustee's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Bond Trustee, the Calculation Agent and the Covered Bondholders.

(4) Definitions

In this Condition 4(b)(ii)(F):

Adjustment Spread means the adjustment spread as at the Adjustment Spread Fixing Date (which may be a positive or negative value or zero and determined pursuant to a formula or methodology) that is:

(a) determined as the median of the historical differences between the BBSW Rate and AONIA over a five calendar year period prior to the Adjustment Spread Fixing Date using practices based on those used for the determination of the Bloomberg Adjustment Spread as at 1 December 2022, provided that for so long as the Bloomberg Adjustment Spread is published and determined based on the five year median of the historical differences between the BBSW Rate and AONIA, that adjustment spread will be deemed to be acceptable for the purposes of this paragraph (a); or

(b) if no such median can be determined in accordance with paragraph (a), set using the method for calculating or determining such adjustment spread determined by the Issuer (acting in good faith and in a commercially reasonable manner) to be appropriate and communicated to the Principal Paying Agent;

Adjustment Spread Fixing Date means the first date on which a Permanent Discontinuation Trigger occurs with respect to the BBSW Rate;

Administrator means:

(a) in respect of the BBSW Rate, ASX Benchmarks Pty Limited (ABN 38 616 075 417);

(b) in respect of AONIA (or where AONIA is used to determine an Applicable Benchmark Rate), the Reserve Bank of Australia; and

(c) in respect of any other Applicable Benchmark Rate, the administrator for that rate or benchmark or, if there is no administrator, the provider of that rate or benchmark,

and, in each case, any successor administrator or, as applicable, any successor administrator or provider;

Administrator Recommended Rate means the rate formally recommended for use as the temporary replacement for the BBSW Rate by the Administrator of the BBSW Rate;

AONIA means the Australian dollar inter-bank overnight cash rate (known as AONIA);

AONIA Rate means, for an Interest Period and in respect of an Interest Determination Date, the rate determined by the Principal Paying Agent to be Compounded Daily AONIA for that Interest Period and Interest Determination Date plus the Adjustment Spread (if any);

Applicable Benchmark Rate means the BBSW Rate or, if a Permanent Fallback Effective Date has occurred with respect to the BBSW Rate, AONIA or the RBA Recommended Rate, then the rate determined in accordance with Condition 4(b)(ii)(F)(2);

BBSW Rate means, for an Interest Period, the rate (expressed as a percentage rate per annum) for prime bank eligible securities having a tenor closest to the Interest Period which is designated as the "AVG MID" rate on the 'Refinitiv Screen ASX29 Page' or the "MID" rate on the 'Bloomberg Screen BBSW Page' (or any designation which replaces that designation on the applicable page, or any replacement page) (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards), at the Publication Time on the relevant Interest Determination Date;

Bloomberg Adjustment Spread means the term adjusted AONIA spread relating to the BBSW Rate provided by Bloomberg Index Services Limited (or a successor provider as approved and/or appointed by ISDA from time to time as the provider of term adjusted AONIA and the spread) (**BISL**) on the Fallback Rate (AONIA) Screen (or by other means), or provided to, and published by, authorised distributors, where **Fallback Rate (AONIA) Screen** means the Bloomberg Screen corresponding to the Bloomberg ticker for the fallback for the BBSW Rate accessed via the Bloomberg Screen <FBAK>

<GO> Page (or, if applicable, accessed via the Bloomberg Screen <HP> <GO>) or any other published source designated by BISL;

Compounded Daily AONIA means, with respect to an Interest Period, the rate of return of a daily compound interest investment as calculated by the Principal Paying Agent on the applicable Interest Determination Date, as follows:

$$\left[\prod_{i=1}^{d_0}\left(1+\frac{AONIA_{i-5\ SBD}\times n_i}{365}\right)-1\right]\times\frac{365}{d}$$

where:

$\mathbf{AONIA_{i-5SBD}}$ means the per annum rate expressed as a decimal which is the level of AONIA provided by the Administrator and published as of the Publication Time for the Sydney Business Day falling five Sydney Business Days prior to such Sydney Business Day "i";

d is the number of calendar days in the relevant Interest Period;

$\mathbf{d_0}$ is the number of Sydney Business Days in the relevant Interest Period;

i is a series of whole numbers from 1 to d_0, each representing the relevant Sydney Business Day in chronological order from (and including) the first Sydney Business Day in the relevant Interest Period to (and including) the last Sydney Business Day in such Interest Period;

$\mathbf{n_i}$, for any Sydney Business Day "i", means the number of calendar days from (and including) such Sydney Business Day "i" up to (but excluding) the following Sydney Business Day; and

SBD or **Sydney Business Day** means any day on which commercial banks are open for general business in Sydney.

If, for any reason, Compounded Daily AONIA needs to be determined for a period other than an Interest Period, Compounded Daily AONIA is to be determined as if that period were an Interest Period starting on (and including) the first day of that period and ending on (but excluding) the last day of that period;

Fallback Rate means, where a Permanent Discontinuation Trigger for an Applicable Benchmark Rate has occurred, the rate that applies to replace that Applicable Benchmark Rate in accordance with Condition 4(b)(ii)(F)(2);

Final Fallback Rate means, in respect of an Applicable Benchmark Rate: (a) the rate determined by the Issuer (and communicated to the Principal Paying Agent) as a commercially reasonable alternative for the Applicable Benchmark Rate, taking into account all available information, which may include consultation with an Independent Adviser, that, in good faith, it considers relevant, provided that any rate (inclusive of any spreads or adjustments) implemented by central counterparties and/or futures exchanges with representative trade volumes in derivatives or futures referencing the Applicable Benchmark Rate will be deemed to be acceptable for the purposes of this sub-paragraph (a), together with (without double counting) such

adjustment spread (which may be a positive or negative value or zero) that is customarily applied to the relevant successor rate or alternative rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for Applicable Benchmark Rate-linked Floating Rate Covered Bonds at such time (together with such other adjustments to the Business Day Convention, interest determination dates and related provisions and definitions, in each case, that are consistent with accepted market practice for the use of such successor rate or alternative rate for Applicable Benchmark Rate-linked Floating Rate Covered Bonds at such time), or, if no such industry standard adjustment spread is recognised or acknowledged, an adjustment spread calculated or determined by the Issuer in such method as is determined by the Issuer, acting in good faith and in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, to be appropriate, and communicated to the Principal Paying Agent, provided that (b) if and for so long as no such successor rate or alternative rate can be determined in accordance with sub-paragraph (a), the Final Fallback Rate will be the last provided or published level of that Applicable Benchmark Rate;

Independent Adviser means an independent financial institution of international repute or other independent adviser of recognised standing with appropriate expertise appointed by the Issuer at its own expense;

Interest Determination Date means:

(a) in respect of an Interest Period for which the Rate of Interest is to be determined by reference to the BBSW Rate or to which the Final Fallback Rate applies under Condition 4(b)(ii)(F)(2), the first Sydney Business Day of the relevant Interest Period (or such other date as is specified as the applicable Interest Determination Date for such Interest Period in the applicable Final Terms); and

(b) in respect of an Interest Period for which the Rate of Interest is to be determined by reference to AONIA or another Fallback Rate, the day falling four Sydney Business Days prior to the last day of the relevant Interest Period (or such other date as is specified as the applicable Interest Determination Date for such Interest Period in the applicable Final Terms);

Non-Representative means, in respect of an Applicable Benchmark Rate, that the Supervisor of that Applicable Benchmark Rate if the Applicable Benchmark Rate is the BBSW Rate, or the Administrator of the Applicable Benchmark Rate if the Applicable Benchmark Rate is AONIA or the RBA Recommended Rate:

(a) has determined that such Applicable Benchmark Rate is no longer, or as of a specified future date will no longer be, representative of the underlying market and economic reality that such Applicable Benchmark Rate is intended to measure and that representativeness will not be restored; and

(b) is aware that such determination will engage certain contractual triggers for fallbacks activated by pre-cessation announcements by

such Supervisor or Administrator, as the case may be, (howsoever described) in contracts;

Permanent Discontinuation Trigger means, in respect of an Applicable Benchmark Rate:

(a) a public statement or publication of information by or on behalf of the Administrator of the Applicable Benchmark Rate announcing that it has ceased or that it will cease to provide the Applicable Benchmark Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator or provider, as applicable, that will continue to provide the Applicable Benchmark Rate and, in the case of the BBSW Rate, a public statement or publication of information by or on behalf of the Supervisor of the BBSW Rate has confirmed that cessation;

(b) a public statement or publication of information by the Supervisor of the Applicable Benchmark Rate, the Reserve Bank of Australia (or any successor central bank for Australian dollars), an insolvency official or resolution authority with jurisdiction over the Administrator of the Applicable Benchmark Rate or a court or an entity with similar insolvency or resolution authority over the Administrator of the Applicable Benchmark Rate which states that the Administrator of the Applicable Benchmark Rate has ceased or will cease to provide the Applicable Benchmark Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator or provider that will continue to provide the Applicable Benchmark Rate and, in the case of the BBSW Rate and a public statement or publication of information other than by the Supervisor, a public statement or publication of information by or on behalf of the Supervisor of the BBSW Rate has confirmed that cessation;

(c) a public statement by the Supervisor of the Applicable Benchmark Rate if the Applicable Benchmark Rate is the BBSW Rate, or the Administrator of the Applicable Benchmark Rate if the Applicable Benchmark Rate is AONIA or the RBA Recommended Rate, as a consequence of which the Applicable Benchmark Rate will be prohibited from being used either generally, or in respect of the Covered Bonds, or that its use will be subject to restrictions or adverse consequences to the Issuer or a Covered Bondholder or Couponholder;

(d) as a consequence of a change in law or directive arising after the Issue Date of the first Tranche of the Covered Bonds, it has become unlawful for the Principal Paying Agent or any other party responsible for calculations of interest under the Conditions to calculate any payments due to be made to any Covered Bondholder using the Applicable Benchmark Rate;

(e) a public statement or publication of information by the Supervisor of the Applicable Benchmark Rate if the Applicable Benchmark Rate is the BBSW Rate, or the Administrator of the Applicable Benchmark

Rate if the Applicable Benchmark Rate is AONIA or the RBA Recommended Rate, stating that the Applicable Benchmark Rate is Non-Representative; or

(f) the Applicable Benchmark Rate has otherwise ceased to exist or be administered on a permanent or indefinite basis;

Permanent Fallback Effective Date means, in respect of a Permanent Discontinuation Trigger for an Applicable Benchmark Rate:

(a) in the case of paragraphs (a) and (b) of the definition of "Permanent Discontinuation Trigger", the first date on which the Applicable Benchmark Rate would ordinarily have been published or provided and is no longer published or provided;

(b) in the case of paragraphs (c) and (d) of the definition of "Permanent Discontinuation Trigger", the date from which use of the Applicable Benchmark Rate is prohibited or becomes subject to restrictions or adverse consequences or the calculation becomes unlawful (as applicable);

(c) in the case of paragraph (e) of the definition of "Permanent Discontinuation Trigger", the first date on which the Applicable Benchmark Rate would ordinarily have been published or provided but is Non-Representative by reference to the most recent statement or publication contemplated in that paragraph and even if such Applicable Benchmark Rate continues to be published or provided on such date; or

(d) in the case of paragraph (f) of the definition of "Permanent Discontinuation Trigger", the date that event occurs;

Publication Time means:

(a) in respect of the BBSW Rate, approximately 10:30 a.m. (Sydney time) (or such other time at which such rate is accustomed to be published by the Administrator for the BBSW Rate in its benchmark methodology), provided that, if such rate is re-published by such Administrator between such time and 12:00 noon (Sydney time) (or any amended publication time for the final intraday refix of such rate specified by the Administrator for the BBSW Rate in its benchmark methodology) (the **Publication Time Cut-Off Time**), the Publication Time shall be taken to be such Publication Time Cut-Off Time; and

(b) in respect of AONIA, 4.00 p.m. (Sydney time) or any amended publication time for the final intraday refix of such rate specified by the Administrator for AONIA in its benchmark methodology;

RBA Recommended Fallback Rate has the same meaning given to AONIA Rate but with necessary adjustments to substitute all references to AONIA with corresponding references to the RBA Recommended Rate;

RBA Recommended Rate means, in respect of any relevant day (including any day "*i*"), the rate (inclusive of any spreads or adjustments) recommended as the replacement for AONIA by the Reserve Bank of Australia (which rate may be produced by the Reserve Bank of Australia or another administrator) and as provided by the Administrator of that rate or, if that rate is not provided by the Administrator thereof, published by an authorised distributor in respect of that day;

Supervisor means, in respect of an Applicable Benchmark Rate, the supervisor or competent authority that is responsible for supervising that Applicable Benchmark Rate or the Administrator of that Applicable Benchmark Rate, or any committee officially endorsed or convened by any such supervisor or competent authority that is responsible for supervising that Applicable Benchmark Rate or the Administrator of that Applicable Benchmark Rate;

Supervisor Recommended Rate means the rate formally recommended for use as the temporary replacement for the BBSW Rate by the Supervisor of the BBSW Rate; and

Temporary Disruption Trigger means, in respect of any Applicable Benchmark Rate which is required for any determination:

(a) the Applicable Benchmark Rate has not been published by the applicable Administrator or an authorised distributor and is not otherwise provided by the Administrator, in respect of, on, for or by the time and date on which that Applicable Benchmark Rate is required; or

(b) the Applicable Benchmark Rate is published or provided but the Issuer, acting in good faith and in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines that there is an obvious or proven error in that rate.

(G) BKBM Determination for Floating Rate Covered Bonds

Where "BKBM Determination" is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be the "Bank Bill Benchmark Rate (FRA)" (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) administered by New Zealand Financial Benchmark Facility Limited (**NZFBF**) (or any other person that takes over the administration of that rate), having a tenor closest to the relevant Interest Period (the **BKBM Rate**), as set forth on the display page designated on the BKBM Page at or about the BKBM Publication Time in the Relevant Financial Centre on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent or other party responsible for the calculation of the Rate of Interest as specified in the applicable Final Terms (and references in this Condition 4(b)(ii)(G) to "Principal Paying Agent" shall be construed accordingly).

If the BKBM Page is not available, or if the BKBM Rate does not appear on the BKBM Page by 11.00 a.m. in the Relevant Financial Centre (or such other time that is 15 minutes after the then prevailing BKBM Publication Time in the Relevant Financial Centre), then (unless the Principal Paying Agent has been notified of any Successor Rate or Alternative Rate (and any related Adjustment Spread and/or Benchmark Amendments) pursuant to Condition 4(d) below, if applicable) the Rate of Interest shall be the equivalent rate provided by the NZFBF (or any person that takes over the administration of that rate) (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) at or around 11.00 am in the Relevant Financial Centre (or such other time that is 15 minutes after the then prevailing BKBM Publication Time in the Relevant Financial Centre) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any) as determined by the Issuer. Any such Rate of Interest shall be notified to the Principal Paying Agent as soon as practicable after its determination.

If the Issuer does not notify the Principal Paying Agent of the Rate of Interest in accordance with the preceding paragraph, the Rate of Interest shall be that determined by the Principal Paying Agent as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

In this Condition 4(b)(ii)(G):

BKBM Page means the Bloomberg BKBM Page "GDCO 2805 1", or such other page as may replace such page for the purpose of displaying the New Zealand Bank Bill Benchmark Rate;

BKBM Publication Time means 10.45 a.m. (or such other time at which the BKBM Rate customarily appears on the BKBM Page);

Interest Determination Date shall mean the date specified as such in the applicable Final Terms or, if none is so specified, the first day of each Interest Period; and

Relevant Financial Centre shall mean New Zealand, as specified in the applicable Final Terms.

(iii) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) Determination of Rate of Interest and calculation of Interest Amounts

The relevant Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest as specified in the applicable Final Terms) or the Calculation Agent (as applicable), in the case of Floating Rate Covered Bonds, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The relevant Principal Paying Agent (or such other party as aforesaid) or the Calculation Agent (as applicable) will calculate the amount of interest payable on the Floating Rate Covered Bonds in respect of each Specified Denomination (each an **Interest Amount**) for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to:

(A) In the case of Floating Rate Covered Bonds which are (i) represented by a Global Covered Bond or (ii) Registered Covered Bonds in definitive form, the aggregate outstanding nominal amount of (I) the Covered Bonds represented by such Global Covered Bond or (II) such Registered Covered Bond; or

(B) In the case of Floating Rate Covered Bonds which are Bearer Covered Bonds in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction. The resultant figure shall be rounded to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Covered Bond which is a Bearer Covered Bond in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Covered Bond shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

If "Interest Amounts Non-Adjusted" is specified in the applicable Final Terms then notwithstanding the bringing forward or postponement (as applicable) of an Interest Payment Date as a result of the application of the Business Day Convention set out in the applicable Final Terms, the Interest Amount in respect of the relevant Interest Period and each subsequent Interest Period shall be calculated as aforesaid on the basis of the original Interest Payment Dates without adjustment in accordance with the applicable Business Day Convention.

Day Count Fraction means, in respect of the calculation of an amount of interest for any Interest Period:

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

(B) if **Actual/365 (Fixed)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(C) if **Actual/365 (Sterling)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(D) if **Actual/360** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

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

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1) + [30 \times (M2 - M1)] + (D2 - D1)]}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case, D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

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

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case, D1 will be 30;

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case, D2 will be 30;

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

$$\text{Day Count Fraction} = \frac{[360 \times (Y2-Y1)] + [30 \times (M2-M1)] + (D2-D1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case, D1 will be 30;

"D2" is the calendar day, expressed as a number, immediately following the last day of the Interest Period, unless (i) that day is the last day of February but not the Final Maturity Date (or, as the case may be, the Extended Due for Payment Date) or (ii) such number would be 31, in which case D2 will be 30.

(v) Linear Interpolation

Where "Linear Interpolation" is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where "Screen Rate Determination" is specified as applicable in the applicable Final Terms), the relevant BKBM Rate (where "BKBM Determination" is specified as applicable in the applicable Final Terms) or the relevant BBSW Rate (where "BBSW Determination" is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Principal Paying Agent (or such other party as aforesaid) shall determine such rate at such time and by reference to such sources as the Issuer determines appropriate.

Designated Maturity means the period of time designated in the relevant Reference Rate (where "Screen Rate Determination" is specified as applicable in the applicable Final Terms),

the relevant BKBM Rate (where "BKBM Determination" is specified as applicable in the applicable Final Terms) or the relevant BBSW Rate (where "BBSW Determination" is specified as applicable in the applicable Final Terms).

(vi) Notification of Rate of Interest and Interest Amounts

(1) Except where "Screen Rate Determination – SOFR", "Screen Rate Determination – SONIA", "Screen Rate Determination – CORRA" or "Screen Rate Determination – €STR" is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the relevant Principal Paying Agent (or the Calculation Agent responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms), in the case of Floating Rate Covered Bonds, will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Bond Trustee and to any stock exchange or other relevant competent authority or quotation system on which the relevant Floating Rate Covered Bonds are for the time being listed, quoted and/or traded or by which they have been admitted to listing and to be published in accordance with Condition 13 as soon as possible after their determination but (save in each case where the reference rate is specified in the applicable Final Terms as being "Compounded Daily SONIA") in no event later than the fourth Business Day (as defined in Condition 4(b)(i)), except in the case of the Luxembourg Stock Exchange which will be notified no later than the first Business Day of the relevant Interest Period, thereafter by the relevant Principal Paying Agent or the Calculation Agent (as applicable). Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Any such amendment or alternative arrangements will be promptly notified to the Bond Trustee and each stock exchange or other relevant authority on which the relevant Floating Rate Covered Bonds are for the time being listed or by which they have been admitted to listing and to the Covered Bondholders in accordance with Condition 13.

(2) Where "Screen Rate Determination – SOFR", "Screen Rate Determination – SONIA", "Screen Rate Determination – CORRA" or "Screen Rate Determination – €STR" is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Principal Paying Agent (or the Calculation Agent responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms), in the case of Floating Rate Covered Bonds, will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to (i) the Issuer and the Bond Trustee, and (ii) any stock exchange on which the relevant Floating Rate Covered Bonds are for the time being listed and, in each case, to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than (I) where "Screen Rate Determination – SOFR" is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the second U.S. Government Securities Business Day (as defined in Condition 4(b)(ii)(B)(1) above) thereafter, or (II) where "Screen Rate Determination – SONIA" is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the second London Banking Day (as defined in Condition 4(b)(ii)(C)(1) above) thereafter, (III) where "Screen Rate Determination – CORRA" is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the second Toronto Business Day (as defined in Condition 4(b)(ii)(D)(1)) thereafter, or (IV) where "Screen Rate Determination – €STR" is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the second T2 Business Day

(as defined in Condition 4(b)(ii)(E)(1)) thereafter. Each Rate of Interest, Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the relevant Interest Period. Any such amendment or alternative arrangements will promptly be notified to the Bond Trustee and to any stock exchange on which the relevant Floating Rate Covered Bonds are for the time being listed and to the Covered Bondholders in accordance with Condition 13.

(vii) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(b), whether by the relevant Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms, as applicable) or the Calculation Agent shall (in the absence of wilful default, fraud or manifest error) be binding on the Issuer, the Covered Bond Guarantor, the relevant Principal Paying Agent, the other Paying Agents, the Bond Trustee and all of the Covered Bondholders and Couponholders and (in the absence of wilful default or fraud) no liability to the Issuer, the Covered Bond Guarantor, the Covered Bondholders, the Bond Trustee or the Couponholders shall attach to the relevant Principal Paying Agent (or such other party as aforesaid) or the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) Accrual of interest

Interest (if any) will cease to accrue on each Covered Bond (or in the case of the redemption of part only of a Covered Bond, that part only of such Covered Bond) on the due date for redemption thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused or default is otherwise made in the payment thereof, in which event interest will continue to accrue as provided in the Bond Trust Deed.

(d) Benchmark Discontinuation

Notwithstanding the provisions in Condition 4(b)(ii) above, if:

(x) the Original Reference Rate is not SOFR or BBSW Rate; and

(y) the Issuer, acting in good faith, in a commercially reasonable manner, determines that a Benchmark Event has occurred in relation to the Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to that Original Reference Rate, then the following provisions of this Condition 4(d) shall apply.

(i) Successor Rate or Alternative Rate

If there is a Successor Rate, then the Issuer shall promptly notify the Bond Trustee, the party responsible for determining the Rate of Interest (being the relevant Principal Paying Agent or the Calculation Agent specified in the applicable Final Terms, as applicable) and, in accordance with Condition 13 (*Notices*), the Covered Bondholders of such Successor Rate and that Successor Rate shall (subject to adjustment as provided in Condition 4(d)(ii)) subsequently be used by the relevant Principal Paying Agent (or the Calculation Agent responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) in place of the Original Reference Rate to determine the relevant Rate(s) of Interest

(or the relevant component part(s) thereof) for all relevant future payments of interest on the Covered Bonds (subject to the further operation of this Condition 4(d)).

If there is no Successor Rate but the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines that there is an Alternative Rate, then the Issuer shall promptly notify the Bond Trustee, the relevant Principal Paying Agent (or the Calculation Agent responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) and, in accordance with Condition 13 (*Notices*), the Covered Bondholders of such Alternative Rate and that Alternative Rate shall (subject to adjustment as provided in Condition 4(d)(ii)) subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Covered Bonds (subject to the further operation of this Condition 4(d)).

(ii) Adjustment Spread

If, in the case of a Successor Rate, an Adjustment Spread is formally recommended, or provided as an option for parties to adopt in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body, then the Issuer shall promptly notify the Bond Trustee, the party responsible for determining the Rate of Interest (being the relevant Principal Paying Agent or the Calculation Agent specified in the applicable Final Terms, as applicable) and, in accordance with Condition 13, the Covered Bondholders of such Adjustment Spread and the Principal Paying Agent (or the Calculation Agent responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) shall, subject to the receipt (not less than five Business Days prior to the relevant Interest Determination Date) of, and in accordance with, the Issuer's written instructions, apply such Adjustment Spread to the Successor Rate for each subsequent determination of a relevant Rate of Interest (or a component part thereof) by reference to such Successor Rate.

If, in the case of a Successor Rate where no such Adjustment Spread is formally recommended or provided as an option by any Relevant Nominating Body, or in the case of an Alternative Rate, the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines that there is an Adjustment Spread in customary market usage in the international debt capital markets for transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be), then the Issuer shall promptly notify the Bond Trustee, the party responsible for determining the Rate of Interest (being the relevant Principal Paying Agent or the Calculation Agent specified in the applicable Final Terms, as applicable) and, in accordance with Condition 13, the Covered Bondholders of such Adjustment Spread and the Principal Paying Agent (the Calculation Agent responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) shall, subject to the receipt (not less than five Business Days prior to the relevant Interest Determination Date) of, and in accordance with, the Issuer's written instructions apply such Adjustment Spread to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

If no such recommendation or option has been made (or made available) by any Relevant Nominating Body, or the Issuer so determines, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, that there is no such Adjustment Spread in

customary market usage in the international debt capital markets and the Issuer further determines, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be), then the Adjustment Spread shall be:

(A) the Adjustment Spread determined by the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, as being the Adjustment Spread recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or

(B) if there is no such industry standard recognised or acknowledged, such Adjustment Spread as the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines to be appropriate, having regard to the objective, so far as is reasonably practicable in the circumstances, of reducing or eliminating any economic prejudice or benefit (as the case may be) to Covered Bondholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be).

Following any such determination of the Adjustment Spread, the Issuer shall promptly notify the Bond Trustee, the party responsible for determining the Rate of Interest (being the relevant Principal Paying Agent or the Calculation Agent specified in the applicable Final Terms, as applicable) and, in accordance with Condition 13 (*Notices*), the Covered Bondholders of such Adjustment Spread and the relevant Principal Paying Agent (or the Calculation Agent responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) shall, subject to the receipt (not less than five Business Days prior to the relevant Interest Determination Date) of, and in accordance with, the Issuer's written instructions, apply such Adjustment Spread to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

(iii) Benchmark Amendments

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 4(d) and the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines in its discretion (A) that amendments to these Conditions and/or the Bond Trust Deed and/or the Principal Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the **Benchmark Amendments**), and (B) the terms of the Benchmark Amendments, then the Issuer shall, subject to the following paragraphs of this Condition 4(d)(iii) and subject to the Issuer having to give notice thereof to the Covered Bondholders in accordance with Condition 13, and to the Bond Trustee and the party responsible for determining the Rate of Interest (being the relevant Principal Paying Agent or the Calculation Agent specified in the applicable Final Terms as applicable) in accordance with this Condition 4(d)(iii), without any requirement for the consent or approval of Covered Bondholders or Couponholders make the necessary modifications to these Conditions and/or Bond Trust Deed and/or the Principal Agency Agreement to give effect to such Benchmark Amendments. At the request of the Issuer, but subject to receipt by the Bond Trustee and the

Principal Paying Agent of the certificate referred to in the final paragraph of this Condition 4(d)(iii), and subject as provided below, the Bond Trustee and the Agents (as applicable) shall (at the expense of the Issuer), without any requirement for the consent or approval of Covered Bondholders or Couponholders and without liability to the Covered Bondholders or any other person, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, inter alia, by the execution of a deed supplemental to or amending the Bond Trust Deed) with effect from the date specified in such notice.

In connection with any such modifications in accordance with this Condition 4(d)(iii), if and for so long as the Covered Bonds are admitted to trading and listed on the official list of a stock exchange, the Issuer shall comply with the rules of that stock exchange.

Notwithstanding any other provision of this Condition 4(d)(iii), neither the Bond Trustee nor the Agents shall be obliged to concur with the Issuer and the Covered Bond Guarantor and/or (in the case of the Bond Trustee) direct the Security Trustee to concur with the Issuer and the Covered Bond Guarantor in respect of any Benchmark Amendments which, in the sole opinion of the Bond Trustee or any Agent (as applicable), would have the effect of (i) exposing the Bond Trustee or such Agent (as applicable) to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protections, of the Bond Trustee or such Agent (as applicable) in the Bond Trust Deed, the Principal Agency Agreement and/or these Conditions.

Any Benchmark Amendments determined under this Condition 4(d)(iii) shall be notified promptly (in any case, not less than five Business Days prior to the relevant Interest Determination Date) by the Issuer to the Covered Bond Guarantor, the Bond Trustee, the party responsible for determining the Rate of Interest (being the relevant Principal Paying Agent or the Calculation Agent specified in the applicable Final Terms as applicable) and, in accordance with Condition 13, the Covered Bondholders. Such notice shall be irrevocable and shall specify the effective date of such Benchmark Amendments.

No later than notifying the Bond Trustee and the party responsible for determining the Rate of Interest (being the relevant Principal Paying Agent or the Calculation Agent specified in the applicable Final Terms) of the same, the Issuer shall deliver to each of the Bond Trustee and the relevant Principal Paying Agent a certificate (on which each of the Bond Trustee and the relevant Principal Paying Agent shall be entitled to rely without further enquiry or liability) signed by two Authorised Signatories (as defined in the Definitions Schedule) or, as the case may be, the Covered Bond Guarantor:

(A) confirming (i) that a Benchmark Event has occurred, (ii) whether the Issuer has consulted with an Independent Adviser, (iii) the Successor Rate or, as applicable, the Alternative Rate, (iv) where applicable, any Adjustment Spread and/or (v) the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 4(d)(iii); and

(B) certifying that the Benchmark Amendments (in accordance with the provisions of Condition 4(d)(iii)) are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Bond

Trustee's and the relevant Principal Paying Agent's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Bond Trustee, the party responsible for determining the Rate of Interest (being the relevant Principal Paying Agent or the Calculation Agent specified in the applicable Final Terms, as applicable), the Agents and the Covered Bondholders and Couponholders.

(iv) Independent Adviser

In the event the Issuer is to consult with an Independent Adviser in connection with any determination to be made by the Issuer pursuant to this Condition 4(d), the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, for the purposes of any such consultation.

An Independent Adviser appointed pursuant to this Condition 4(d) shall act in good faith, in a commercially reasonable manner and (in the absence of fraud or wilful default) shall have no liability whatsoever to the Issuer, the Bond Trustee or the Covered Bondholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 4(d) or otherwise in connection with the Covered Bonds.

If the Issuer consults with an Independent Adviser as to whether there is a Successor Rate, an Alternative Rate and/or whether any Adjustment Spread is required to be applied and/or in relation to the quantum of, or any formula or methodology for determining such Adjustment Spread and/or whether any Benchmark Amendments are necessary and/or in relation to the terms of any such Benchmark Amendments, a written determination of an Independent Adviser in respect thereof shall be conclusive and binding on all parties, save in the case of manifest error, and (in the absence of fraud or wilful default) the Issuer shall have no liability whatsoever to the Covered Bondholders in respect of anything done, or omitted to be done, in relation to that matter in accordance with any such written determination.

No Independent Adviser appointed in connection with the Covered Bonds (acting in such capacity) shall have any relationship of agency or trust with the Covered Bondholders.

(v) Survival of Original Reference Rate Provisions

Without prejudice to the obligations of the Issuer under this Condition 4(d), the Original Reference Rate and the fallback provisions provided for in Conditions 4(b)(ii)(A), 4(b)(ii)(B) and/or the applicable Final Terms, as the case may be, will continue to apply unless and until the Issuer has determined the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with the relevant provisions of this Condition 4(d).

If, in the case of any Benchmark Event, any Successor Rate, Alternative Rate and/or Adjustment Spread is notified to the Principal Paying Agent or any other party specified in the applicable Final Terms as being responsible for determining the Rate of Interest pursuant to Condition 4(d)(iii), and the Principal Paying Agent or such other responsible party (as applicable) is in any way uncertain as to the application of such Successor Rate, Alternative Rate and/or Adjustment Spread in the calculation or determination of any Rate of Interest, it shall promptly notify the Issuer thereof and the Issuer shall direct the Principal Paying Agent or such other party (as applicable) in writing (which direction may be by way of a written determination of an Independent Adviser) as to which course of action to adopt in the application of such Successor Rate, Alternative Rate and/or Adjustment Spread in the determination of such Rate of Interest. If the Principal Paying Agent or such other party

specified in the applicable Final Terms as being responsible for determining the Rate of Interest is not promptly provided with such direction, it shall notify the Issuer thereof, and the Principal Paying Agent or such other party (as applicable) shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so. For the avoidance of doubt, for the period that the Principal Paying Agent or such other party (as applicable) remains uncertain of the application of the Successor Rate, Alternative Rate and/or Adjustment Spread in the calculation or determination of any Rate of Interest, the Original Reference Rate and the fallback provisions provided for in Condition 4(b) and/or the applicable Final Terms, as the case may be, will continue to apply.

(vi) Notifications, etc. to be final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(d) by the Issuer will (in the absence of default, bad faith or manifest error by it or any of its directors, officers, employees or agents) be binding on the Issuer, the Covered Bond Guarantor, the Bond Trustee, the relevant Principal Paying Agent, the Calculation Agent, the Paying Agents and all the Covered Bondholders of this Series and Coupons relating thereto and (in the absence of any default, bad faith or manifest error as referred to above) no liability to the Bond Trustee and the relevant Principal Paying Agent or the Covered Bondholders of this Series and Coupons relating thereto shall attach to the Issuer in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition 4(d).

(vii) Definitions

In this Condition 4(d):

Adjustment Spread means either a spread, or the formula or methodology for calculating a spread and the spread resulting from such calculation, which spread may in either case be positive or negative or zero and is to be applied to the Successor Rate or the Alternative Rate (as the case may be) where the Original Reference Rate is replaced with the Successor Rate or the Alternative Rate (as the case may be);

Alternative Rate means an alternative benchmark or screen rate which the Issuer determines in accordance with this Condition 4(d) is used in place of the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for a commensurate interest period and in the same Specified Currency as the Covered Bonds;

Benchmark Amendments has the meaning given to it in Condition 4(d)(iii);

Benchmark Event means, with respect to an Original Reference Rate, the earlier to occur of:

(A) the Original Reference Rate ceasing to be published for at least five Business Days or ceasing to exist or be administered;

(B) the later of (i) the making of a public statement by the administrator of the Original Reference Rate that it will, on or before a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and (ii) the date falling six months prior to the specified date referred to in (B)(i);

(C) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued;

(D) the later of (i) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (ii) the date falling six months prior to the specified date referred to in (D)(i);

(E) the later of (i) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case on or before a specified date and (ii) the date falling six months prior to the specified date referred to in (E)(i);

(F) it has or will prior to the next Interest Determination Date become unlawful for the relevant Principal Paying Agent, any Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms), the Calculation Agent responsible for the calculation of the Rate of Interest, or the Issuer to determine any Rate of Interest and/or calculate any Interest Amount using the Original Reference Rate (including, without limitation, under Regulation (EU) No. 2016/1011 as that Regulation applies in the European Union and/or as it forms part of domestic law in the United Kingdom by virtue of the EUWA, if applicable);

(G) the making of a public statement by the supervisor of the administrator of the Original Reference Rate announcing that such Original Reference Rate is no longer representative or may no longer be used or may no longer be applicable; and

(H) the later of (i) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will no longer be representative or may no longer be used, in each case on or before a specified date and (ii) the date falling six months prior to the specified date referred to in (H)(i);

Independent Adviser means an independent financial institution of international repute or other independent adviser of recognised standing with appropriate expertise appointed by the Issuer at its own expense;

Original Reference Rate means the benchmark or screen rate (as applicable) originally specified in the applicable Final Terms for the purposes of determining the relevant Rate of Interest (or any component part thereof) in respect of the Covered Bonds (provided that if, following one or more Benchmark Events, such originally specified Reference Rate (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate and a Benchmark Event subsequently occurs in respect of such Successor Rate or Alternative Rate, the term "Original Reference Rate" shall include any such Successor Rate or Alternative Rate);

Relevant Nominating Body means, in respect of an Original Reference Rate:

(A) the central bank for the currency to which the Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate; or

(B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (i) the central bank for the currency to which the Original Reference Rate relates, (ii) any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate, (iii) a group of the aforementioned central banks or other supervisory authorities, or (iv) the Financial Stability Board or any part thereof; and

Successor Rate means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

5. 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 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) New Zealand, 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.

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 U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement). References to Specified Currency will include any successor currency under applicable law.

(b) Presentation of Bearer Definitive Covered Bonds and Coupons

Payments of principal and interest (if any) in respect of Bearer Definitive Covered Bonds will (subject as provided below) be made in the manner provided in Condition 5(a) above only against presentation and surrender of Bearer Definitive Covered Bonds or Coupons, as the case may be, at any specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Fixed Rate Covered Bonds in definitive bearer form (other than Long Maturity Covered Bonds) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall include Coupons falling to be issued on exchange of matured Talons), failing which an amount equal to the face value of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 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, the Extended Due for Payment Date), all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the due date for redemption of any Floating Rate Covered Bond or Long Maturity Covered Bond in definitive bearer form, all unmatured Coupons and Talons (if any) relating thereto (whether or not attached) 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.

(c) Payments in respect of Bearer Global Covered Bonds

Payments of principal and interest (if any) in respect of Covered Bonds represented by any Bearer Global Covered Bond will (subject as provided below) be made in the manner specified above in relation to Bearer Definitive Covered Bonds and otherwise in the manner specified in the relevant Global Covered Bond (against presentation or surrender, as the case may be, of such Global Covered Bond 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 Global Covered Bond which is issued in NGCB form, the Paying Agent shall instruct Euroclear and Clearstream, Luxembourg to make appropriate entries in their records to reflect such payment.

(d) Payments in respect of Registered Covered Bonds

Payments of principal in respect of each Registered Covered Bond (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Covered Bond at the specified office of the relevant Registrar or, in the case of NZ Registered Covered Bonds, the NZ Paying Agent, or in any other case any of the Paying Agents (other than the NZ Paying Agent). Such payments will be made by electronic transfer to the Designated Account (as defined below) of the holder (or the first named joint holder) of the Registered Covered Bond appearing in the register of holders of the Registered Covered Bonds maintained by the relevant Registrar (the **Register**) either (i) in the case of NZ Registered Covered Bonds, at the close of business on the tenth calendar day (being for this purpose a day on which banks are open for business in the city where the specified office of the NZ Registrar is located) before the relevant due date, or (ii) in any other case, 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 Luxembourg Registrar is located) before the relevant due date. 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 (i) Sydney or (ii) New Zealand, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest in respect of each Registered Covered Bond (whether or not in global form) will be made by transfer on the due date to the Designated Account of the holder (or the first named joint holder) of the Registered Covered Bond appearing in the Register either (A) in the case of NZ Registered Covered Bonds, at the close of business on the tenth calendar day (being for this purpose a day on which banks are open for business in the city where the specified office of the NZ Registrar is located) before the relevant due date, (B) in the case of a Global Covered Bond which clears through Euroclear or Clearstream, Luxembourg, at the close of business on a clearing system business day (where for the purposes of this Condition 5(d) "clearing system business day" means Monday to Friday inclusive except 25 December and 1 January) immediately prior to the relevant due date for such payment or (C) in any other case, 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**). Payment of the interest due in respect of each Registered Covered Bond on redemption will be made in the same manner as payment of the principal in respect of such Registered Covered Bond.

No commissions or expenses shall be charged to the holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Covered Bonds.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Covered Bond in respect of Covered Bonds denominated in a Specified Currency other than U.S. dollars shall be paid by electronic transfer by the Luxembourg Registrar to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for conversion into and payment in U.S. dollars in accordance with the provisions of the Principal Agency Agreement.

None of the Issuer, the Covered Bond Guarantor, the Bond Trustee or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(e) 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, 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 DTC, NZClear, 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 DTC, NZClear, Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer or the Covered Bond Guarantor to, or to the order of, the holder of such Global Covered Bond (or the Bond Trustee, as the case may be). No person other than the holder of the relevant Global Covered Bond (or, as provided in the Bond Trust Deed, the Bond Trustee) shall have any claim against the Issuer or the Covered Bond Guarantor in respect of any payments due on that Global Covered Bond.

Notwithstanding the foregoing provisions of this Condition, payments of principal and/or interest in U.S. Dollars in respect of the Bearer Covered Bonds will only be made at the specified office of a Paying Agent in the United States if:

(i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. Dollars at such specified offices outside the United States of the full amount of interest on the Bearer Covered Bonds in the manner provided above when due;

(ii) payment of the full amount of such principal and interest at such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. Dollars; and

(iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Covered Bond Guarantor, adverse tax consequences to the Issuer or the Covered Bond Guarantor.

(f) Payment Day

Where either (i) no Business Day Convention or (ii) Floating Rate Convention, is specified in the applicable Final Terms, if the date for payment of any amount in respect of any Covered Bond or Coupon is not a Payment Day (as defined below), the holder thereof shall not be entitled to payment of the relevant amount due until the next following Payment Day and shall not be entitled to any interest or other sum in respect of any such delay. Where a Business Day Convention (other than Floating Rate Convention) is specified in the applicable Final Terms, if the date for payment of any amount in respect of any Covered Bond or Coupon is not a Payment Day, such date of payment shall be postponed or brought forward (as applicable) in accordance with such Business Day Convention (as further described in Condition 4(b)(i) above and as though references therein to "such date" and "Business Day" are to the relevant date of payment and Payment Day in the relevant place, respectively) and the holder thereof shall not be entitled to further interest or other payment in respect of any resulting delay. In this Condition (unless otherwise specified in the applicable Final Terms), **Payment Day** means any day which (subject to Condition 8 (*Prescription*)) is:

(i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

(A) the relevant place of presentation;

(B) (1) New Zealand and (2) in the case of Covered Bonds that are not NZ Registered Covered Bonds, London; and

(C) any Additional Financial Centre specified in the applicable Final Terms;

(ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the places specified in Condition 5(f)(i) and which if the Specified Currency is Australian dollars shall be Sydney) or (2) in relation to any sum payable in euro, a day on which T2 is open; and

(iii) in the case of any payment in respect of a Registered Global Covered Bond denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Covered Bond) has elected to receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

(g) 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) the Residual Redemption Amount (if any) of the Covered Bonds;

(vi) any premium and any other amounts (other than interest) which may be payable under or in respect of the Covered Bonds; and

(vii) 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.

(h) Redenomination

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Covered Bondholders and the Couponholders, on giving prior written notice to the Bond Trustee, the Security Trustee, the Principal Paying Agent, the relevant Registrar (in the case of Registered Covered Bonds), Euroclear and Clearstream, Luxembourg and at least 30 days' prior notice to the Covered Bondholders in accordance with Condition 13 (*Notices*), elect that, with effect from the Redenomination Date specified in the notice, the Covered Bonds shall be redenominated in euro. In relation to any Covered Bonds where the applicable Final Terms provides for a minimum Specified Denomination in the Specified Currency which is equivalent to at least euro 100,000 and which are admitted to trading on a regulated market in the European Economic Area, it shall be a term of any such redenomination that the holder of any Covered Bonds held through Euroclear and/or Clearstream, Luxembourg and/or DTC must have credited to its securities account with the relevant clearing system a minimum balance of Covered Bonds of at least euro 100,000.

The election will have effect as follows:

(i) the Covered Bonds shall be deemed to be redenominated in euro in the denomination of euro 0.01 with a nominal amount for each Covered Bond equal to the nominal amount of that Covered Bond in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, in consultation with the Principal Paying Agent and the Bond Trustee, that the then market practice in respect of the redenomination in euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Covered Bondholders, the competent listing authority, stock

exchange and/or market (if any) on or by which the Covered Bonds may be listed and/or admitted to trading and the Paying Agents of such deemed amendments;

(ii) save to the extent that an Exchange Notice has been given in accordance with paragraph (iv) below, the amount of interest due in respect of the Covered Bonds will be calculated by reference to the aggregate nominal amount of Covered Bonds presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;

(iii) if Definitive Covered Bonds are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in denominations of euro 100,000 and/or such higher amounts as the Principal Paying Agent may determine and notify to the Covered Bondholders and any remaining amounts less than euro 100,000 shall be redeemed by the Issuer and paid to the Covered Bondholders in euro in accordance with Condition 6 (*Redemption and Purchase*);

(iv) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Covered Bonds) will become void with effect from the date on which the Issuer gives notice (the **Exchange Notice**) that replacement euro-denominated Covered Bonds and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Covered Bonds and Coupons so issued will also become void on that date although those Covered Bonds and Coupons will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Covered Bonds and Coupons will be issued in exchange for Covered Bonds and Coupons denominated in the Specified Currency in such manner as the Principal Paying Agent may specify and as shall be notified to the Covered Bondholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Covered Bonds;

(v) after the Redenomination Date, all payments in respect of the Covered Bonds and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Covered Bonds to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee;

(vi) if the Covered Bonds are Fixed Rate Covered Bonds and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated:

(a) in the case of Covered Bonds represented by a Global Covered Bond, by applying the Rate of Interest to the aggregate outstanding nominal amount of the Covered Bonds represented by such Global Covered Bonds; and

(b) in the case of Definitive Covered Bonds, by applying the Rate of Interest to the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Covered Bond in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Covered Bond shall be the product of the amount (determined in the manner

provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding;

(vii) if the Covered Bonds are Floating Rate Covered Bonds, the applicable Final Terms will specify any relevant changes to the provisions relating to interest; and

(viii) such other changes shall be made to this Condition (and the Programme Documents) as the Issuer may decide, after consultation with the Principal Paying Agent and the Bond Trustee, and as may be specified in the notice, to conform it to conventions then applicable to instruments denominated in euro.

(i) Definitions

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

Calculation Amount has the meaning given to it in the applicable Final Terms.

Established Rate means the rate for the conversion of the relevant Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 123 of the Treaty.

euro means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty.

Rate of Interest means the rate of interest payable from time to time in respect of a Series of Covered Bonds, as determined in, or as determined in the manner specified in, the applicable Final Terms.

Redenomination Date means (in the case of interest bearing Covered Bonds) any date for payment of interest under the Covered Bonds or (in the case of Zero Coupon Covered Bonds) any date, in each case specified by the Issuer in the notice given to the Covered Bondholders pursuant to Condition 5(h)(i) and which falls on or after the date on which the country of the relevant Specified Currency first participates in the third stage of European economic and monetary union.

Reference Rate means (i) EURIBOR, (ii) HIBOR, (iii) NIBOR, (iv) SONIA, (v) SOFR, (vi) CORRA or (vii) €STR, as specified in the applicable Final Terms.

Treaty means the Treaty on the Functioning of the European Union, as amended.

6. Redemption and Purchase

(a) Final redemption

Unless previously redeemed in full or purchased and cancelled as specified below, each Covered Bond will be redeemed by the Issuer at 100 per cent. of its nominal value (the **Final Redemption Amount**) 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 has failed to pay the Final Redemption Amount on the Final Maturity Date specified in the Final Terms (or after expiry of the grace period set out in Condition 9(a)(i)) and, following the service of a Notice to Pay on the Covered Bond Guarantor by no later than the date falling one Business Day prior to the Extension Determination Date, the 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 (i) the date which falls two Business Days after service of such Notice to Pay on the Covered Bond Guarantor or, if later, the Final Maturity Date (or, in each case, after the expiry of the grace period set out in Condition 9(b)(i)) under the terms of the Covered Bond Guarantee and (ii) 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 (i) and (ii) 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 relevant 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 relevant 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 13 (*Notices*)), the Rating Agencies, the Bond Trustee, the Security Trustee, the relevant Principal Paying Agent and the relevant 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 (i) and (ii) 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 (I) 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)) and (II) the Extension Determination Date, under the Covered Bond Guarantee, apply the monies (if any) available (after paying or providing for payment of higher ranking or *pari passu* amounts in accordance with the Guarantee Priority of Payments) *pro rata* in part payment of an amount equal to the Final Redemption Amount of each Covered Bond of the relevant Series of Covered Bonds and shall pay Guaranteed Amounts constituting the Scheduled Interest in respect of each such Covered Bond on such date. The obligation of the Covered Bond Guarantor to pay any amounts in respect of the balance of the Final Redemption Amount not so paid shall be deferred as described above. Such failure to pay by the Covered Bond Guarantor shall not constitute a Covered Bond Guarantor Event of Default.

Any discharge of the obligations of the Issuer as the result of the payment of Excess Proceeds to the Bond Trustee shall be disregarded for the purposes of determining the amounts to be paid by the Covered Bond Guarantor under the Covered Bond Guarantee in connection with this Condition 6(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; and

Extension Determination Date means, in respect of a Series of Covered Bonds, 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 Limited (together, the **Rating Agencies**) or their successors, to the extent that they provide ratings in respect of the Covered Bonds.

(b) Redemption for taxation reasons

The Covered Bonds may be redeemed at the option of the Issuer in whole, or in part, at any time (if this Covered Bond is not a Floating Rate Covered Bond) or on any Interest Payment Date (if this Covered Bond is a Floating Rate Covered Bond), on giving not less than 30 nor more than 60 days' notice to the Bond Trustee and, in accordance with Condition 13 (*Notices*), the Covered Bondholders (which notice shall be irrevocable), if the Issuer satisfies the Bond Trustee immediately before the giving of such notice that, on the occasion of the next Interest Payment Date, the Issuer is or will be required to pay additional amounts as provided or referred to in Condition 7 (*Taxation*). Covered Bonds redeemed pursuant to this Condition 6(b) will be redeemed at their Early Redemption Amount referred to in Condition 6(f) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) Redemption at the option of the Issuer

(A) **Redemption at the option of the Issuer – Issuer Call**

If an Issuer Call is specified in the applicable Final Terms, the Issuer may, having given not less than 30 nor more than 60 days' notice to the Bond Trustee, the relevant Principal Paying Agent, (in the case of the redemption of Registered Covered Bonds) the relevant Registrar and, in accordance with Condition 13 (*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, or determined in the manner 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 DTC, NZClear, Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of DTC, NZClear, 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. 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 13 (*Notices*) not less than 30 days prior to the date fixed for redemption or, if shorter, not less than the minimum period of notice to be given by the Issuer to the Covered Bondholders of the redemption as specified in the applicable Final Terms. 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 date fixed for redemption, 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.

(B) **Redemption at the option of the Issuer – Issuer Clean-Up Call**

If Issuer Clean-Up Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Covered Bondholders in accordance with Condition 13 (which notices shall be irrevocable, and shall specify the date fixed for redemption (provided that such date is no earlier than any Earliest Possible Date for Redemption specified in the applicable Final Terms)), elect to redeem all, but not some only, of the Covered Bonds then outstanding on any date and at the Residual Redemption Amount specified in the applicable Final Terms (the **Residual Redemption Amount**) together, if appropriate, with interest accrued to (but excluding) the relevant date of redemption, if, prior to the date of such notice, 75 per cent. (or such other percentage as may be specified in the applicable Final Terms as being the Issuer Clean-Up Call Threshold (the **Issuer Clean-Up Call Threshold**)) or more of the aggregate nominal amount of the Series issued has been redeemed or purchased and cancelled.

Prior to the publication of any notice of redemption pursuant to this Condition 6(c)(B), the Issuer shall deliver to the Bond Trustee, to make available at its specified office to the Covered Bondholders, a certificate signed by two Authorised Signatories of the Issuer stating that the Issuer is entitled to effect such redemption and confirming that 75 per cent. (or such other percentage as may be specified in the applicable Final Terms as being the Issuer Clean-Up Call Threshold) or more of the aggregate nominal amount of the Series issued has been redeemed or purchased and cancelled. The Bond Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out above, in which event it shall be conclusive and binding on the Covered Bondholders and the Couponholders.

(d) Redemption at the option of the Covered Bondholders

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Covered Bond giving the Issuer not less than 30 nor more than 60 days' written notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Covered Bond on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of a Covered Bond the holder thereof must, if the Covered Bond is in definitive form and held outside Euroclear and Clearstream, Luxembourg, NZClear or DTC, deliver, at the specified office of either (i) in the case of NZ Registered Covered Bonds, the NZ Paying Agent, or (ii) in any other case, any Paying Agent other than the NZ 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 to which payment is to be made under this Condition 6(d) accompanied by this Covered Bond. If this Covered Bond is represented by a Global Covered Bond held through Euroclear or Clearstream, Luxembourg, or NZClear or DTC to exercise the right to require redemption of this Covered Bond the holder of this

Covered Bond must, within the notice period, give notice to the relevant Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg, NZClear or DTC, (which may include notice being given on its instruction by Euroclear or Clearstream, Luxembourg, NZClear or DTC, or any common depository or common safekeeper, as the case may be, for them to the relevant Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg, NZClear or DTC from time to time and, if this Covered Bond is represented by a Global Covered Bond, at the same time present or procure the presentation of the relevant Global Covered Bond to the Principal Paying Agent for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg, NZClear or DTC, given by a holder of any Covered Bond pursuant to this Condition 6(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 6(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 30 nor more than 60 days' notice to the Bond Trustee, the Principal Paying Agents, the Registrars and, in accordance with Condition 13 (*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 6(e) will be redeemed at their Early Redemption Amount referred to in Condition 6(f) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(f) Early Redemption Amounts

For the purpose of Conditions 6(b) and 6(e) above and 6(i) below and Condition 9 (*Events of Default and Enforcement*), each Covered Bond will be redeemed at its Early Redemption Amount calculated by the Principal Paying Agent 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) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Covered Bond is denominated, at the

amount specified in the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or

(iii) in the case of a Zero Coupon Covered Bond, at its Early Redemption Amount equal to the sum of:

(a) the Reference Price; and

(b) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date 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,

or such other calculation basis as may be provided for in the applicable Final Terms.

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) Purchases

The Issuer, any of its 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 unmatured 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 Covered Bondholders alike. Such Covered Bonds may be held, reissued, resold or, at the option of the Issuer or the relevant subsidiary, surrendered to the relevant Registrar and/or either: (i) in the case of NZ Registered Covered Bonds, to the NZ Paying Agent, or (ii) in any other case to any Paying Agent other than the NZ Paying Agent, for cancellation (except that any Covered Bonds purchased or otherwise acquired by the Covered Bond Guarantor must immediately be surrendered to the relevant Registrar and/or either: (i) in the case of NZ Registered Covered Bonds, to the NZ Paying Agent, or (ii) in any other case to any Paying Agent other than the NZ Paying Agent for cancellation).

(h) Cancellation

All Covered Bonds which are redeemed in full will forthwith be cancelled (together with, in the case of Bearer Definitive Covered Bonds, all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Covered Bonds so cancelled and any Covered Bonds purchased and surrendered for cancellation pursuant to Condition 6(g) above and cancelled (together with, in the case of Bearer Definitive Covered Bonds, all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the relevant Principal Paying Agent and cannot be held, reissued or resold.

(i) 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 6(a), 6(b), 6(c), 6(d) or 6(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 6(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 relevant Principal Paying Agent or the Bond Trustee or the relevant Registrar and notice to that effect has been given to the Covered Bondholders either in accordance with Condition 13 (*Notices*) or individually.

(j) Certification on redemption under Conditions 6(b) and 6(e)

Prior to the publication of any notice of redemption pursuant to Conditions 6(b) or 6(e), the Issuer shall deliver to the Bond Trustee a certificate signed by two Authorised Signatories (as defined in the Definitions Schedule) of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and the Bond Trustee 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 and Couponholders.

7. Taxation

All payments of principal and interest (if any) in respect of the Covered Bonds and Coupons by or on behalf of the Issuer 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 a Tax Jurisdiction or New Zealand or 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 in respect of a payment made by it, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Covered Bondholders 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 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 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 or Coupon;

(b) which is payable (other than in respect of New Zealand resident withholding tax) by reason of the Covered Bondholder or Couponholder or beneficial owner (or any one of them in case of principal or interest derived by two or more persons jointly) having, or having had, some personal or business connection with New Zealand or a Tax Jurisdiction (other than mere ownership of or receipt of payment under the Covered Bonds or Coupon or the fact that payments are, or for the purposes of taxation are deemed to be, from sources in, or secured in New Zealand or a Tax Jurisdiction);

(c) which is payable solely by reason of the Covered Bondholder's or Couponholder's or beneficial owner's failure to comply with any certification, identification or other reporting

requirement concerning nationality, residence, identity, connection with taxing jurisdiction of the Covered Bondholder or Couponholder or other beneficial owner of such Covered Bond;

(d) which is payable by reason of a change in law that becomes effective more than thirty days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5(f) (*Payments*)); or

(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, Couponholder or beneficial owner of such Covered Bond or Coupon being associated with the Issuer or the Covered Bond Guarantor for the purposes of the approved issuer levy (the **AIL**) and non-resident withholding tax rules in the Income Tax Act 2007 of New Zealand (the **Tax Act**) or any modification or equivalent thereof;

(g) 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;

(h) where such withholding or deduction is for or on account of New Zealand resident withholding tax;

(i) with respect to any payment of principal of or interest (including original issue discount) on the Covered Bonds and Coupons by the Issuer to any Covered Bondholder or Couponholder who is a fiduciary or partnership or other than the sole beneficial owner of any such payment to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or any other beneficial owner would not have been entitled to the additional amounts had such beneficiary, settlor, member or beneficial owner been the holder of such Covered Bonds and Coupons;

(j) where such withholding or deduction is required pursuant to an agreement described in Section 1471(b) of the Code or is otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement); or

(k) any combination of paragraphs (a) through (j) above.

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 AIL in respect of such payments unless required by law.

If the Covered Bond Guarantor is required by law to pay any amount of AIL 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 AIL payable and will not be obliged to pay any additional amount as a consequence.

As used herein:

(i) **Tax Jurisdiction** means the jurisdiction, if any, named in the applicable Final Terms as being the jurisdiction wherein BNZ's borrowing office is located for such Tranche of Covered Bonds if such borrowing office is not located in New Zealand; and

(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 13 (*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 Covered Bond Guarantor may be required by law to deduct New Zealand resident withholding tax from the payment of interest to a Covered Bondholder or Couponholder, if:

(a) the Covered Bondholder 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 in section YA 1 of the Tax Act) for New Zealand resident withholding tax purposes.

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 the Covered Bond Guarantor or any Paying Agent, that the New Zealand Covered Bondholder is the holder of a Covered Bond or Coupon; and

(B) must notify the Issuer or the Covered Bond Guarantor or a Paying Agent, of any circumstances, and provide the Issuer or the Covered Bond Guarantor or the relevant Paying Agent, with any information that may enable the Issuer or the Covered Bond Guarantor, to make payment of interest to the New Zealand Covered Bondholder without deduction on account of New Zealand resident withholding tax.

The New Zealand Covered Bondholder must notify the Issuer or the Covered Bond Guarantor, prior to any date on which interest is payable, of any change in the New Zealand Covered Bondholder's circumstances from those previously notified that could affect the payment or withholding obligations of the Issuer or the Covered Bond Guarantor, in respect of this Covered Bond or Coupon. By accepting payment of the full face amount of a Covered Bond or Coupon, as the case may be or any interest thereon, the New Zealand Covered Bondholder indemnifies the Issuer or the Covered Bond Guarantor, for all purposes in respect of any liability the Issuer or the Covered Bond Guarantor may incur for not deducting any amount from such payment on account of New Zealand resident withholding tax.

Only a New Zealand Covered Bondholder will be obliged to make the notification referred to above and no other holder will be required to make any certification that is not a New Zealand Covered Bondholder.

8. Prescription

The Covered Bonds (whether in bearer or registered form) and Coupons will become void unless presented for payment 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 5 (*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 5 (*Payments*) or any Talon which would be void pursuant to Condition 5 (*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 (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, will (but in the case of the occurrence of any of the events mentioned in subparagraph (iii), (iv), (v), (vi), (viii) or (ix) inclusive below, only if the Bond Trustee has certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Covered Bondholders of any Series) (subject, in each case, to being indemnified and/or secured and or prefunded to its satisfaction) give notice (an **Issuer Acceleration Notice**) in writing to the Issuer that as against the Issuer (but not, for the avoidance of doubt, as against the Covered Bond Guarantor under the Covered Bond Guarantee) each Covered Bond of each Series is, and each such Covered Bond shall, unless such event shall have been cured by the Issuer prior to the Issuer's receipt of the notice in writing from the Bond Trustee, thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Bond Trust Deed if any of the following events (each, an **Issuer Event of Default**) shall occur:

(i) default by the Issuer in any payment when due of principal on the Covered Bonds or any of them and the default continues for a period of seven days;

(ii) default by the Issuer in payment when due of any instalment of interest on the Covered Bonds or any of them and the default continues for a period of 30 days;

(iii) a failure by the Issuer to perform or observe any of its other obligations under the Conditions or the Bond Trust Deed and the failure continues for the period of 30 days next following the service by the Bond Trustee on the Issuer, as the case may be, of notice requiring the same to be remedied;

(iv) a distress or execution or other legal process is levied or enforced upon or sued out or put in force against any part of the property, assets or revenues of the Issuer and such distress or execution or other legal process, as the case may be, is not discharged or stayed within 14 days of having been so levied, enforced or sued out;

(v) an encumbrancer takes possession or a receiver or administrator is appointed over the whole or any part of the undertaking, property, assets or revenues of the Issuer (other than in respect of monies borrowed or raised on a non-recourse basis);

(vi) the Issuer (a) becomes insolvent or is unable to pay its debts as they mature; (b) applies for or consents to or suffers the appointment of a liquidator or receiver or administrator of the Issuer or of the whole or any part of the undertaking, property, assets or revenues of the Issuer (other than in respect of monies borrowed or raised on a non-recourse basis); or (c) takes any proceeding under any law for a readjustment or deferment of its obligations or any part thereof or makes or enters into a general assignment or any arrangement or composition with or for the benefit of creditors;

(vii) other than under or in connection with a scheme of amalgamation or reconstruction not involving a bankruptcy or insolvency an effective resolution is passed by shareholders or members for the appointment of a liquidator of the Issuer;

(viii) a moratorium shall be agreed or declared in respect of any indebtedness of the Issuer, or any governmental authority or agency shall have condemned, seized or compulsorily purchased or expropriated all or in the opinion of the Bond Trustee a substantial part of the assets of or capital of the Issuer;

(ix) (a) BNZ ceases to carry on general banking business in New Zealand; or (b) BNZ ceases to be registered as a bank in New Zealand; or (c) the Issuer enters into any arrangement or agreement for any sale or disposal of the whole of its respective business by amalgamation or otherwise other than, in the case of (c) only, (A) under or in connection with a scheme of amalgamation or reconstruction not involving a bankruptcy or insolvency which, in respect of the Issuer results in a substitution of the principal debtor under the Covered Bonds and Coupons pursuant to Condition 14 (*Meetings of Covered Bondholders, Modification, Waiver and Substitution*); or (B) with the consent of the Covered Bondholders by Extraordinary Resolution;

(x) if an Asset Coverage Test Breach Notice has been served and remains outstanding (in accordance with the terms of the Programme Documents) on the next Calculation Date after service of such Asset Coverage Test Breach Notice on the Covered Bond Guarantor; or

(xi) 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 Covered Bond Guarantor has not taken the required actions set out in clause 9.4 of the Establishment Deed following that breach by the earlier to occur of:

(a) ten NZ Business Days from the date that the Seller is notified of that breach; and

(b) the Final Maturity Date of that Series of Hard Bullet Covered Bonds.

Notwithstanding any other provision of this Condition 9(a), no Issuer Event of Default (other than Condition 9(a)(vii)) in respect of the Covered Bonds shall occur solely on account of any failure by the Issuer to perform or observe any of its obligations in relation to, or the agreement or declaration of any moratorium with respect to, or the taking of any proceeding in respect of, any share, note or other security or instrument constituting Tier 1 Capital or Tier 2 Capital (as defined by the Australian Prudential Regulation Authority from time to time).

Upon the Covered Bonds becoming immediately due and repayable against the Issuer pursuant to this Condition 9(a), the Bond Trustee shall forthwith serve a notice to pay (the **Notice to Pay**) on the

Covered Bond Guarantor pursuant to the Covered Bond Guarantee and the Covered Bond Guarantor shall be required to make payments of Guaranteed Amounts when the same shall become Due for Payment in accordance with the terms of the Covered Bond Guarantee.

Following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice, the Bond Trustee may or shall take such proceedings or other action or step against the Issuer in accordance with Condition 9(c).

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 or any receiver, liquidator, administrator or other similar official appointed in relation to the Issuer following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice and a Notice to Pay (the **Excess Proceeds**), 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 as Available Principal Receipts in the same manner as all other monies from time to time standing to the credit of the GIC Account pursuant to the Security Deed and the Establishment Deed. Any Excess Proceeds received by the Bond Trustee shall discharge *pro tanto* the obligations of the Issuer in respect of the payment of the amount of such Excess Proceeds under the Covered Bonds and Coupons (as applicable and to the extent of the amount so received and subject to restitution of the same if such Excess Proceeds shall be required to be repaid by the Covered Bond Guarantor) (but shall be deemed not to have done so for the purposes of subrogation rights of the Covered Bond Guarantor contemplated by the Bond Trust Deed). However, the obligations of the Covered Bond Guarantor under the Covered Bond Guarantee are (following service of an Issuer Acceleration Notice and a Notice to Pay or if earlier, Service of a Covered Bond Guarantee Acceleration Notice) unconditional and irrevocable and the receipt by the Bond Trustee of any Excess Proceeds and payment to the Covered Bond Guarantor of such Excess Proceeds shall not reduce or discharge any 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 will, (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), but in the case of the occurrence of any of the events described in paragraph (ii) below, only if the Bond Trustee has certified in writing to the Issuer and the Covered Bond Guarantor that such event is, in its opinion, materially prejudicial to the interests of the Covered Bondholders of any Series, give notice (the **Covered Bond Guarantee Acceleration Notice**) in writing to the Issuer and to the Covered Bond Guarantor, that (x) each Covered Bond of each Series is, and each Covered Bond of each Series shall as against the Issuer (if not already due and repayable against it following an Issuer Event of Default), thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest and (y) all amounts payable by the Covered Bond Guarantor under the Covered Bond Guarantee shall thereupon immediately become due and payable at the Guaranteed Amount

corresponding to the Early Redemption Amount for each Covered Bond of each Series together with accrued interest, in each case as provided in the Bond Trust Deed and thereafter the Security shall become enforceable if any of the following events (each a **Covered Bond Guarantor Event of Default**) shall occur and be continuing:

(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 under Condition 6(a) where the Covered Bond Guarantor shall be required to make payments of Guaranteed Amounts which are Due for Payment on the dates specified therein;

(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;

(iii) if the Covered Bond Guarantor ceases or threatens to cease to carry on its business or substantially the whole of its business;

(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;

(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;

(vi) failure to satisfy the Amortisation Test (as set out in the Establishment Deed) on any Calculation Date following an Issuer Event of Default; 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) 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) or, if earlier, following service of a Covered Bond Guarantee Acceleration Notice (in the case of the Covered Bond Guarantor) take such proceedings or other action or step as it may think fit against or in relation to the Issuer and/or the Covered Bond Guarantor, as the case may be, and/or any other person as it may think fit to enforce the provisions of the Bond Trust Deed, the Covered Bonds and the Coupons or any other Programme Document, but it shall not be bound to take any such enforcement proceedings or other action or step in relation to the Bond Trust Deed, the Covered Bonds or the Coupons or any other Programme Document unless (A) 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 (B) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

In exercising any of its powers, trusts, authorities and discretions the Bond Trustee shall only have regard to the interests of the Covered Bondholders of all Series equally and shall not have regard to the interests of any other Secured Creditors.

The Bond Trustee may at any time, following service of a Covered Bond Guarantee Acceleration Notice at its discretion and without further notice, direct the Security Trustee to take such steps or proceedings against the Covered Bond Guarantor and/or any other person as it may think fit to enforce the provisions of the Security Deed or any other Programme Document and may, at any time after the Security has become enforceable, direct the Security Trustee to take such steps as it may think fit to enforce the Security, but it shall not be bound to give any such direction and the Security Trustee shall not be bound to take any such steps or proceedings unless (i) the Bond Trustee shall have been so directed by an Extraordinary Resolution of the Covered Bondholders of all Series then outstanding (with the Covered Bonds of all Series taken together as a single Series and converted into NZ Dollars at the relevant Swap Rate as aforesaid) or so requested in writing by the holders of not less than 25 per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series then outstanding (with the Covered Bonds of all Series taken together as a single Series and converted into NZ Dollars at the relevant Swap Rate as aforesaid); and (ii) each of the Bond Trustee and Security Trustee shall have been indemnified and/or secured and/or prefunded to its satisfaction. In exercising any of its powers, trusts, authorities and discretions under this paragraph each of the Bond Trustee and the Security Trustee shall only have regard to the interests of the Covered Bondholders of all Series equally and shall not have regard to the interests of any other Secured Creditors.

No Covered Bondholder or Couponholder shall be entitled to institute proceedings directly against the Issuer or the Covered Bond Guarantor or to take any action with respect to the Bond Trust Deed, the Covered Bonds, the Coupons, or the Security unless the Bond Trustee or the Security Trustee, as applicable, having become bound so to proceed, fails or is unable to do so within a reasonable time and such failure or inability is continuing in which event any Covered Bondholder or Couponholder may, on giving an indemnity and/or prefunding and/or security satisfactory to the Bond Trustee, in the name of the Bond Trustee (but not otherwise) himself institute such proceedings and/or prove in the winding up, administration or liquidation of the Issuer or the Covered Bond Guarantor to the same

extent and in the same jurisdiction (but not further or otherwise than the Bond Trustee would have been entitled to do so in respect of the Covered Bonds and Coupons and/or the Bond Trust Deed).

10. Replacement of Covered Bonds, Coupons and Talons

Should any Covered Bond, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the UK Paying Agent in London (in the case of Bearer Covered Bonds or Coupons) or the specified office of the relevant 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 13 (*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 and indemnity as the Issuer may reasonably require. Mutilated or defaced Covered Bonds, Coupons or Talons must be surrendered before replacements will be issued.

11. UK Paying Agent, NZ Paying Agent, Paying Agents, Luxembourg Registrar, NZ Registrar, Transfer Agent and Exchange Agent

The names of the initial UK Paying Agent, NZ Paying Agent, the other initial Paying Agents, the initial Luxembourg Registrar, the NZ Registrar, the initial Transfer Agent, the initial Exchange Agent and their initial specified offices are set out below.

In the event of the appointed office of any such bank being unable or unwilling to continue to act as the UK 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 UK Paying Agent may not resign its duties or be removed from office without a successor having been appointed as aforesaid.

In the event of the appointed NZ Paying Agent and/or NZ Registrar being unable or unwilling to continue to act as the NZ Paying Agent and/or NZ Registrar, or failing duly to determine the Interest Rate, if applicable, or to calculate the Interest Amounts for any Interest Period, the Issuer shall appoint such other paying agent and/or registrar as may be approved by the Bond Trustee to act as such in its place. Each of the NZ Paying Agent and the NZ Registrar may not resign its duties or be removed from office without a successor having been appointed as aforesaid.

The Issuer is entitled, with the prior written approval of the Bond Trustee (not to be unreasonably withheld), to vary or terminate the appointment of any Paying Agent 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 UK Paying Agent, a Luxembourg Registrar and, so long as any NZ Registered Covered Bonds are outstanding, a NZ Paying Agent and a NZ 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) so long as any of the Registered Global Covered Bonds payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent.

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 5(e). Notice of any such variation, termination, appointment or change will be given by the Issuer to the Covered Bondholders as soon as reasonably practicable in accordance with Condition 13 (*Notices*).

In acting under the Agency Agreements, the Agents act solely as agents of the Issuer and the Covered Bond Guarantor and do not assume any obligation to, or relationship of agency or trust with, any Covered Bondholders or Couponholders. Each Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

12. Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the UK Paying Agent or any other Paying Agent (other than the NZ 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. Notices

All notices regarding the Bearer Covered Bonds will be valid if published (a) in a leading English language daily newspaper of general circulation in London, and (b) if and for so long as the Bearer Covered Bonds are admitted to trading, and listed, on the Regulated Market of the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg and/or the Luxembourg Stock Exchange's website, *www.bourse.lu*. It is expected that any such newspaper publication will be made in the *Financial Times* in London and the *Luxembourger Wort* or the *Tageblatt* in Luxembourg. 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 first publication or, where required to be published in more than one newspaper, on the date of first publication in all required 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 joint holder) 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 NZClear and/or DTC and/or Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such mailing the delivery of the relevant notice to NZClear and/or DTC and/or 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 NZClear and/or DTC and/or 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 Principal Paying Agent (in the case of the Bearer Covered Bonds) or the Registrar (in the case of Registered Covered Bonds). While 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 relevant Principal Paying Agent or the Registrar through NZClear and/or Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, in such manner as the relevant Principal Paying Agent, the Registrar and NZClear and/or Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, may approve for this purpose.

14. Meetings of Covered Bondholders, Modification, Waiver and Substitution

Covered Bondholders, Couponholders and other Secured Creditors should note that the Issuer, the Covered Bond Guarantor and the relevant Principal Paying Agent may without their consent or the consent of the Bond Trustee or the Security Trustee agree to modify any provision of any Final Terms which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provisions of law.

The Bond Trust Deed contains provisions for convening meetings of the Covered Bondholders of any Series to consider any matter affecting their interests, including the modification by Extraordinary Resolution 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 is one or more persons holding or representing not less than a clear majority of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series for the time being outstanding, or at any adjourned meeting one or more persons being or representing the Covered Bondholders of such Series whatever the Principal Amount Outstanding of the Covered Bonds of such Series so held or represented, except that at any meeting the business of which includes any Series Reserved Matter, the quorum shall be one or more persons holding or representing not less than two-thirds of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one third of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series for the time being outstanding. The expression **Extraordinary Resolution** when used in these Conditions means: (a) a resolution passed at a meeting of the Covered Bondholders duly convened and held in accordance with the Bond Trust Deed by a majority consisting of not less than three-fourths of the persons voting thereat upon a show of hands or if a poll is duly demanded by a majority consisting of not less than three fourths of the votes cast on such poll; or (b) a resolution in writing signed by or on behalf of Covered Bondholders holding not less than 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 one or more of the Covered Bondholders. 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 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) or to give a Covered Bond Guarantee Acceleration Notice pursuant to Condition 9(b) (*Events of Default and*

Enforcement) or to direct the Bond Trustee or the Security Trustee or to direct the Bond Trustee to direct the Security Trustee to take any enforcement action or to direct the Bond Trustee to determine that any Issuer Event of Default, Potential Issuer Event of Default, Covered Bond Guarantor Event of Default or Potential Covered Bond Guarantor Event of Default shall not be treated as such for the purposes of the Bond Trust Deed (each a **Programme Resolution**) shall only be capable of being passed at a single meeting of the Covered Bondholders of all Series then outstanding. Any such meeting to consider a Programme Resolution may be convened by the Issuer, the Covered Bond Guarantor or the Bond Trustee or by the Covered Bondholders of any Series. The quorum at any such meeting for passing a Programme Resolution is one or more persons holding or representing at least a clear majority of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series for the time being outstanding or at any adjourned such meeting one or more persons holding or representing Covered Bonds whatever the Principal Amount Outstanding of the Covered Bonds of any Series so held or represented. A Programme Resolution passed at any meeting of the Covered Bondholders of all Series shall be binding on all the Covered Bondholders of all Series, whether or not they are present at the meeting, and on all related Couponholders.

In connection with any meeting of the holders of Covered Bonds of more than one Series where such Covered Bonds are not denominated in NZ Dollars, the Principal Amount Outstanding of the Covered Bonds of any Series not denominated in NZ Dollars shall be converted into NZ Dollars at the relevant Swap Rate.

The Bond Trustee may, without the consent or sanction of any of the Covered Bondholders of any Series, the related Couponholders and without the consent of the other Secured Creditors, at any time and time to time, concur with the Issuer, the Covered Bond Guarantor or any other party or direct the Security Trustee to concur with the Issuer, the Covered Bond Guarantor or any other party in making any modification of the Covered Bonds of one or more Series, the related Coupons or any Programme Document:

(a) which in the opinion of the Bond Trustee 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

(b) which is in the opinion of the Bond Trustee of a formal, minor or technical nature, or in the opinion of the Bond Trustee is made to correct a manifest error or is made to comply with mandatory provisions of law (and for this purpose the Bond Trustee may disregard whether any such modification relates to a Series Reserved Matter); or

(c) (without prejudice to (a) and (b) above) which is made to enable Covered Bondholders and Secured Creditors to obtain the protection and/or other benefits of any legislation or regulations or any directive of any regulatory body including, without limitation, the RBNZ that are introduced in New Zealand for the purpose of regulating 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 (i) 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 pre-funded to its satisfaction or (ii) 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 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 an Issuer or the Covered Bond Guarantor or any other person of any of the covenants or provisions contained in the Bond Trust Deed, the other Programme Documents or the Conditions or determine that any Issuer Event of Default, Potential Issuer Event of Default, Covered Bond Guarantor Event of Default or Potential Covered Bond Guarantor Event of Default shall not be treated as such for the purposes of the Bond Trust Deed, provided always that the Bond Trustee shall not exercise any powers conferred on it in contravention of any express direction given by Extraordinary Resolution or by a request under Condition 9(a) or (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 Couponholders and, if, but only if, the Bond Trustee shall so require, shall be notified by the Issuer or the Covered Bond Guarantor (as the case may be) to the Covered Bondholders in accordance with Condition 13 (*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 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 pre-funded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

The Security Trustee may, without the consent of the 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 Covered Bond Guarantor (as the case may be) to the Secured Creditors as soon as practicable thereafter.

Any such modification, waiver, authorisation or determination shall be binding on all the Covered Bondholders of all Series of Covered Bonds for the time being outstanding, the related Couponholders and the other Secured Creditors, and unless the Bond Trustee otherwise agrees, any such modification shall be notified by the Issuer, to the Covered Bondholders of all Series of Covered Bonds for the time being outstanding and the other Secured Creditors in accordance with Condition 13 (*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 or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Covered Bondholders, the related Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Bond Trustee and the Security Trustee shall not be entitled to require, nor shall any Covered Bondholder or Couponholder be entitled to claim, from the Issuer, the Covered Bond Guarantor, the Bond Trustee, the Security Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Covered Bondholders and/or Couponholders, except to the extent already provided for in Condition 7 (*Taxation*) and/or in any undertaking or covenant given in addition to, or in substitution for, Condition 7 (*Taxation*) pursuant to the Bond Trust Deed.

Prior to the Bond Trustee and/or the Security Trustee making or granting any waiver, authorisation or determination pursuant to this Condition, the Issuer 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 Issuer 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, 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 Bond Trustee and 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.

In addition, the Bond Trustee and the Security Trustee shall be obliged to concur with the Issuer in effecting any Benchmark Amendments or Benchmark Replacement Conforming Changes (as applicable) in the circumstances and as otherwise set out in Condition 4(b)(ii)(B)(5) or 4(d)(iii) (as applicable) without the consent of the Covered Bondholders or Couponholders and the reference in the second paragraph of this Condition 14 to meetings of the Covered Bondholders shall not apply to any Benchmark Amendments made pursuant to Condition 4(d)(iii) or Benchmark Replacement Conforming Changes made pursuant to Condition 4(b)(ii)(B)(5) (as applicable), which, in each case,

shall be made without Covered Bondholders' or Couponholders' consent as specified therein. In addition, the Bond Trustee shall at the direction and expense of the Issuer, and having received a certificate from the Issuer, signed by two Authorised Signatories of the Issuer, confirming that the Issuer has made the relevant determinations in accordance with Condition 4(b)(ii)(F) and specifying the proposed BBSW Rate Amendments, be obliged to concur, and shall be obliged to direct the Security Trustee to concur, with the Issuer in effecting any BBSW Rate Amendments in the circumstances and as otherwise set out in Condition 4(b)(ii)(F)(3) without the consent of the Covered Bondholders and the Bond Trustee shall not be liable to any person for any consequences thereof, save as provided in the Bond Trust Deed. The reference in the second paragraph of this Condition 14 to meetings of the Covered Bondholders shall not apply to BBSW Rate Amendments made pursuant to Condition 4(b)(ii)(F)(3), which, in each case, shall be made without Covered Bondholders' consent as specified therein. The Bond Trustee shall not be obliged to agree to any BBSW Rate Amendments which in the sole opinion of the Bond Trustee would have the effect of: (a) exposing the Bond Trustee to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction; or (b) increasing the obligations or duties, or decreasing the rights or protection, of the Bond Trustee in the Programme Documents and/or these Conditions.

Substitution

The Bond Trust Deed provides that the Bond Trustee may, without the consent of the Covered Bondholders or Couponholders agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Covered Bonds, Coupons and the Bond Trust Deed of another company, being a subsidiary of the Issuer, subject to (a) the Bond Trustee being satisfied that the interests of the Covered Bondholders will not be materially prejudiced by the substitution and (b) certain other conditions set out in the Bond Trust Deed being complied with.

The Bond Trust Deed provides that in connection with any scheme of amalgamation or reconstruction of the Issuer not involving the bankruptcy or insolvency of the Issuer and (A) where the Issuer does not survive the amalgamation or reconstruction or (B) where all or substantially all of the assets and business of the Issuer will be disposed of to, or succeeded by, another entity (whether by operation of law or otherwise), the Bond Trustee shall, if requested by the Issuer be obliged, without the consent of the Covered Bondholders or Couponholders, at any time to agree to the substitution in the place of the Issuer as principal debtor under the Covered Bonds, Coupons and the Bond Trust Deed of another company (the **Substituted Debtor**) being the entity with and into which the Issuer amalgamates or the entity to which all or substantially all of the business and assets of the Issuer is transferred, or succeeded to, pursuant to such scheme of amalgamation or reconstruction (whether by operation of law or otherwise), subject to, *inter alia*:

(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 in place of the Issuer;

(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; and

(iii) 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 previous substitute as aforesaid from all of its obligations as principal debtor under the Bond Trust Deed.

In addition, subject as further provided in the Bond Trust Deed, the Bond Trustee may without the consent of the Covered Bondholders or Couponholders at any time agree with the Issuer to the substitution in place of the Issuer (or any previous substitute under this Condition) as the principal debtor under the Covered Bonds, Coupons and the Bond Trust Deed of any Subsidiary of the Issuer subject to (a) the Bond Trustee being satisfied that the interests of the Covered Bondholders will not be materially prejudiced by the substitution and (b) certain other conditions set out in the Bond Trust Deed being complied with.

Any substitution pursuant to this Condition 14 shall be binding on the Covered Bondholders 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 13 (*Notices*).

It shall be a condition of any substitution pursuant to this Condition 14 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.

Rating Agencies

If:

(a) a confirmation or affirmation of rating or other response by a Rating Agency is a condition to any action or step under any Programme Document; and

(b) a written request for such confirmation or response is delivered to that Rating Agency by any of the Covered Bond Guarantor, the Issuer, the Seller, the Servicer, the Bond Trustee and/or the Security Trustee, as applicable (each a **Requesting Party**) and the Rating Agency indicates that it does not consider such confirmation, affirmation or response necessary in the circumstances,

the Requesting Party shall be entitled to assume for the purposes of the Programme Documents that the then current ratings of the Covered Bonds in issue 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 (b) 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.

For the purposes of this Condition 14:

Potential Covered Bond Guarantor Event of Default means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute a Covered Bond Guarantor Event of Default;

Potential Issuer Event of Default means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute an Issuer Event of Default; and

Series Reserved Matter in relation to Covered Bonds of a Series means: (i) reduction or cancellation of the amount payable or, where applicable, modification of the method of calculating the amount

payable or modification of the date of payment or, where applicable, modification of the method of calculating the date of payment in respect of any principal or interest in respect of the Covered Bonds; (ii) alteration of the currency in which payments under the Covered Bonds and Coupons are to be made, other than pursuant to Condition 5(h) (*Redenomination*); (iii) alteration of the quorum or majority required to pass an Extraordinary Resolution; (iv) any amendment to the Covered Bond Guarantee or the Security Deed; (v) except in accordance with Condition 6(h) (*Cancellation*) or the provision relating to substitution in this Condition 14, the sanctioning of any scheme or proposal for the exchange or sale of the Covered Bonds for or the conversion of the Covered Bonds into, or the cancellation of the Covered Bonds in consideration of, shares, stock, Covered Bonds, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, bonds, Covered Bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash and for the appointment of some person with power on behalf of the Covered Bondholders to execute an instrument of transfer of the Registered Covered Bonds held by them in favour of the persons with or to whom the Covered Bonds are to be exchanged or sold respectively; and (vi) alteration of the proviso to paragraph 5 or paragraph 6 of Schedule 4 to the Bond Trust Deed or the alteration of this definition.

15. Indemnification of the Bond Trustee and the Security Trustee and the Bond Trustee and Security Trustee contracting with the Issuer and/or the Covered Bond Guarantor

If, in connection with the exercise of its powers, trusts, authorities or discretions the Bond Trustee is of the opinion that the interests of the Covered Bondholders of any one or more series would be materially prejudiced thereby, the Bond Trustee shall not exercise such power, trust, authority or discretion without the approval of such Covered Bondholders of the relevant Series by Extraordinary Resolution or by a direction in writing of such Covered Bondholders of at least 25 per cent. of the Principal Amount Outstanding of Covered Bonds of the relevant Series then outstanding or as otherwise required under the Programme Documents.

The Bond Trust Deed and the Security Deed contain provisions for the indemnification of the Bond Trustee and the Security Trustee and for their relief from responsibility, including provisions relieving them from taking any action unless indemnified and/or secured and/or prefunded to their satisfaction.

The Bond Trust Deed and the Security Deed also contain provisions pursuant to which each of the Bond Trustee and Security Trustee, respectively, is entitled, *inter alia*: (i) to enter into business transactions with the Issuer, the Covered Bond Guarantor and/or any of their respective Subsidiaries and affiliates and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer, the Covered Bond Guarantor and/or any of their respective Subsidiaries and affiliates; (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Covered Bondholders or Couponholders or the other Secured Creditors and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

Neither the Bond Trustee nor the Security Trustee will be responsible for any loss, expense or liability which may be suffered as a result of any Mortgage Loans or Related Security, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons whether or not on behalf of the Bond Trustee and/or the Security Trustee. Neither the Bond Trustee nor the Security Trustee will be responsible for *inter alia*: (i) supervising the performance by the Issuer or any other party to the Programme Documents or, in relation to Condition 4(d) only, any Independent Adviser, of their respective obligations under the Programme Documents and the Bond Trustee and the Security Trustee will be entitled to assume, until they each have written notice to the contrary, that

all such persons are properly performing their duties; (ii) considering the basis on which approvals or consents are granted by the Issuer or any other party to the Programme Documents under the Programme Documents; (iii) monitoring the Mortgage Loan Portfolio, including, without limitation, whether the Mortgage Loan Portfolio is in compliance with the Asset Coverage Test, the Pre-Maturity Test or the Amortisation Test; or (iv) monitoring whether Mortgage Loans and Related Security satisfy the Eligibility Criteria. Neither the Bond Trustee nor the Security Trustee will be liable to any Covered Bondholder or other Secured Creditor (a) for any failure to make or to cause to be made on their behalf the searches, investigations and enquiries which would normally be made by a prudent secured creditor in relation to the Security and have no responsibility in relation to the legality, validity, sufficiency and enforceability of the Security and the Programme Documents or (b) in relation to Condition 4(d) only, the acts or omissions of any Independent Adviser.

The Bond Trustee may refrain from taking any action or exercising any right, power, authority or discretion vested in it relating to the transactions contemplated in the Programme Documents until it has been indemnified and/or secured and/or prefunded to its satisfaction against any and all actions, charges, claims, costs, damages, demands, expenses, liabilities, losses and proceedings which might be sustained by it as a result and will not be required to do anything which may cause it to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its rights, powers, authorities or discretions if it has reasonable grounds for believing that repayment of such funds or adequate indemnity, security or prefunding against such liability is not assured to it.

16. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Covered Bondholders or the Couponholders to create and issue further bonds having terms and conditions the same as the Covered Bonds of any Series or the same in all respects save for the amount and date of the first payment of interest thereon, issue date and/or purchase price and so that the same shall be consolidated and form a single Series with the outstanding Covered Bonds of such Series.

17. Limited Recourse, Covered Bond Guarantee 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.

18. 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 but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

19. Governing Law

The Bond Trust Deed (including the Covered Bond Guarantee), the Principal Agency Agreement, the Covered Bonds and the Coupons 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. The NZ Agency Agreement and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with New Zealand law.

USE OF PROCEEDS

The net proceeds from each issue of Covered Bonds will be used for the general corporate purposes of BNZ (which include making a profit) and its subsidiaries. If there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

BANK OF NEW ZEALAND

INFORMATION ABOUT BNZ

History and development of BNZ

The legal name of BNZ is Bank of New Zealand.

BNZ is registered in New Zealand with registration number 428849, and is a registered bank under the BPS Act.

BNZ was incorporated on 29 July 1861, under The New Zealand Bank Act 1861. The Bank of New Zealand Act 1945 enabled the Government of New Zealand to acquire all privately owned shares in BNZ. From 1945 to 1987, BNZ was a trading bank and statutory corporation, wholly-owned, but not guaranteed, by the Government of New Zealand. Legislation was passed in 1986 to facilitate a public minority shareholding. In March 1989, the Bank of New Zealand Act 1988 became effective, resulting in a complete sale of the Government's interest in BNZ, and the incorporation of BNZ as a limited liability company under the New Zealand Companies Act 1955. In March 1997, BNZ was re-registered under the New Zealand Companies Act 1993. NAB assumed control of BNZ and the group of companies of which it is the parent company (**BNZ Group**) on 1 October 1992.

BNZ is a company with limited liability incorporated in New Zealand and it operates under the New Zealand Companies Act 1993. Its registered office is Level 4, 80 Queen Street, Auckland 1010, New Zealand (telephone number +64 9 924 8770). BNZ's website is https://www.bnz.co.nz/.[7]

BUSINESS OVERVIEW

Principal activities

BNZ is one of New Zealand's largest banking organisations and provides a broad range of banking and financial products and services to retail, business, private, corporate and institutional customers (including property and agribusiness).

The BNZ Group's business is organised into two major reportable and operating segments: Partnership Banking; and Corporate and Institutional Banking. Partnership Banking provides financial products and services to retail, small and medium business (including agribusiness) and private customers. Corporate and Institutional Banking provides financial products and services to large corporate and institutional customers (including property and agribusiness), and it also includes the BNZ Group's market trading, market sales and market activities providing risk management services to customers.

ORGANISATIONAL STRUCTURE

NAB is the ultimate parent company of BNZ, through the intermediate holding companies National Australia Group (NZ) Limited (the registered and beneficial holder of the voting securities of BNZ) and National Equities Limited (the immediate parent company of National Australia Group (NZ) Limited).

TREND INFORMATION

There has been no material adverse change in the prospects of BNZ since the date of its last published audited consolidated financial statements.

[7] The information on this website does not form part of this Prospectus and has not been scrutinised or approved by the CSSF

PROFIT FORECASTS OR ESTIMATES

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

ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

The name, occupation and country of residence of each director of BNZ as at the date of this Prospectus are listed below. Unless otherwise indicated, the business address of each director is Level 4, 80 Queen Street, Auckland 1010, New Zealand.

Independent Non-Executive Director, Chair

Warwick Ean Hunt, Company Director, New Zealand. Mr Hunt is a director of National Australia Bank Limited (BNZ's ultimate parent bank). Directorships of listed entities: Genesis Energy Limited. Mr Hunt's other interests include Connemara Black Trustees Limited and W.H. Hargreaves Trust (Trustee).

Executive Director

Daniel James Huggins, Managing Director and Chief Executive Officer (**CEO**) (since October 2021), Bank of New Zealand, New Zealand. Mr Huggins' other interests include: Trustee and Chair of the BNZ Foundation and Trustee of the Springboard Trust.

Independent Non-Executive Directors[8]

Godfrey Lester Boyce, Company Director, New Zealand. Mr Boyce's other directorships and interests include: Financial Statements of Government Audit Committee (Chair), KENI Investments Limited, Rangatira Limited and the Natural Hazards Commission (Commissioner).

Barbara Joan Chapman, Company Director, New Zealand. Directorships of listed entities: Genesis Energy Limited (Chair) and Tourism Holdings Limited. Ms Chapman's other directorships and interests include: Asteron Life Limited (Chair), The New Zealand Initiative (Deputy Chair) and The New Zealand Initiative Foundation (Trustee).

Emma Gray, Company Director, New Zealand. Directorships of listed entities: Beamtree Holdings Limited. Ms Gray's other directorships and interests include: Australian Metabolic Health Society Limited, Future Secure AI (Retail and Health) Advisory Board, Synchrony Foundation Pty Limited, Synchrony Health Limited, Sydney Dance Company and Otorio Charitable Trust (Trustee).

Kevin John Kenrick, Company Director, New Zealand. Directorships of listed entities: Kiwi Property Group Limited.

Linley Ann Wood, Company Director, New Zealand. Ms Wood's other directorships and interests include: Auckland City Mission Foundation, Chubb Life Insurance New Zealand Limited, Kings School Auckland Limited (Deputy Chair and Finance Governor), Melanesian Mission Trust and New Zealand Post Limited.

Non-Independent Non-Executive Directors

Inderpreet Singh Pal (Inder Singh), Group Chief Financial Officer of NAB (since March 2026). Mr Singh's other directorships and interests include: Flora & Fauna Australia, Bongani 2005 Pty Ltd, Bongani 2010 Pty Ltd and NAB Foundation (Chair).

[8] The appointment of Andrew Flavell as an independent non-executive director of BNZ will be effective from 16 November 2026.

As at the date of this Prospectus, except as detailed in the paragraph below, no conflicts of interest and no potential conflicts of interest exist between any duties owed to BNZ by the members of the board of directors of BNZ (**BNZ Board**) and their private interests or duties outside of the BNZ Group.

Ms Wood is a director of New Zealand Post Limited. As at the date of this Prospectus, BNZ contracted with New Zealand Post Limited for the provision of postal and mail management services.

BNZ has a process for the management of any conflicts of interest that may arise. BNZ's constitution dictates that a director who is interested in a transaction to which BNZ is a party may attend a meeting of directors at which a matter relating to the transaction arises and be included among the directors present at the meeting for the purposes of a quorum but, subject to certain exceptions set out in the constitution, will not vote on the matter nor be present while the matter is being considered at the meeting.

The BNZ Board has adopted a Board Charter which sets out the purpose, powers and responsibilities of the BNZ Board.

MAJOR SHAREHOLDERS

BNZ is wholly-owned by National Australia Group (NZ) Limited and BNZ is ultimately owned and controlled by NAB.

National Australia Group (NZ) Limited, NAB and National Equities Limited (the immediate parent company of National Australia Group (NZ) Limited) are the only holders of a direct or indirect qualifying interest in the voting securities of BNZ. National Australia Group (NZ) Limited is the registered and beneficial holder of all of BNZ's voting securities.

FINANCIAL INFORMATION CONCERNING BNZ'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

Historical financial information

The consolidated financial information relating to BNZ contained in this Prospectus has been prepared in accordance with New Zealand Generally Accepted Accounting Practice (**New Zealand GAAP**). In relation to the 2025 Disclosure Statement and the 2026 Disclosure Statement, which are incorporated by reference in this Prospectus, New Zealand GAAP comprises New Zealand equivalents to International Financial Reporting Standards (**NZ IFRS**) as appropriate for profit-oriented entities. The financial statements comply with International Financial Reporting Standards (**IFRS**).

The consolidated financial information in relation to BNZ for its financial years ended 30 September 2025 and 30 September 2026 is contained in the 2025 Disclosure Statement and the 2026 Disclosure Statement respectively, which are incorporated by reference in this Prospectus. Such financial statements contain consolidated information about the BNZ Group and BNZ Group financial information complies with NZ IFRS and IFRS. See further "*Documents Incorporated by Reference and Credit Ratings*" above.

Auditing of historical annual financial information

The historical financial information in relation to BNZ for its financial years ended 30 September 2025 and 30 September 2026 described above has been audited; please see the "*Independent Auditor's Report*" at pages 94 to 98 of the 2025 Disclosure Statement and the "*Independent Auditor's Report*" at pages 96 to 100 of the 2026 Disclosure Statement, both as incorporated by reference in this Prospectus (see the cross-reference lists on pages 81 to 82 of this Prospectus).

Financial Measures

The financial measures below (together the **Financial Measures** and each a **Financial Measure**) have been calculated based on line items included in the 2026 Disclosure Statement and the "*Supplementary Business and Financial Disclosure*"[9] for the financial years ended 30 September 2026 and 30 September 2025. BNZ considers the Financial Measures to constitute alternative performance measures (**APMs**), as defined for the purposes of the ESMA guidelines on APMs:

The cost to income ratio of BNZ as at 30 September 2026 was 50.59 per cent. and as at 30 September 2025 was 39.58 per cent.

The loan to deposit ratio of BNZ as at 30 September 2026 was 1.30 and as at 30 September 2025 was 1.28.

The net charge-offs to gross average loans of BNZ as at 30 September 2026 was 0.1 per cent. and as at 30 September 2025 was 0.0 per cent.

The net profit on average assets of BNZ as at 30 September 2026 was 0.82 per cent. and as at 30 September 2025 was 1.11 per cent.

The net yield on interest earning assets of BNZ as at 30 September 2026 was 2.30 per cent. and as at 30 September 2025 was 2.40 per cent.

For further details in relation to these APMs, including explanation on the method of calculation used, please see "*Alternative Performance Measures*" on page 302 of this Prospectus.

Legal and arbitration proceedings

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which BNZ is aware) in the 12–month period before the date of this Prospectus which may have, or have had in the recent past, a significant effect on the financial position or profitability of BNZ or the BNZ Group.

Recent events

There are no recent events particular to BNZ that are, to a material extent, relevant to the evaluation of its solvency.

Significant change in the financial performance or financial position of BNZ

There has been no significant change in the financial performance or financial position of the BNZ Group since the end of the last financial period for which audited or interim consolidated financial information has been published.

[9] This information package is available on: https://www.bnz.co.nz/about-us/governance/suppdisc.

THE BNZ COVERED BOND TRUST

BNZ Covered Bond Trust (**Trust**) is a special purpose trust established by the Establishment Deed dated 2 June 2010, under New Zealand law. The Covered Bond Guarantor is the trustee of the Trust.

The Covered Bond Guarantor is a company incorporated in New Zealand with limited liability on 6 May 2010 under registration number 2467131. The Covered Bond Guarantor's principal office is at Level 16, SAP Tower, 151 Queen Street, Auckland 1010, New Zealand. The telephone number of the Covered Bond Guarantor's principal office is +64 800 371 471.

The Covered Bond Guarantor is a special purpose company set up solely for the purposes of the Programme. It is a wholly-owned subsidiary of Public Trust which is an independent trustee services provider in New Zealand.

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, Mortgage Loans and the Related Security, the borrowing of moneys to fund the acquisition of such assets, the hedging of risks associated with such assets and such funding, the acquisition, management and sale of Substitution Assets and Authorised Investments, the giving of guarantees, the granting of security and any other business as the Trust Manager shall direct (with the prior written consent of the Security Trustee, prior to the release of the Security constituted by the Security Deed for as long as the Covered Bonds are outstanding).

The Trust has not engaged since its establishment, and will not engage whilst the Covered Bonds or the Intercompany Loan remains 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 Prospectus is SAVY.

Trust Manager

As at the date of this Prospectus, the Trust Manager is BNZ. The registered office of the Trust Manager is Level 4, 80 Queen Street, Auckland 1010, New Zealand.

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.

Administrative, Management and Supervisory Bodies

The name, occupation and country of residence of each director of the Trust Manager as at the date of this Prospectus are listed below. Unless otherwise indicated, the business address of each director is Level 4, 80 Queen Street, Auckland 1010, New Zealand.

Independent Non-Executive Director, Chair

Warwick Ean Hunt, Company Director, New Zealand. Mr Hunt is a director of National Australia Bank Limited (the Trust Manager's ultimate parent bank). Directorships of listed entities: Genesis Energy Limited. Mr Hunt's other interests include Connemara Black Trustees Limited and W.H. Hargreaves Trust (Trustee).

Executive Director

Daniel James Huggins, Managing Director and CEO (since October 2021), Bank of New Zealand, New Zealand. Mr Huggins' other interests include: Trustee and Chair of the BNZ Foundation, Chair of the New Zealand Banking Association and Trustee of the Springboard Trust.

Independent Non-Executive Directors[10]

Godfrey Lester Boyce, Company Director, New Zealand. Mr Boyce's other directorships and interests include: Financial Statements of Government Audit Committee (Chair), KENI Investments Limited, Rangatira Limited and the Natural Hazards Commission (Commissioner).

Barbara Joan Chapman, Company Director, New Zealand. Directorships of listed entities: Genesis Energy Limited (Chair) and Tourism Holdings Limited. Ms Chapman's other directorships and interests include: Asteron Life Limited (Chair), The New Zealand Initiative (Deputy Chair) and The New Zealand Initiative Foundation (Trustee).

Emma Gray, Company Director, New Zealand. Directorships of listed entities: Beamtree Holdings Limited. Ms Gray's other directorships and interests include: Australian Metabolic Health Society Limited, Future Secure AI (Retail and Health) Advisory Board, Synchrony Foundation Pty Limited, Sydney Dance Company and Otorio Charitable Trust (Trustee).

Kevin John Kenrick, Company Director, New Zealand. Directorships of listed entities: Kiwi Property Group Limited.

Linley Ann Wood, Company Director, New Zealand. Ms Wood's other directorships and interests include: Auckland City Mission Foundation, Chubb Life Insurance New Zealand Limited, Kings School Auckland Limited (Deputy Chair and Finance Governor), Melanesian Mission Trust and New Zealand Post Limited.

Non-Independent Non-Executive Directors

Inderpreet Singh Pal (Inder Singh), Group Chief Financial Officer of NAB (since March 2026). Mr Singh's other directorships and interests include: Flora & Fauna Australia, Bongani 2005 Pty Ltd, Bongani 2010 Pty Ltd and NAB Foundation (Chair).

As at the date of this Prospectus, except as detailed in the paragraph below, no conflicts of interest and no potential conflicts of interest exist between any duties owed to the Trust Manager by the members of the BNZ Board and their private interests or duties outside of the BNZ Group.

Ms Wood is a director of New Zealand Post Limited. As at the date of this Prospectus, the Trust Manager contracted with New Zealand Post Limited for the provision of postal and mail management services.

The Trust Manager has a process for the management of any conflicts of interest that may arise. The Trust Manager's constitution dictates that a director who is interested in a transaction to which the Trust Manager is a party may attend a meeting of directors at which a matter relating to the transaction arises and be included among the directors present at the meeting for the purposes of a quorum but, subject to certain exceptions set

[10] The appointment of Andrew Flavell as an independent non-executive director of BNZ will be effective from 16 November 2026.

out in the constitution, will not vote on the matter nor be present while the matter is being considered at the meeting.

The BNZ Board has adopted a Board Charter which sets out the purpose, powers and responsibilities of the BNZ Board.

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.

Trend Information

There has been no material adverse change in the prospects of the Trust since the date of its last published audited financial statements (including the auditors' report and notes thereto).

Historical financial information

The financial information relating to the Trust contained in this Prospectus has been prepared in accordance with New Zealand GAAP which is consistent with IFRS as issued by the International Accounting Standards Board. New Zealand GAAP comprises NZ IFRS as appropriate for profit-oriented entities. The Financial Statements of the Trust, as prepared on behalf of the Covered Bond Guarantor, in its capacity as Trustee of the Trust, for the financial years ended 30 September 2025 and 30 September 2026, are incorporated by reference in this Prospectus.

See further "*Documents Incorporated by Reference and Credit Ratings*" above.

Auditing of historical annual financial information

The historical financial information relating to the Trust described above has been audited. Please see the "*Independent Auditor's Report*" attached to the Financial Statements of the Trust, as prepared on behalf of the Covered Bond Guarantor, in its capacity as Trustee of the Trust, for the financial years ended 30 September 2025 and 30 September 2026 respectively, as incorporated by reference in this Prospectus.

No other information in this Prospectus has been audited by the auditors of the Trust.

The auditor of the Trust is Ernst & Young, independent auditors, whose office is at Ernst & Young Building, 2 Takutai Square, Britomart, Auckland 1010, New Zealand. Ernst & Young is registered under the New Zealand Auditor Regulation Act 2011. The partner who signs the audit report in the name of the firm is licensed under the New Zealand Auditor Regulation Act 2011.

Legal and arbitration proceedings

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Covered Bond Guarantor is aware) in the 12-month period before the date of this Prospectus which may have, or have had in the recent past, significant effects on the Covered Bond Guarantor's financial position or the profitability of the Covered Bond Guarantor.

No significant change and no material adverse change

There has been no significant change in the financial performance or financial position of the Covered Bond Guarantor since the date of the last published audited financial statements of the Trust (including the auditors' report and notes thereto).

There has been no material adverse change in the prospects of the Covered Bond Guarantor since the date of its last published audited financial statements of the Trust (including the auditors' report and notes thereto).

OVERVIEW OF THE PRINCIPAL DOCUMENTS

Bond Trust Deed

The Bond Trust Deed entered into between, among others, the Issuer, the Covered Bond Guarantor and the Bond Trustee on the Programme Date as supplemented on 5 November 2010, on 24 April 2013, 14 September 2015, 26 May 2017, 28 May 2019, 28 May 2020, 25 May 2021, 1 June 2022, 31 May 2024, 14 May 2025, 14 November 2025 and 12 November 2026 is the principal agreement governing the Covered Bonds. The Bond Trust Deed contains provisions relating to:

(a) the constitution of the Covered Bonds and the terms and conditions of the Covered Bonds (as more fully set out under "*Terms and Conditions of the Covered Bonds*" below);

(b) the covenants of the Issuer and the Covered Bond Guarantor;

(c) the terms of the Covered Bond Guarantee (as described below);

(d) the enforcement procedures relating to the Covered Bonds and the Covered Bond Guarantee; and

(e) the appointment, powers and responsibilities of the Bond Trustee and the circumstances in which the Bond Trustee may resign or retire or be removed.

The Covered Bond Guarantee

The Covered Bond Guarantor has guaranteed to the Bond Trustee, for the benefit of Covered Bondholders, the prompt performance by the Issuer of its obligations to pay Guaranteed Amounts as and when the same shall become Due for Payment.

Following the occurrence of an Issuer Event of Default and the service by the Bond Trustee of an Issuer Acceleration Notice on the Issuer and a Notice to Pay on the Covered Bond Guarantor, the Covered Bond Guarantor shall pay or procure to be paid on each Scheduled Payment Date (or on such later date provided for in the Bond Trust Deed) to or to the order of the Bond Trustee (for the benefit of the Covered Bondholders), an amount equal to those Guaranteed Amounts which shall have become Due for Payment in accordance with the terms of the Bond Trust Deed (or which would have become Due for Payment but for any variation, release or discharge of the Guaranteed Amounts), but which have not been paid by the Issuer to the relevant Covered Bondholder and/or Couponholders on the relevant date for payment provided that no Notice to Pay shall be so served until an Issuer Acceleration Notice has been served by the Bond Trustee on the Issuer.

Following the occurrence of a Covered Bond Guarantor Event of Default and the service by the Bond Trustee of a Covered Bond Guarantee Acceleration Notice on the Issuer and the Covered Bond Guarantor, in respect of the Covered Bonds of each Series which shall have become immediately due and repayable (or which would have become Due for Payment but for any variation, release or discharge of the Guaranteed Amounts), the Covered Bond Guarantor shall 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 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 governmental charges of whatever nature imposed or levied by or on behalf of the United Kingdom or New Zealand or any political sub-division thereof or by any authority therein or thereof having power to tax unless such withholding or deduction is required by law. If any such withholding or deduction is required, the Covered Bond Guarantor shall pay the Guaranteed Amounts net of such withholding or deduction and shall account to the appropriate tax authority for the amount required to be withheld or deducted. The Covered Bond Guarantor shall not be obliged to pay any additional amount to the Bond Trustee or any holder of Covered Bonds and/or Coupons in respect of the amount of such withholding or deduction.

See further "*Taxation*".

Covered Bond Guarantor as principal debtor and not merely as surety

The Covered Bond Guarantor has agreed that its obligations under the Bond Trust Deed shall be as if it were principal debtor and not merely as surety or guarantor and shall be absolute and, 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 or Couponholders in respect of any provisions of the same or the obtaining of any judgment or decree against the Issuer or any action to enforce the same or any other circumstances which might otherwise constitute a legal or equitable discharge or defence of a guarantor.

Application of moneys

All moneys (other than Excess Proceeds, as described below) received by the Bond Trustee under the Bond Trust Deed from the Issuer or, as the case may be, the Covered Bond Guarantor or any administrator, administrative receiver, receiver, liquidator, trustee in sequestration or other similar official appointed in relation to the Issuer and/or the Covered Bond Guarantor (including any moneys which represent principal or interest in respect of Covered Bonds or Coupons which have become void or in respect of which claims have become prescribed under Condition 8 (*Prescription*) and including the proceeds of any enforcement of the Security) shall, unless and to the extent attributable, in the opinion of the Bond Trustee, to a particular Series of the Covered Bonds, be apportioned *pari passu* and rateably between each Series of the Covered Bonds, and all moneys received by the Bond Trustee under the Trust Presents from the Issuer or, as the case may be, the Covered Bond Guarantor to the extent attributable in the opinion of the Bond Trustee to a particular Series of the Covered Bonds or which are apportioned to such Series as aforesaid, be held by the Bond Trustee upon trust to apply them (subject to the Bond Trustee's power under the Bond Trust Deed to invest such moneys pending payment):

(a) *First*: (except in relation to any such moneys received by the Bond Trustee following the occurrence of an Issuer Event of Default and the service by the Bond Trustee of an Issuer Acceleration Notice and a Notice to Pay) in payment or satisfaction of all amounts of remuneration and indemnification then due and unpaid under the Bond Trust Deed to the Bond Trustee and/or any appointee;

(b) *Secondly*: in or towards payment *pari passu* and rateably of all principal and interest then due and unpaid in respect of the Covered Bonds of that Series;

(c) *Thirdly*: in or towards payment *pari passu* and rateably of all principal and interest then due and unpaid in respect of the Covered Bonds of each other Series; and

(d) *Fourthly*: in payment of the balance (if any) to the Issuer (to the extent received from the Issuer) or the Covered Bond Guarantor (if received from the Covered Bond 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 the Issuer or any receiver, liquidator, administrator, or other similar official appointed in relation to the Issuer and are then held by it or under its control shall be paid by the Bond Trustee on behalf of the Covered Bondholders of the relevant Series to the Covered Bond Guarantor for its own account, as soon as practicable, and shall be held by the Covered Bond Guarantor in the GIC Account and the Excess Proceeds shall thereafter form part of the Security and shall be used by the Covered Bond Guarantor in the same manner as all other moneys from time to time standing to the credit of the GIC Account pursuant to the Security Deed and the Establishment Deed. Any Excess Proceeds received by the Bond Trustee and held by it or under its control shall discharge *pro tanto* the obligations of the Issuer in respect of the Covered Bonds and Coupons (as applicable and to the extent of the amount so received and subject to restitution of the same if such Excess Proceeds shall be required to be repaid by the Covered Bond Guarantor) (but shall be deemed not to have done so for the purposes of subrogation rights of the Covered Bond Guarantor contemplated by the Covered Bond Guarantee and the Bond Trust Deed). However, the obligations of the Covered Bond Guarantor under the Covered Bond Guarantee are (following service of an Issuer Acceleration Notice and Notice to Pay or if earlier, service of a Covered Bond Guarantee Acceleration Notice) unconditional and irrevocable and the receipt by, or on behalf of, the Bond Trustee of any Excess Proceeds shall not reduce or discharge any such obligations.

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

For the avoidance of doubt, any payments by the Covered Bond Guarantor to the Covered Bondholders out of the Excess Proceeds, shall reduce the Guaranteed Amounts pro tanto.

The Bond Trust Deed is 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 Mortgage 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 Mortgage Loan Portfolio from the Seller in accordance with the terms of the Mortgage Sale Agreement; and/or (ii) to invest in Substitution Assets in an amount not exceeding the prescribed limit 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).

The Issuer will not be relying on repayment of any Term Advance in order to meet its repayment obligations under the Covered Bonds. The Covered Bond Guarantor 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 Intercompany Loan Interest Payment Date, subject to paying all higher ranking amounts in the Pre-Acceleration Revenue Priority of Payments or, as applicable, the Pre-Acceleration Principal Priority of Payments. Any failure by the Covered Bond Guarantor to pay any amounts due on the Term Advances will not affect the liability of the Issuer to pay the relevant amount due on the Covered Bonds.

Any amounts owing by the Intercompany Loan Provider (as Issuer or 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, the Demand Loan Provider or the Security Trustee) against any amounts payable by the Covered Bond Guarantor under the Intercompany Loan Agreement in relation to the Term Advance corresponding to that Series or Tranche of Covered Bonds, and under the Demand Loan Agreement as described below. 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 in accordance with Condition 6(g) or Condition 6(h) (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 under the Demand Loan Agreement in the following order of priority:

(a) *first*, to reduce and discharge interest (including accrued interest) due and unpaid on the outstanding principal balance of such Term Advance;

(b) *second*, to reduce and discharge the outstanding principal balance of such Term Advance;

(c) *third*, to reduce and discharge any other amounts due and payable by the Covered Bond Guarantor to the Intercompany Loan Provider under the Intercompany Loan Agreement; and

(d) *fourth*, to reduce and discharge amounts due and payable by the Covered Bond Guarantor to the Demand Loan Provider under the Demand Loan Agreement (see below).

The Intercompany Loan Agreement is governed by New Zealand law.

Demand Loan Agreement

Under the Demand Loan Agreement, the Demand Loan Provider has agreed to make available to the Covered Bond Guarantor a NZ Dollar revolving credit facility under which the Demand Loan Provider may make Demand Loan Advances to the Covered Bond Guarantor. Each Demand Loan Advance will be denominated in NZ Dollars. The interest rate on the Demand Loan will be equal to the Bank Bill Rate for three month NZ Dollar deposits 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, or on behalf of, the Covered Bond Guarantor (i) as consideration (in whole or in part) for the acquisition of Mortgage Loans and Related Security

from the Seller on a Transfer Date where the aggregate proceeds of the related Term Advance (if any) made on that date and/or (subject to clause 11.4 of the Establishment Deed) the Available Principal Receipts are not sufficient to pay the Purchase Price for the relevant New Mortgage Loan Portfolio; (ii) to repay a Term Advance on the date on which the Series of Covered Bonds corresponding to such Term Advance matures; (iii) to prevent or rectify a failure to meet the Asset Coverage Test; (iv) to rectify a breach of the Pre-Maturity Test; or (v) to rectify an Interest Rate Shortfall.

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 Transaction Accounts; and/or (ii) proceeds from the sale of Substitution Assets and/or Authorised Investments; and/or (iii) proceeds of the sale, pursuant to the Establishment Deed, of Mortgage Loans and the Related Security to the Seller or to another person subject to the Sellers 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 made to the Covered Bond Guarantor under the Demand Loan Facility following an Issuer 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.

The NZ Dollar Equivalent of any amounts owing by the Demand Loan Provider (as Issuer or 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, 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

The Seller

Mortgage Loans and the Related Security have been and will be sold to the Covered Bond Guarantor from time to time on a fully serviced basis pursuant to the terms of the Mortgage Sale Agreement entered into on the Programme Date between, among others, BNZ (in its capacities as Seller, Calculation Manager, Issuer, Guarantor, Servicer, Interest Rate Swap Provider and All Moneys Mortgage Beneficiary), the Covered Bond Guarantor, the Trust Manager and the Security Trustee.

Sale by the Seller of Mortgage Loans and Related Security

The Mortgage Loan Portfolio will consist of Mortgage Loans and the Related Security sold from time to time by the Seller to the Covered Bond Guarantor in accordance with the terms of the Mortgage Sale Agreement. The types of Mortgage Loans forming part of the Mortgage Loan Portfolio will vary over time provided that the Mortgage Loans are Qualifying Mortgage Loans (as described below) on the relevant Transfer Date. Accordingly, New Mortgage Loans sold by the Seller to the Covered Bond Guarantor on a Transfer Date may have characteristics that differ from Mortgage Loans already in the Mortgage Loan Portfolio as at that date.

Prior to the occurrence of an Issuer Event of Default or a Covered Bond Guarantor Event of Default, the Covered Bond Guarantor will acquire Mortgage Loans and Related Security from the Seller in the four circumstances described below:

(a) *first*, in relation to the issue of Covered Bonds from time to time in accordance with the Programme or the prudent maintenance of the Mortgage Loan Portfolio, 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 Mortgage Loans and the Related Security from the Seller on the relevant Transfer Date;

(b) *second*, pursuant to clause 4.3 of the Mortgage Sale Agreement, if at any time prior to the service of an Asset Coverage Test Breach Notice (which has not been revoked) both:

(i) the amount of Available Principal Receipts available for distribution on the immediately following Trust Payment Date exceeds the amount required to be applied under paragraphs (a) to (d) inclusive of the Pre-Acceleration Principal Priority of Payments; and

(ii) the Trust Manager considers (having regard to the composition of the Mortgage Loan Portfolio, and the amount of Substitution Assets and Authorised Investments held by the Covered Bond Guarantor, at that time) that all or part of the Available Principal Receipts remaining after application under paragraphs (a) to (d) inclusive of the Pre-Acceleration Principal Priority of Payments should be utilised to acquire New Mortgage Loans and the Related Security,

then the Covered Bond Guarantor shall use the Available Principal Receipts to acquire New Mortgage Loans and Related Security from the Seller on a Calculation Date (but with the purchase price being paid on the immediately succeeding Trust Payment Date (as described below));

(c) *third*, the Covered Bond Guarantor and the Seller are required to ensure that the Adjusted Aggregate Mortgage Loan Amount is maintained at all times in compliance with the Asset Coverage Test (as determined by the Calculation Manager on each Calculation Date). If on any Calculation Date the Adjusted Aggregate Mortgage Loan Amount is less than the NZ Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds the Seller will use all reasonable efforts to offer to sell sufficient New Mortgage Loans and the Related Security to the Covered Bond Guarantor so the Asset Coverage Test is met on or before the next Calculation 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 Mortgage Loans and the Related Security should be sold to the Covered Bond Guarantor to rectify the Interest Rate Shortfall the Seller will use all reasonable efforts to offer to sell in accordance with the Mortgage Sale Agreement sufficient New Mortgage Loans and the Related Security to the Covered Bond Guarantor on or before the next succeeding Calculation Date to rectify the Interest Rate Shortfall on that Calculation Date.

In exchange for the sale of the Mortgage Loans and the Related Security to the Covered Bond Guarantor, the Seller will receive a cash payment of the purchase price equal to the Current Principal Balance of those Mortgage Loans sold by it as at the Transfer Date.

The Seller and the Covered Bond Guarantor may agree that all or part of the purchase price for each New Mortgage Loan Portfolio shall be set-off against any amount payable on the Transfer Date by BNZ as Intercompany Loan Provider and/or Demand Loan Provider under the Intercompany Loan Agreement and/or the Demand Loan Agreement.

The purchase price for a New Mortgage Loan Portfolio shall be paid on the applicable Transfer Date, unless the sale is occurring in accordance with clause 4.3 of the Mortgage Sale Agreement (as described in (B)(b) above), in which case the purchase price shall be paid on the immediately succeeding Trust Payment Date by the application of Available Principal Receipts in accordance with the Pre-Acceleration Principal Priority of Payments.

The Seller will also be required to repurchase Mortgage Loans and the Related Security sold to the Covered Bond Guarantor in the circumstances described below under "*Repurchase of Mortgage Loans*".

Qualifying Mortgage Loans

The sale of Mortgage Loans and the Related Security to the Covered Bond Guarantor will be subject to various conditions being satisfied on the relevant Transfer Date, including that each Mortgage Loan is a Qualifying Mortgage Loan. A Qualifying Mortgage Loan is a Mortgage Loan that satisfies the following conditions:

(a) it is due from a Qualifying Borrower;

(b) it is repayable in NZ Dollars;

(c) the term of the Mortgage Loan does not exceed 30 years;

(d) it is freely capable of being dealt with by the Seller as contemplated by the Mortgage Sale Agreement and any New Mortgage Loan Portfolio Notice;

(e) each Mortgage Loan is secured by a Mortgage over Property in New Zealand which is either:

  (i) a registered first ranking mortgage; or

  (ii) a registered second ranking mortgage where:

    (A) there are two mortgages over the Property securing the Mortgage Loan and the Seller is the registered first mortgagee; and

    (B) the registered first ranking mortgage is also being or has been acquired by the Covered Bond Guarantor;

(f) 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 Mortgage Loan);

(g) the Mortgage Loan is not a Defaulted Mortgage Loan; and

(h) its Current Principal Balance then outstanding does not exceed $2,500,000.

On each Transfer Date, the Representations and Warranties (described below in "*Representations and Warranties*") will be given by the Seller in respect of the Mortgage Loans and the Related Security sold by the Seller to the Covered Bond Guarantor on that Transfer Date.

Transfer of Title to the Mortgage Loans to the Covered Bond Guarantor

Mortgage Loans will be sold by the Seller to the Covered Bond Guarantor by way of statutory assignment. Notice of the sale will not be initially provided to the Borrowers. Mortgages will be sold by the Seller to the Covered Bond Guarantor by way of equitable assignment.

The completion and delivery of transfers of Mortgages to the Covered Bond Guarantor and the notifications to the relevant Borrowers notifying such Borrowers of the sale of Mortgage Loans in the Mortgage Loan Portfolio and the Related Security to the Covered Bond Guarantor and the transfer of custody of the Mortgage Loan Files to the Covered Bond Guarantor may be completed by the Covered Bond Guarantor, or the Trust Manager on its behalf, after the earliest to occur of the following events (**Title Perfection Events**):

(a) the occurrence of an Issuer Event of Default and the service on the Issuer of an Issuer Acceleration Notice and the service on the Covered Bond Guarantor of a Notice to Pay unless the Seller has notified the Covered Bond Guarantor that it will accept the offer set out in a Selected Mortgage Loan Offer Notice within the prescribed time in relation to the Mortgage Loans and the Related Security specified in the Selected Mortgage Loan Offer Notice, in which case, the completion and delivery of transfers to the Covered Bond Guarantor and the notifications to the relevant Borrowers and the transfer of custody shall not occur in relation to the Mortgage Loans and the Related Security as specified; or

(b) in respect of Selected Mortgage Loans 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 Mortgage 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 Mortgage Loans and 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 required 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 BNZ's role as Servicer under the Servicing Agreement unless (i) at the relevant date of termination any Substitute Servicer is a member of the NAB Group or (ii) the Security Trustee otherwise consents (such consent to be given if the Rating Agencies have confirmed to the Covered Bond Guarantor and the Security Trustee that the termination of BNZ's role as Servicer would not adversely affect the then current ratings of the Covered Bonds); or

(f) the Seller requesting a transfer by giving notice in writing to the Covered Bond Guarantor and the Security Trustee; or

(g) the occurrence of an Insolvency Event in relation to the Seller; or

(h) the Seller's unsecured, unsubordinated, long-term senior debt obligations have been downgraded below Baa2 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 (i) the Mortgage Loans in the Mortgage Loan Portfolio and the Related Security, following the acquisition of such Mortgage Loans and the Related Security by the Covered Bond Guarantor and (ii) any sums that are or may become due in respect thereof, on trust for the Covered Bond Guarantor (excluding from such trust any Mortgage Loans 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, with full powers of substitution, to: (i) sign, execute, deliver and submit by way of e-dealing any client authority and instruction form for an e-dealing that conforms with the Land Transfer Act 1952 and is approved by the New Zealand Law Society and the Registrar General of Land (**A&I Form**) relating to any Mortgage 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 the Seller 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 of any instrument, assurance, act, matter or thing) are or may be necessary, incidental or desirable in relation to the execution, sealing, delivery or submission of an A&I Form or any other step necessary to perfect the Covered Bond Guarantor's legal title to the Mortgage Loans. 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 Mortgage Loan Files, and the Covered Bond Guarantor must as soon as practicable take all necessary steps to protect the Covered Bond Guarantor's interest in, and title to, the Mortgage Loans and the Related Security, including: (i) 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; (ii) initiating legal proceedings to take possession of the Mortgage Loan Files that have not been delivered by the Servicer; and (iii) the giving of notice of the transfers to the relevant Borrowers, insurers and other interested persons.

The Seller shall indemnify each of the Covered Bond Guarantor and the Security Trustee from and against any and all costs, fees and expenses (including, without limitation, legal fees and expenses and any applicable GST thereon) which may be properly incurred by the Covered Bond Guarantor and/or the Security Trustee by reason of doing any act, matter or thing in order to perfect legal title to the Mortgage Loans and the Related Security (where entitled to do so as provided above) including, without limitation, those relating to the discharge of any Security Interests in favour of a third party which have not been postponed to a Further Advance.

Representations and Warranties

Neither the Covered Bond Guarantor nor the Security Trustee has made or has caused to be made on its behalf any enquiries, searches or investigations in respect of the Mortgage Loans and the Related Security to be sold to the Covered Bond Guarantor. Instead, each will rely entirely on the Representations and Warranties made by the Seller and contained in the Mortgage Sale Agreement. The Seller's Representations and Warranties in relation to a Mortgage Loan sold or to be sold to the Covered Bond Guarantor include substantially the following:

(a) At the time the Seller entered into the Mortgage Loan the related Mortgage and each Related Security complied with all applicable laws.

(b) The Mortgage Loan was originated by the Seller in accordance with its Servicing Procedures in force at the time of the origination of the Mortgage Loan and the exercise of any discretion by the Seller in making the Mortgage Loan was consistent with the practice of a Prudent Mortgage Lender.

(c) Immediately prior to making the Mortgage Loan, the nature and amount of the Mortgage Loan and the Related Security and the circumstances of the relevant Borrower and the relevant Property satisfied the Servicing 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 Mortgage Loan, the related Mortgage and any Related Security, have not been impaired, waived, altered or modified in any respect, except by a written instrument forming part of the mortgage documentation applicable to the Mortgage Loan.

(f) The Mortgage Loan and its Related Security have been made on the terms of, or on terms not materially different from, documents forming part of the standard mortgage documentation of the Seller and the Mortgage Conditions applying to the Mortgage Loan have not been varied in any material respect since the date of completion of the Mortgage Loan, other than as required to comply with any applicable law or regulation.

(g) The Mortgage Loan, the related Mortgage and any Related Security are enforceable in accordance with their terms against the relevant Borrower or security provider (as the case may be) (subject to laws relating to insolvency and creditors' rights generally).

(h) The Mortgage Loan is a Qualifying Mortgage Loan except that the Seller makes no representation as to the sanity of any Borrower.

(i) The Mortgage Loan was originated in the ordinary course of the residential secured lending activities of the Seller.

(j) At the time the Seller entered into the Mortgage Loan, it had not received any notice of the insolvency or bankruptcy of the Borrower or that the Borrower did not have the legal capacity to enter into the Mortgage Loan.

(k) The Seller is the sole legal and beneficial owner of the Mortgage Loan, the related Mortgage and any other Related Security, and no Security Interest exists in relation to its right, title and interests in the Mortgage Loan, the related Mortgage and any other Related Security, and the Seller has not received notice from any person that claims to have a Security Interest ranking in priority to or equal with the related Mortgage or Related Security (other than Security Interests arising by operation of law and any Secondary Security).

(l) To the best of the Seller's knowledge and belief it holds, or it is able to obtain, all documents (whether in paper or electronic form) necessary to enforce the provisions of, and the security created by, the related Mortgage and each Related Security.

(m) The Seller has complied with its material obligations under the Mortgage Loan.

(n) The Mortgage Loan is (or is a combination of) a fixed rate Mortgage Loan or a variable rate Mortgage Loan. If it is a variable rate Mortgage Loan, the terms of the Mortgage Loan allow the Seller to change the applicable variable rate in accordance with the applicable Mortgage Conditions.

(o) Except if the Mortgage Loan is subject to a fixed rate of interest at any time and, except as may be provided by applicable laws or any binding code or arrangement applicable to banks or other lenders in the business of making retail home loans, the interest payable on the Mortgage Loan is not subject to any limitation and no consent, additional memoranda or other writing is required from the Borrower to give effect to a change in the interest rate payable on the relevant Mortgage Loan and any change will be effective on notice being given to the Borrower in accordance with the Mortgage Conditions.

(p) Prior to making the Mortgage Loan, the Seller carried out, in relation to the relevant Property, all investigations, searches and other actions and enquiries which a Prudent Mortgage Lender would have made when lending to an individual an amount equal to the amount advanced on the security of residential property in New Zealand as permitted under the Servicing Procedures, and was satisfied, either initially or after further investigation, that no material matter was revealed which would have caused a Prudent Mortgage Lender to decline the Mortgage Loan, having regard to the Servicing Procedures.

(q) Prior to making the Mortgage 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 chosen from the panel of valuers from time to time 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 Mortgage Loan or its Related Security.

(s) Except in the case of Cash Redraws, there is no obligation on the Seller under the Mortgage Loan to make any further advance to the relevant Borrower.

(t) Each Mortgage Loan and its Related Security complies with the relevant requirements for credit contracts and consumer credit contracts in the CCA and the CCCFA (to the extent those statutes are applicable to the Mortgage Loan and its Related Security) (or to the extent that it does not, the non-compliance will not affect the enforceability of the terms of the Mortgage Loan or the Related Security).

(u) The Seller has not been notified of any application to a court in respect of any Mortgage Loan or other document included in the Mortgage Loan Files by the Commerce Commission or any Borrower or guarantor under the CCCFA:

(i) for the annulment or reduction of a fee in accordance with Part 2, subpart 6 of the CCCFA; or

(ii) to reopen a credit contract in accordance with section 125 of the CCCFA.

(v) So far as the Seller is aware, the relevant Borrower is not in material breach of the terms of the Mortgage Loan.

(w) None of the provisions of the agreement in respect of the Mortgage Loan were (at the time any such agreement was entered into) or have since been waived, altered or modified except a change to the terms of the Mortgage Loan to which a reasonable and prudent mortgage lender would have agreed.

(x) The Seller has taken such steps as a Prudent Mortgage Lender would take to ensure that, at the date of completion of the Mortgage Loan, the relevant Property was insured under a policy with an insurance company against fire and other commercial risks usually covered by a Prudent Mortgage Lender for an amount not less than the full reinstatement value of the Property at or around the time that the Mortgage Loan was made.

(y) The relevant Property subject to a Mortgage is a residential property situated in New Zealand.

(z) Since the origination of the Mortgage Loan, full and proper accounts, books and records have been kept showing clearly all material transactions, payments, receipts, notices and proceedings relating to

the Mortgage Loan and its Related Security and all such accounts, books and records are up to date, accurate in all material respects and have been kept to standards acceptable to a Prudent Mortgage Lender and are in the possession of the Seller.

(aa) So far as the Seller is aware, no fraud has been perpetrated by the relevant Borrower or other person (whether or not an agent or staff member of the Seller, or otherwise) in or in relation to or in connection with the origination or completion of the Mortgage Loan or its Related Security and none of the documents, reports, applications, forms and deeds given, made, drawn up or executed in relation to such origination or completion has been given, made, drawn up or executed in a fraudulent manner.

(bb) The Seller has not received written notice of any litigation or claim calling into question in any material way the title of the Seller to the Mortgage Loan and/or the Related Security.

(cc) The Seller is lawfully entitled to assign the Mortgage Loan, the related Mortgage and any other Related Security, upon the terms and conditions of the Mortgage Sale Agreement and no consent to the sale and assignment of the Mortgage Loan, the related Mortgage and any other Related Security, or notice of that sale and assignment is required to be given by or to any person including, without limitation, any Borrower and such sale and assignment of the Mortgage Loan, the related Mortgage and any other Related Security is permitted under the Mortgage Conditions and the terms of the related Mortgage and any other Related Security.

(dd) Upon the acceptance of the offer contained in a New Mortgage Loan Portfolio Notice, beneficial ownership of the Mortgage Loan, the related Mortgage and any other Related Security, will vest in the Covered Bond Guarantor free and clear of all Security Interests (other than Security Interests arising by operation of law and any Secondary Security).

(ee) Neither the entry by the Seller into the Mortgage Sale Agreement nor the sale of the rights, title, interests and benefits in the Mortgage Loans and the Related Security contemplated by the Mortgage Sale Agreement will have a material adverse effect on any Mortgage Loan or its Related Security.

(ff) All formal approvals, consents and other steps necessary to permit the sale of the Mortgage Loan and the Related Security under the Mortgage Sale Agreement have been obtained or taken.

(gg) The Mortgage Conditions preserve the Seller's ability to appropriate moneys paid into an account by a Borrower in such way as the Seller determines.

(hh) The Mortgage Loan was entered into in New Zealand.

(ii) The relevant Borrower is not associated with the Covered Bond Guarantor. "Associated" for this purpose has the same meaning as in subpart YB of the Tax Act.

All Moneys Mortgage Trust

The Mortgage in respect of a Mortgage Loan in the Mortgage Loan Portfolio may constitute an "all money mortgage" in that such Mortgage purports to secure the repayment of indebtedness which a Borrower owes, or may owe, to the Seller, as applicable, from time to time that is not assigned to the Covered Bond Guarantor (such as business loans) (**Associated Debt**) as well as securing the repayment of the Mortgage Loan (each, an **All Moneys Mortgage**). Pursuant to a trust to be established on the date that an All Moneys Mortgage is 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, as applicable, (such property being the **All Moneys Mortgage Trust Property**). Each of the Covered Bond Guarantor and the Seller, as applicable, will have an interest in the trust property, but in the event that enforcement proceedings

are instituted against a Borrower under the terms of the All Moneys Mortgage, any proceeds which are available to be distributed will be distributed under the terms of the All Moneys Mortgage Trust, first, to meet all costs, charges and expenses of the All Moneys Mortgage Trustee (being the Covered Bond Guarantor), the Trust Manager or the relevant mortgagee or any receiver, receiver and manager or attorney incurred in the enforcement of the Mortgage Loan and the Related Security; second, to the Covered Bond Guarantor, the amount required to pay, in full, the Current Principal Balance of each related Mortgage Loan in the Mortgage Loan Portfolio together with Accrued Interest and Arrears of Interest and expenses payable, the payment of which is secured by the All Moneys Mortgage; third, following the repayment in full of the amounts referred to above, to the Seller the amount required to pay, in full, all amounts due and payable under the related Associated Debt (including accrued interest and any other amounts due in respect thereof), the payment of which is secured by the All Moneys Mortgage; and fourth, as to any excess, to the Borrower of the relevant All Moneys Mortgage. An All Moneys Mortgage may be enforceable on the occurrence of a default by the relevant Borrower of the terms of the Mortgage Loan or of the terms of the Associated Debt. The Covered Bond Guarantor or, following the service of a Covered Bond Guarantee Acceleration Notice, the Security Trustee may not dispose of, or create an interest in, an All Moneys Mortgage that secures Associated Debt of the Seller, or the Mortgage Loan secured by that All Moneys Mortgage, unless the terms of any agreement with respect to the disposal of, or the creation of the interest in, the All Moneys Mortgage or the Mortgage Loan (except where the agreement is with the Seller) includes trust back undertakings by the relevant third party acquirer on the same terms as those contained in the Mortgage Sale Agreement which are in favour of, and enforceable by, the Seller and any third party purchaser of the All Moneys Mortgage unless expressly agreed otherwise by the Seller.

Repurchase by the Seller following breach of Representations and Warranties

If the Seller receives a Mortgage Loan Repurchase Notice from the Covered Bond Guarantor identifying a Mortgage Loan in the Mortgage Loan Portfolio which did not, as at the relevant Transfer Date, materially comply with the Representations and Warranties set out in the Mortgage Sale Agreement, then the Seller will be required to repurchase any such Mortgage Loan and the Related Security, unless the Related Security also secures another Mortgage Loan in the Mortgage Loan Portfolio. The repurchase price payable for each Mortgage Loan will be an amount equal to (if the Interest Rate Swap Provider is the Seller) the Current Principal Balance of such Mortgage Loan as at the date of repurchase plus all Accrued Interest and Arrears of Interest and expenses payable as at the date of completion, or (if the Interest Rate Swap Provider is not the Seller) the market value of the Mortgage Loan as at the date of completion. The repurchase proceeds received by the Covered Bond Guarantor will be applied (other than Accrued Interest and Arrears of Interest and expenses payable) in accordance with the Pre-Acceleration Principal Priority of Payments (see "*Cashflows*" below).

Product Switches, Further Advances and Cash Redraws

A Mortgage Loan in the Mortgage Loan Portfolio will be subject to a Product Switch when the Seller agrees to a variation in the Mortgage Conditions applicable to a Borrower's Mortgage Loan and/or moving a Borrower to an alternative mortgage product, including a change in Product Type.

If the Seller agrees to make a Product Switch in relation to a Mortgage Loan in the Mortgage Loan Portfolio the Covered Bond Guarantor shall be required to sell and the Seller shall be required to repurchase the Mortgage Loan and (if applicable) the Related Security on the next Calculation Date to occur after the Product Switch by the Seller serving a Seller Mortgage Loan Repurchase Notice on the Covered Bond Guarantor, unless:

(a) the Product Switch is a change to another Product Type which at that time has been approved for acceptance by the Covered Bond Guarantor or the Trust Manager on its behalf; or

(b) the Seller has obtained the written agreement of the Covered Bond Guarantor or the Trust Manager on its behalf that the Mortgage Loan may remain in the Mortgage Loan Portfolio.

The Covered Bond Guarantor is under no obligation whatsoever to agree that a Mortgage Loan to which an offer of a Product Switch relates may remain in the Mortgage Loan Portfolio, and any such decision shall be made at the Covered Bond Guarantor's absolute discretion provided that in no circumstances shall the Covered Bond Guarantor agree that a Mortgage Loan to which an offer of a Product Switch relates may remain in the Mortgage Loan Portfolio if the Mortgage Loan would not be a Qualifying Mortgage immediately after the Product Switch occurs. Any Mortgage Loan subject to a Product Switch repurchased by the Seller shall be repurchased at a price equal to (if the Interest Rate Swap Provider is the Seller) the Current Principal Balance of the Mortgage Loan together with all Accrued Interest and Arrears of Interest and expenses payable as at the date of completion, or (if the Interest Rate Swap Provider is not the Seller) the market value of the Mortgage Loan as at the date of completion.

A Mortgage Loan in the Mortgage Loan Portfolio will be subject to a Further Advance if an existing Borrower requests further moneys to be advanced to him or her under the relevant Mortgage Loan in circumstances which do not amount to a Cash Redraw and such request is granted. A Mortgage Loan in the Mortgage Loan Portfolio will be subject to a Cash Redraw when the Seller agrees to a re-advance by the Seller of some or all of the Overpayments that the Borrower has made under the Mortgage Loan.

If the Seller agrees to make a Further Advance or a Cash Redraw in relation to a Mortgage Loan in the Mortgage Loan Portfolio the Seller may request the Covered Bond Guarantor to reimburse the Seller for funding the Further Advance or Cash Redraw. The Covered Bond Guarantor is under no obligation whatsoever to reimburse the Seller for funding a Further Advance or 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 reimburse the Seller for funding a Further Advance or Cash Redraw if: (i) the Mortgage Loan would not be a Qualifying Mortgage immediately after the Further Advance or Cash Redraw is made; or (ii) following the Seller's request to be reimbursed, it is determined by the Trust Manager that there are insufficient Available Principal Receipts that are able to be applied for that purpose in accordance with the Pre-Acceleration Principal Priority of Payments. The Covered Bond Guarantor, or the Trust Manager on its behalf, shall notify the Seller on the relevant Calculation Date as to whether it has agreed to reimburse the Seller for funding the related Further Advance or Cash Redraw.

If the Covered Bond Guarantor, or the Trust Manager on its behalf, notifies the Seller that it has declined a request from the Seller to reimburse the Seller for funding a Further Advance or Cash Redraw then the Seller shall be required to repurchase the relevant Mortgage Loan and (if applicable) the Related Security in accordance with the Mortgage Sale Agreement on the next Calculation Date to occur following the notification by the Covered Bond Guarantor (or the Trust Manager on its behalf) by serving a Seller Mortgage Loan Repurchase Notice on the Covered Bond Guarantor. Any Mortgage Loan subject to a Further Advance or Cash Redraw repurchased by the Seller shall be repurchased at a price equal to (if the Interest Rate Swap Provider is the Seller) the Current Principal Balance of the Mortgage Loan less the Further Advance or the Cash Redraw (as the case may be) together with all Accrued Interest and Arrears of Interest and expenses payable as at the date of completion, or (if the Interest Rate Swap Provider is not the Seller) the market value of the Mortgage Loan as at the date of completion.

Defaulted Mortgage Loans

If a Mortgage Loan becomes a Defaulted Mortgage Loan, then that Defaulted Mortgage Loan will be attributed a zero value in the calculation of the Asset Coverage Test and the Amortisation Test on the relevant Calculation Date.

General ability to repurchase

The Seller may, at any time prior to the occurrence of an Issuer Event of Default, by serving a Seller Mortgage Loan Repurchase Notice on the Covered Bond Guarantor (copied to the Trust Manager) offer to repurchase a Mortgage Loan and its Related Security (unless the Related Security also secures another Mortgage Loan in the Mortgage Loan Portfolio that is not subject to the offer contained in the Seller Mortgage Loan Repurchase Notice) from the Covered Bond Guarantor for a repurchase price equal to (if the Interest Rate Swap Provider is the Seller) the Current Principal Balance plus Accrued Interest and Arrears of Interest and expenses payable of the relevant Mortgage Loan, or (if the Interest Rate Swap Provider is not the Seller) the market value of the Mortgage Loan as at the date of completion. The Covered Bond Guarantor shall be under no obligation whatsoever to accept such an offer. In no circumstances shall the Covered Bond Guarantor accept any such offer unless the Calculation Manager has first confirmed that, after giving effect to the sale of the Mortgage Loan and Related Security, the Asset Coverage Test will be met.

Repurchase of All Moneys Mortgage securing Associated Debt

The Seller may, at any time prior to an Issuer Event of Default, in relation to any Mortgage Loan secured by an All Moneys Mortgage in respect of which the related Associated Debt is in default, serve a Seller Mortgage Loan Repurchase Notice on the Covered Bond Guarantor (copied to the Trust Manager). On receipt of such notice the Covered Bond Guarantor will be required to sell, and the Seller will be required to repurchase the relevant Mortgage Loan, its Related Security and any other Mortgage Loan secured by that Related Security for a repurchase price equal to (if the Interest Rate Swap Provider is the Seller) the Current Principal Balance plus All Accrued Interest and Arrears of Interest thereon and expenses payable as at the date of completion, or (if the Interest Rate Swap Provider is not the Seller) the market value of the Mortgage Loan as at the date of completion.

Timing of repurchase and payment of repurchase price

A repurchase of the right, title and interest in a Mortgage Loan and Related Security in the circumstances described under "*Repurchase by the Seller following breach of Representations and Warranties*", "*Product Switches, Further Advances and Cash Redraws*", "*General ability to repurchase*" and "*Repurchase of All Moneys Mortgage securing Associated Debt*" will take place on a date agreed by the Seller and the Covered Bond Guarantor (or the Trust Manager on its behalf), or otherwise on the relevant Calculation Date and the Seller shall pay to the Covered Bond Guarantor the Repurchase Price on the Trust Payment Date immediately following such Calculation Date.

Right of pre-emption

Under the terms of the Mortgage Sale Agreement, the Seller will have a right of pre-emption in respect of any sale, in whole or in part, of Selected Mortgage Loans and the Related Security. The Covered Bond Guarantor may be required to sell selected Mortgage Loans and Related Security in the circumstances described in "*Establishment Deed - Sale of Selected Mortgage Loans and Related Security if the Pre-Maturity Test is breached*", "*Establishment Deed - Sale of Selected Mortgage Loans following the Demand Loan Provider making demand that the Demand Loan be repaid*", "*Establishment Deed - Sale of Selected Mortgage Loans and Related Security following service of an Asset Coverage Test Breach Notice*" and "*Establishment Deed - Sale of Selected Mortgage Loans and Related Security following service of a Notice to Pay*" below.

In connection with the sale of Mortgage Loans and Related Security the Covered Bond Guarantor will serve on the Seller a Selected Mortgage Loan Offer Notice offering to sell those Selected Mortgage Loans and the Related Security for the best price reasonably available but in any event: (i) following the service of an Asset Coverage Test Breach Notice (but prior to the service of a Notice to Pay), for an amount not less than the Current Principal Balance of the Selected Mortgage Loans plus the Arrears of Interest and Accrued Interest thereon; and (ii) 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 Selected Mortgage Loans

and the Related Security in accordance with the foregoing, the Seller shall, within 10 Business Days of service of the Selected Mortgage Loan Offer Notice on the Seller, countersign and return to the Covered Bond Guarantor the relevant Selected Mortgage Loan Offer Notice provided that if an Issuer Event of Default has occurred but no liquidator or administrator has been appointed to the Seller, the Seller's right to accept the offer (and therefore its right of pre-emption) will be conditional upon the delivery within such 10 NZ 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 of a counter-signed Selected Mortgage 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: (i) the relevant Selected Mortgage Loans referred to in the relevant Selected Mortgage Loan Offer Notice; and (ii) unless the Related Security also secures another Mortgage Loan in the Mortgage Loan Portfolio that is not also subject to the offer contained in the Selected Mortgage Loan Offer Notice, the Related Security. Completion of such repurchase shall take place on the next following Calculation Date after receipt by the Covered Bond Guarantor (or the Trust Manager on its behalf) of the Selected Mortgage Loan Offer Notice countersigned by the Seller or such date as the Covered Bond Guarantor (or the Trust Manager on its behalf) may direct (provided that such date shall not be later than the earlier to occur of the date which is (a) 10 NZ Business Days after receipt by the Covered Bond Guarantor (or the Trust Manager on its behalf) of the Selected Mortgage Loan Offer Notice countersigned by the Seller or (b) 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 Mortgage Loan Offer Notice.

If the Seller rejects the Covered Bond Guarantor's offer or fails to accept it in accordance with the foregoing, the Covered Bond Guarantor will offer to sell the Selected Mortgage Loans and the Related Security to other Purchasers (as described under "*Establishment Deed – Sale of Selected Mortgage Loans and their Related Security following the occurrence of an Issuer Event of Default*", below).

For the purposes hereof:

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

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

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

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

Further drawings under the Mortgage Loans

The Seller will be solely responsible for funding all further drawings, if any, in respect of Mortgage Loans in the Mortgage Loan Portfolio (including, but not limited to, Further Advances and Cash Redraws).

Offset Mortgage Loans

If a Mortgage Loan in the Mortgage Loan Portfolio is an Offset Mortgage Loan the Seller shall, on each Calculation Date, credit to the GIC Account an amount equal to the unpaid interest that was not paid during the Calculation Period ending on the Calculation Date in respect of the Mortgage Loan.

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, BNZ (in its separate capacities as Servicer and as Seller), the Trust Manager and the Security Trustee, the Servicer will agree to service on behalf of the Covered Bond Guarantor the Mortgage Loans and the Related Security sold by the Seller to the Covered Bond Guarantor.

The Servicer will be required to administer and service the Mortgage Loans in the Mortgage Portfolio and the Related Security in accordance with:

(a) the Servicer's Servicing Procedures. The Servicer's **Servicing Procedures** are the originating, lending and underwriting, administration, arrears and enforcement policies and procedures which are applied from time to time by the Seller to Mortgage Loans and the Related Security for their repayment which are beneficially owned by the Seller and which may be amended by the Seller from time to time; and

(b) the terms and provisions of the Servicing Agreement.

The Servicer will have the power to exercise the rights, powers and discretions and to perform the duties of the Covered Bond Guarantor and the Seller (according to their respective estates and interests) in relation to the Mortgage Loans and the Related Security that it is servicing pursuant to the terms of the Servicing Agreement, and to do anything which it reasonably considers necessary, convenient or incidental to the administration of the Mortgage Loans and the Related Security.

The Servicer will be required to provide the Asset Registry Services in accordance with:

(a) the Asset Register Procedures; and

(b) the terms and provisions of the Servicing Agreement.

Undertakings of the Servicer

Pursuant to the terms of the Servicing Agreement, the Servicer will undertake in relation to those Mortgage Loans and their Related Security that it is servicing, among other things, to:

(a) administer and service the Mortgage Loans in the Mortgage Loan Portfolio and the Related Security in accordance with the Servicing Procedures;

(b) provide the Asset Registry Services in accordance with the Asset Register Procedures;

(c) provide the Services in such manner and with the same level of skill, care and diligence as would a Prudent Mortgage Lender;

(d) comply with any directions, orders and instructions which the Covered Bond Guarantor (or the Trust Manager on its behalf) or the Seller may from time to time give to it in accordance with the provisions of the Servicing Agreement and, in the event of any conflict, those of the Covered Bond Guarantor (or the Trust Manager on its behalf) shall prevail;

(e) keep in force all licences, approvals, authorisations and consents which may be necessary in connection with the performance of the Services and prepare and submit, on a timely basis, all necessary applications and requests for any further approval, authorisation, consent or licence required in connection with the performance of the Services;

(f) not fail to comply with any legal and/or regulatory requirements in the performance of the Services;

(g) 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;

(h) not without the prior written consent of the Covered Bond Guarantor, the All Moneys Mortgage Trustee and the Security Trustee amend or terminate any of the Programme Documents save in accordance with their terms;

(i) for so long as the Seller is the Servicer, forthwith upon becoming aware of any event which may reasonably give rise to an obligation of the Seller to repurchase any Mortgage Loan pursuant to the Mortgage Sale Agreement, notify the Covered Bond Guarantor in writing of such event; and

(j) comply with the Credit Contracts and Consumer Finance Act 2003 as if the Servicer were a creditor under the Mortgage Loans and Related Security in the Mortgage Loan Portfolio.

Interest Rate Shortfall Test

The Servicer shall determine on each Calculation Date, having regard to:

(a) the standard variable rate and any other discretionary rate or margin in respect of the Mortgage Loans in the Mortgage Loan Portfolio which the Servicer proposes to set under the Servicing Agreement for the next succeeding Trust Payment Period (**relevant Trust Payment Period**); and

(b) the other resources available to the Covered Bond Guarantor including the Swap Agreements 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 (1) 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 Swap Providers under the Swap Agreements in respect of all Covered Bonds on the Trust Payment Date falling at the end of the relevant Trust Payment Period; and (2) 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 NZ Business Days of the relevant Calculation Date, of the amount of the Interest Rate Shortfall following which (i) (subject to the Servicing Agreement and the Mortgage Sale Agreement) the Servicer shall set the standard variable rate and/or other discretionary rates or margins applicable to Mortgage Loans in the Mortgage Loan Portfolio at such levels as may be required in order for the Interest Rate Shortfall to be rectified

on the next succeeding Calculation Date; and/or (ii) the Covered Bond Guarantor or the Security Trustee may notify the Servicer and the Seller that, having regard to the obligations of the Covered Bond Guarantor and the amount of the Interest Rate Shortfall, further Mortgage Loans and the Related Security should be sold by the Seller to the Covered Bond Guarantor pursuant to the Mortgage Sale Agreement to rectify the Interest Rate Shortfall, in which case, the Seller will use all reasonable efforts to offer to sell in accordance with the Mortgage Sale Agreement sufficient New Mortgage Loans and the Related Security to the Covered Bond Guarantor on or before the next succeeding Calculation Date to rectify the Interest Rate Shortfall on that Calculation Date.

Yield Shortfall Test

In addition, the Servicer shall determine on each Calculation Date following an Issuer Event of Default (which remains unremedied), having regard to the aggregate of:

(a) the standard variable rate and any other discretionary rate or margin, in respect of the Mortgage Loans in the Mortgage Loan Portfolio which the Servicer proposes to set under the Servicing Agreement for the relevant Trust Payment Period; and

(b) the resources available to the Covered Bond Guarantor under the Swap Agreements,

whether the Covered Bond Guarantor would receive an aggregate amount of interest from the Mortgage Loans in the Mortgage Loan Portfolio and amounts under the Swap Agreements during the relevant Trust Payment Period which would give a weighted average yield on the Mortgage Loans in the Mortgage Loan Portfolio that is sufficient to enable the Covered Bond Guarantor to make the payments and provisions in clause 10.4(a)-(i) (inclusive) of the Establishment Deed in full on the next Trust Payment Date to occur following the end of the Calculation Period commencing on the relevant Calculation 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 one NZ Business Day of the relevant Calculation Date, of the amount of the shortfall and the standard variable rate and the other discretionary rates or margins in respect of the Mortgage Loans in the Mortgage 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 change to the standard variable 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 standard variable rate and/or the other discretionary rates or margins should be increased, the Servicer will take all steps which are necessary to increase the standard variable rate and/or any other discretionary rates or margins including giving any notice which is required in accordance with the Mortgage Conditions or the Servicing Agreement.

Asset Registry Services

The Servicer shall provide the Asset Registry Services, which will include, but not be limited to, in accordance with the Asset Register Procedures:

(a) establishing and maintaining the Asset Register so that it is an up-to-date and accurate record of the assets of the Trust;

(b) updating the Asset Register, within five NZ 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 defined below), to record the following:

    (i) the acquisition of a New Mortgage Loan Portfolio;

(ii) the sale of a Mortgage Loan in the Mortgage Loan Portfolio and (if applicable) the Related Security;

(iii) the repayment in full of the Current Principal Balance of a Mortgage Loan in the Mortgage Loan Portfolio;

(iv) the acquisition of an Authorised Investment or a Substitution Asset;

(v) the redemption or sale of an Authorised Investment or a Substitution Asset; and

(vi) the opening or closing of a Trust Account,

(each of (i) to (vi) above, a **relevant transaction**); and

(c) assessing whether the Asset Pool remains consistent with any Asset Class Designation.

Remuneration

In accordance with the applicable Priority of Payments, 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 Priorities of Payments as further consideration for the Services supplied to it by the Servicer under the Servicing Agreement:

(a) pay to the Servicer a subordinated servicing fee in accordance with the Subordinated Servicing Fee Letter; and

(b) 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 Mortgage Loan Scheduled Payments made by a Borrower. If the Servicer receives, during a Calculation Period, any money whatsoever arising from the Mortgage Loans in the Mortgage Loan Portfolio and the Related Security which money belongs to the Covered Bond Guarantor and such money is to be credited to the GIC Account pursuant to the Servicing Agreement, the Servicer shall hold such money on trust for the Covered Bond Guarantor. All such amounts described above received by the Servicer during a Collection Period shall as soon as reasonably practicable be credited to the GIC Account either on the last day of the Calculation Period, for so long as:

(a) prior to the Roll-off Date, BNZ has short-term credit rating of no lower than P-1 from Moody's and no lower than F1 from Fitch and a long-term credit rating of A from Fitch; or

(b) on and from the Roll-off Date, BNZ has a short-term credit rating of no lower than P-1 from Moody's and at least one of:

(i) a short-term credit rating of no lower than F1 from Fitch; or

(ii) a long-term credit rating of no lower than A- from Fitch;

or such other rating as is acceptable to Moody's and/or Fitch in order to maintain the then current ratings of the Covered Bonds,

or, in any other case, within two NZ Business Days of receipt.

BNZ shall, if it credits money received during a Calculation Period to the GIC Account in accordance with the Servicing Agreement, on the Calculation Date immediately following the end of that Calculation Period credit an additional amount to the GIC Account calculated as interest on the amount of money held by BNZ during that Calculation Period. Any such interest is to be calculated on the Calculation Date by BNZ in its absolute discretion on the daily balance of the amount of money held by BNZ during the Calculation Period and at a rate determined on the first day of that Calculation Period as the rate equal to the applicable Bank Bill Rate for three month NZ Dollar deposits determined by BNZ 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 acting on the directions of (for so long as there are any Covered Bonds outstanding) the Bond Trustee or (where there are no Covered Bonds outstanding) the Majority Secured Creditors, may, upon written notice to the Servicer, terminate the Servicer's rights and obligations immediately if any of the following events (each a **Servicer Termination Event**) occurs:

(a) the Servicer fails to pay any amount due and payable by it to the Covered Bond Guarantor under the Servicing Agreement and such failure is not remedied for a period of five NZ Business Days after becoming aware of the default;

(b) the Servicer fails to comply with any of its other obligations under the Servicing Agreement 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 Covered Bondholders and such failure is not remedied or waived within a period of 20 NZ Business Days after the Servicer becomes aware of such failure;

(c) it becomes unlawful for the Servicer to administer and service the Mortgage Loans in the Mortgage Loan Portfolio;

(d) an Insolvency Event occurs in relation to the Servicer;

(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 (or appointment of a Substitute Servicer as described below) is conditional upon the Seller having delivered a Rating Affirmation Notice to the Covered Bond Guarantor, the Trust Manager, the Servicer, the Substitute Servicer and the Rating Agencies in respect of such termination of the appointment of the Servicer and the appointment of the Substitute Servicer.

In addition, subject to the fulfilment of a number of conditions, including, without limitation, that a Substitute Servicer has been appointed and that the Covered Bond Guarantor (or the Trust Manager on its behalf) the Seller and the Security Trustee consent in writing to the resignation, the Servicer may voluntarily resign 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. Any such Substitute Servicer must have experience of administering mortgage loans secured on residential mortgaged properties in New Zealand, shall have all authorisations, permissions and licences for the purposes of administering and servicing mortgages of residential property in New Zealand and must have entered into an agreement with the Covered Bond Guarantor, the Trust Manager and the Security Trustee substantially on the same terms as the Servicing Agreement.

If the appointment of the Servicer is terminated, the Servicer must deliver the Mortgage 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 Mortgage Loans in the Mortgage 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, as applicable, shall require.

The Servicing Agreement will terminate automatically at such time as the Covered Bond Guarantor has no further interest in any of the Mortgage Loans in the Mortgage Loan Portfolio or the Related Security.

The Servicer may sub-contract or delegate the performance of its duties 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, among others, the Asset Monitor, the Covered Bond Guarantor, the Trust Manager, BNZ (in its capacities as Issuer, Guarantor, Seller, Servicer and Calculation Manager), the Bond Trustee and the Security Trustee, the Asset Monitor has agreed, subject to due receipt of the information to be provided by the Calculation Manager, the Servicer or the Trust Manager to the Asset Monitor, to report on the arithmetic accuracy of the calculations performed by the Calculation Manager and the compliance of the Servicer with its obligations in relation to the Asset Register on the Calculation Date immediately prior to each anniversary of the Programme Date with a view to confirmation of compliance by the Covered Bond Guarantor with the Asset Coverage Test or the Amortisation Test, as applicable, and its obligations in relation to the Asset Register on that Calculation Date.

If the long-term ratings of the Calculation Manager (or if the Calculation Manager is not so rated, if the long-term unsecured, unguaranteed and unsubordinated debt obligation ratings of the Calculation Manager's holding company) fall below Baa2 by Moody's or BBB- by Fitch (and for as long as they remain below such ratings), the Asset Monitor will, subject to receipt of the relevant information from the Calculation Manager, be required to report on such arithmetic accuracy following each Calculation Date.

Following a determination by the Asset Monitor of any errors in the calculations performed by the Calculation Manager such that the Asset Coverage Test has been failed on the applicable Calculation Date (where the Calculation Manager had recorded it as being satisfied) or the Adjusted Aggregate Mortgage Loan Amount or the Amortisation Test Aggregate Mortgage Loan Amount is mis-stated by the Calculation Manager by an amount exceeding one per cent. of the actual Adjusted Aggregate Mortgage Loan Amount or the Amortisation Test Aggregate Mortgage Loan Amount, as applicable, (as at the date of the relevant Asset Coverage Test or the relevant Amortisation Test), the Asset Monitor will be required to conduct such tests following each Calculation Date until the Asset Monitor is satisfied that the relevant test does not reveal arithmetical inaccuracies (and in any event for a period ending six months after the Asset Coverage Test and/or Amortisation Test which included the relevant arithmetical errors).

If any assessment of the Servicer's compliance with its obligations in respect of the Asset Register reveals that the Servicer is not in compliance with these obligations, the Asset Monitor will conduct the assessment in respect of the Calculation Date following the date of the assessment that revealed the non-compliance until the Asset Monitor is satisfied the Servicer is in compliance.

The Asset Monitor will be entitled, in the absence of manifest error, to assume that all information provided to it by the Calculation Manager for the purpose of reporting on the arithmetic accuracy or by the Servicer or Trust Manager for the purpose of assessing the Servicer's compliance with its obligations in relation to the Asset Register is true and correct and complete and not misleading, and is not required to conduct an audit or otherwise take steps to verify the accuracy of any such information. The Asset Monitor Report will be delivered to the Calculation Manager, the Servicer, the Covered Bond Guarantor, the Trust Manager, BNZ, the Bond Trustee and the Security Trustee.

The Covered Bond Guarantor will pay to the Asset Monitor a fee of $3,000 per Asset Monitor Report (plus GST, if any) and $9,000 per Asset Register Report (plus GST if any) for the performance by the Asset Monitor of its obligations under the Asset Monitor Agreement.

The Covered Bond Guarantor, or the Trust Manager on its behalf may, at any time, but only with the prior written consent of the Security Trustee, terminate the appointment of the Asset Monitor by giving at least 60 days' prior written notice to the Asset Monitor, and the Asset Monitor may, at any time, resign by giving at least 60 days' prior written notice to the Covered Bond Guarantor, the Trust Manager and the Security Trustee (copied to the Rating Agencies).

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 30 days prior to a Calculation Date in respect of which a test or assessment is to be conducted by the Asset Monitor in accordance with the Asset Monitor Agreement, then the Covered Bond Guarantor, or the Trust Manager on its behalf, shall use all reasonable endeavours to appoint a substitute asset monitor that is a Qualifying Asset Monitor to carry out the relevant tests and assessments on a one-off basis. The Covered Bond Guarantor, or the Trust Manager on its behalf, shall promptly notify the Rating Agencies of the appointment of any substitute asset monitor to carry out the relevant tests and assessments.

The liability of the Asset Monitor for any loss, liability, claim, expense or damage suffered or incurred by any of the other parties to the Asset Monitor Agreement caused by breach of any provision of the Asset Monitor Agreement, tort (including negligence), breach of fiduciary duty or other actionable wrong of any kind shall be limited to the amount of $500,000 in relation to the subject of the loss, liability, claim, expense or damage. In the event that loss, liability, claim, expense or damage is suffered by more than one of the other parties to the Asset Monitor Agreement, the liability cap of $500,000 is the total limit of the Asset Monitor's liability.

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, among others, the Covered Bond Guarantor, the Trust Manager, BNZ as Issuer, Guarantor, Seller, Servicer and Calculation Manager, the Bond Trustee and the Security Trustee, establishes the Trust and provides that the Covered Bond Guarantor will be the trustee of the Trust. Pursuant to the Establishment Deed, the purpose of the Trust is the acquisition, management and sale of, amongst other things, Mortgage Loans and the Related Security, the borrowing of moneys to fund the acquisition of such assets, the hedging of risks associated with such assets and such funding, the acquisition, management and sale of Substitution Assets and Authorised Investments, the giving of guarantees, the granting of security and any other business as the Trust Manager shall direct (with the prior written consent of the Security Trustee, prior to the release of the Security constituted by the Security Deed for as long as the Covered Bonds are outstanding).

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

Under the terms of the Establishment Deed, the Covered Bond Guarantor shall 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 Calculation Date prior to the service of a Notice to Pay on the Covered Bond Guarantor, the Adjusted Aggregate Mortgage Loan Amount is in an amount at least equal to the NZ Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date (the **Asset Coverage Test**).

If on any Calculation Date prior to the service of a Notice to Pay on the Covered Bond Guarantor the Adjusted Aggregate Mortgage Loan Amount is less than the NZ Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation 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 acquire sufficient further Mortgage Loans and Related Security from the Seller in accordance with the Mortgage Sale Agreement (see "*Overview of the Principal Documents – Mortgage Sale Agreement – Sale by the Seller of Mortgage Loans and Related Security*") or the Covered Bond Guarantor will use all reasonable endeavours to purchase Substitution Assets or make a drawing under the Demand Loan Agreement to ensure that the Asset Coverage Test is met on any date on or before the immediately succeeding Calculation Date (by reference to the Adjusted Aggregate Mortgage Loan Amount and the NZ Dollar Equivalent of the aggregate Principal Amount Outstanding of all Covered Bonds, in each case as calculated on such date). If the Adjusted Aggregate Mortgage Loan Amount is less than the NZ Dollar Equivalent of the aggregate Principal Amount Outstanding of all Covered Bonds on the immediately following Calculation 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 Calculation Date to occur following the service of an Asset Coverage Test Breach Notice, the Asset Coverage Test is subsequently satisfied and neither a Notice to Pay nor a Covered Bond Guarantee Acceleration Notice has been served. If the Bond Trustee is deemed to revoke an Asset Coverage Test Breach Notice, the Covered Bond Guarantor (or the Trust Manager on its behalf) shall immediately notify in writing the Bond Trustee thereof.

Following service of an Asset Coverage Test Breach Notice (which has not been revoked):

(a) the Covered Bond Guarantor may be required to sell Selected Mortgage Loans and the Related Security (as further described under "*Sale of Selected Mortgage 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 Issuer will not be permitted to issue any further Covered Bonds.

If an Asset Coverage Test Breach Notice has been served and not been revoked by the Bond Trustee on or before the next Calculation Date to occur following the service of the Asset Coverage Test Breach Notice, then an Issuer Event of Default shall occur and the Bond Trustee shall be entitled and in certain circumstances required to serve an Issuer Acceleration Notice. Following service of an Issuer Acceleration Notice, the Bond Trustee will be required to serve a Notice to Pay on the Covered Bond Guarantor.

For the purposes hereof:

Adjusted Aggregate Mortgage Loan Amount means the amount calculated on each Calculation Date as follows:

$$(A+B+C+D+E) - Z$$

where,

A = on the relevant Calculation Date, the Asset Percentage multiplied by the aggregate of the Adjusted Mortgage Loan Balance Amounts of the Mortgage Loans in the Mortgage Loan Portfolio as at such Calculation Date (for the avoidance of doubt, excluding any Mortgage Loans being repurchased by the Seller on such Calculation Date but including any Mortgage Loans being purchased by the Covered Bond Guarantor on such Calculation Date).

The **Adjusted Mortgage Loan Balance Amount** shall be calculated for a Mortgage Loan, on the relevant Calculation Date, as:

(a) for each Mortgage Loan in the Mortgage Loan Portfolio that is not then a Defaulted Mortgage Loan, the lesser of (A) the outstanding Current Principal Balance of the Mortgage Loan as at the relevant Calculation Date and (B):

(b) 80 per cent. of the Indexed Valuation for the Property charged by a Mortgage which secures the Mortgage Loan as at the relevant Calculation Date (but without double counting across Mortgage Loans); and

(c) for each Mortgage Loan in the Mortgage Loan Portfolio that is then a Defaulted Mortgage Loan, zero;

less:

(1) where a Mortgage Loan in the Mortgage Loan Portfolio or the Related Security was, in the immediately preceding Calculation 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 Mortgage Loan and the Related Security to the extent required by the terms of the Mortgage Sale Agreement: an amount equal to the Adjusted Mortgage Loan Balance Amount (as calculated on the relevant Calculation Date) for each Mortgage Loan to which this paragraph (1) applies; and

(2) where the Seller, in any preceding Calculation Period, was in material breach of any other warranty under the Mortgage Sale Agreement and/or the Servicer was, in any preceding Calculation 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 Calculation 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 relevant Calculation Date;

C = the aggregate principal balance of any Substitution Assets and Authorised Investments as at the relevant Calculation Date;

D = the aggregate amount of Mortgage Loan Principal Receipts standing to the credit of the GIC Account as at the relevant Calculation Date (without double counting any amounts already covered in B above) but excluding any amounts due to be applied on or before the next Trust Payment Date in accordance with the applicable Priority of Payments;

E = the amount of any Sale Proceeds standing to the credit of the Pre-Maturity Ledger as at the relevant Calculation Date (without double counting any amounts already covered in D above); and

Z = the weighted average remaining maturity of all Covered Bonds (expressed in years) then outstanding calculated by the Calculation Manager as at the relevant Calculation Date multiplied by the NZ Dollar Equivalent of the then aggregate Principal Amount Outstanding of the Covered Bonds all multiplied by the then Negative Carry Factor, where the "Negative Carry Factor" is (i) zero, for so long as the Interest Rate Swaps are in effect in accordance with the terms thereof; or (ii) if the Interest Rate Swaps are not in effect in accordance with the terms thereof, then either: (a) 0.50 per cent. if the then weighted average margin of the interest rate then payable on the Covered Bonds is less than or equal to 0.10 per cent. per annum; or (b) 0.50 per cent., plus such weighted average margin minus 0.10 per cent., if such weighted average margin is greater than 0.10 per cent. per annum (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).

Asset Percentage means, on any Calculation Date, save where otherwise agreed, the lowest of:

(a) 97 per cent; and

(b) such percentage figure determined on the Calculation Date falling in February, May, August and November of each year (and on such other dates as may be agreed, from time to time, with Fitch) in accordance with the terms of the Establishment Deed, being the percentage figure that is necessary to ensure that the Covered Bonds maintain the then current ratings assigned to them by Fitch (break even asset percentage); and

(c) 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 Calculation Date, or if no notification is made to Moody's and the Security Trustee on such Calculation Date, on the last date of such notification. This percentage figure will be the difference between 100 and the percentage amount of credit enhancement that is necessary to ensure that there is sufficient credit enhancement for the Covered Bonds to achieve

an Aaa rating by Moody's using Moody's expected loss methodology (regardless of the actual Moody's rating of the Covered Bonds at the time).

The Asset Percentage may not, at any time, exceed 97 per cent. unless otherwise agreed with the Rating Agencies.

There is no obligation on the Covered Bond Guarantor to ensure that an Aaa rating is maintained by Moody's and the Covered Bond Guarantor is under no obligation to change the percentage figure selected by it and notified to Moody's and the Security Trustee in line with the level of credit enhancement required to ensure an Aaa rating by Moody's using Moody's expected loss methodology.

Amortisation Test

The Covered Bond Guarantor must ensure that for so long as Covered Bonds are outstanding on each Calculation Date following service of a Notice to Pay on the Covered Bond Guarantor (but prior to enforcement of the Security in accordance with the Security Deed) the Amortisation Test Aggregate Mortgage Loan Amount will be in an amount at least equal to the NZ Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date.

If on any Calculation 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 Issuer and/or the commencement of winding-up proceedings against the Trust and/or the realisation of the Security), the Amortisation Test Aggregate Mortgage Loan Amount is less than the NZ Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date, then the Amortisation Test will be breached and a Covered Bond Guarantor Event of Default will occur. The Covered Bond Guarantor, or the Trust Manager on its behalf, shall immediately notify the Security Trustee and (for so long as Covered Bonds are outstanding) the Bond Trustee of any breach of the Amortisation Test.

The **Amortisation Test Aggregate Mortgage Loan Amount** will be calculated on each Calculation Date following the service of a Notice to Pay on the Covered Bond Guarantor as follows:

$$A + B + C - Z$$

where,

A = the aggregate of the "**Amortisation Test Current Principal Balance**" of each Mortgage Loan, which shall be the product of:

(x) the lesser of (1) the outstanding Current Principal Balance of the Mortgage Loan as calculated on the relevant Calculation Date and (2) 80 per cent. of the Indexed Valuation for the Property charged by a Mortgage which secures the Mortgage Loan as at the relevant Calculation Date (but without double counting across Mortgage Loans); and

(y) M, where:

(1) for each Mortgage Loan that is not then a Defaulted Mortgage Loan M = 1.0; or

(2) for each Mortgage Loan that is then a Defaulted Mortgage 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 Mortgage Loan Revenue Receipts received in the immediately preceding Calculation 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;

Z = the weighted average remaining maturity of all Covered Bonds (expressed in years) then outstanding multiplied by the NZ Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds multiplied by the Negative Carry Factor.

Sale of Selected Mortgage Loans and Related Security if the Pre-Maturity Test is breached

The Establishment Deed provides for the sale of Selected Mortgage 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 the ratings of BNZ fall below a specified level and such Series of Hard Bullet Covered Bonds is due for repayment within a specified period of time thereafter. The Covered Bond Guarantor will be obliged to sell Selected Mortgage Loans and the Related Security, subject to the rights of pre-emption enjoyed by the Seller to buy the Selected Mortgage Loans and the Related Security pursuant to the terms of the Mortgage Sale Agreement and subject to any Pre-Maturity Demand Loan Advance having been made by the Demand Loan Provider from time to time. The proceeds from any such sale will be credited to the 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 following such repayment in full shall be applied by the Covered Bond Guarantor, or the Trust Manager on its behalf, in accordance with the applicable Priority of Payments unless an Issuer is failing 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 Liquidity*" below.

Sale of Selected Mortgage Loans following the Demand Loan Provider making demand that the Demand Loan be repaid

If, prior to the service of an Asset Coverage Test Breach Notice or a Notice to Pay, the Demand Loan Provider has demanded that all or part of the Demand Loan be repaid, the Covered Bond Guarantor will, subject to first utilising any Available Principal Receipts that are available for that purpose in accordance with the applicable Priority of Payments be obliged to sell Selected Mortgage Loans and the Related Security in the Mortgage Loan Portfolio in accordance with the Establishment Deed (as described below), subject to the rights of pre-emption enjoyed by the Seller to buy the Selected Mortgage Loans and the Related Security pursuant to the Mortgage Sale Agreement. The proceeds from any such sale will be credited to the GIC Account and applied as set out in 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, after giving effect to such repayment.

Sale of Selected Mortgage 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 Mortgage Loans and the Related Security in the Mortgage Loan Portfolio in accordance with the Establishment Deed (as described below), subject to the rights of pre-emption enjoyed by the Seller to buy the Selected Mortgage

Loans and the Related Security pursuant to the Mortgage Sale Agreement. The proceeds from any such sale will be credited to the GIC Account and applied as set out in Allocation and distribution of Available Revenue Receipts and Available Principal Receipts following service of an Asset Coverage Test Breach Notice.

Sale of Selected Mortgage 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 Mortgage Loans and the Related Security in the Mortgage Loan Portfolio in accordance with the Establishment Deed (as described below), subject to the rights of pre-emption enjoyed by the Seller to buy the Selected Mortgage Loans and the Related Security pursuant to the Mortgage Sale Agreement. The proceeds from any such sale will be credited to the GIC Account and applied as set out in the Guarantee Priority of Payments.

Method of Sale of Selected Mortgage Loans

If the Covered Bond Guarantor is required to sell Selected Mortgage 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 will be required to ensure that before offering Selected Mortgage Loans for sale:

(a) the Selected Mortgage Loans are selected on a basis that is representative of the Mortgage Loans in the Mortgage Loan Portfolio as a whole and that if a Mortgage Loan is selected, its Related Security is also selected unless the Related Security also secures a Mortgage Loan in the Mortgage Loan Portfolio that is not also a Selected Mortgage Loan; and

(b) the Selected Mortgage Loans have an aggregate Current Principal Balance in an amount (the **Required Current Principal Balance Amount**) which is as close as possible to the amount calculated as follows:

(i) following the Demand Loan Provider making demand that the Demand Loan (or a part of it) be repaid, such amount that would ensure that, if the Selected Mortgage Loans were sold at their Current Principal Balance plus the Arrears of Interest and Accrued Interest thereon, the amount of the Demand Loan that the Demand Loan Provider has made demand for repayment as calculated on the date of the demand could be repaid, subject to satisfaction of the Asset Coverage Test; 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 Mortgage Loans were sold at their Current Principal Balance plus the Arrears of Interest and Accrued Interest thereon, the Asset Coverage Test would be satisfied on the next Calculation Date taking into account the payment obligations of the Covered Bond Guarantor on the Trust Payment Date following that Calculation Date; or

(iii) following a breach of the Pre-Maturity Test or service of a Notice to Pay:

$$\mathbf{N} \times \frac{\text{Aggregate Current Principal Balance for all Mortgage Loans in the Mortgage Loan Portfolio}}{\text{The NZ Dollar Equivalent of the Required Redemption Amount in respect of each Series of Covered Bonds then outstanding}}$$

where "N" is an amount equal to the NZ Dollar Equivalent of:

(x) in respect of Selected Mortgage Loans 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 the relevant Series of Hard Bullet Covered Bonds less amounts standing to the credit of the relevant Pre-Maturity Ledger that are not otherwise required to provide liquidity for any Series of Hard Bullet Covered Bonds which mature prior to or on the same date as the relevant series of Hard Bullet Covered Bonds; or

(y) in respect of Selected Mortgage 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 (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).

The Covered Bond Guarantor or the Trust Manager on its behalf will offer the Selected Mortgage 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 Mortgage Loans plus the Arrears of Interest and Accrued Interest thereon; and

(b) following a breach of the Pre-Maturity Test or service of a Notice to Pay on the Covered Bond Guarantor, for an amount not less than the Adjusted Required Redemption Amount for the relevant Series of Covered Bonds.

Following a breach of the Pre-Maturity Test or the service of a Notice to Pay if the Selected Mortgage 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 Mortgage Loans for sale for the best price reasonably available notwithstanding that such amount may be less than the Adjusted Required Redemption Amount. Following the service of a Notice to Pay but prior to the occurrence of a Covered Bond Guarantor Event of Default, in addition to offering Selected Mortgage Loans for sale to Purchasers in respect of the Earliest Maturing Covered Bonds, the Covered Bond Guarantor, or the Trust Manager on its behalf, (subject to the right of pre-emption in favour of the Seller in the Mortgage Sale Agreement) is permitted to offer for sale a portfolio of Selected Mortgage Loans, in accordance with the provisions summarised above, in respect of other Series of Covered Bonds.

The Covered Bond Guarantor or the Trust Manager on its behalf is also permitted to offer for sale to Purchasers a Partial Portfolio. Except in circumstances where the portfolio of Selected Mortgage Loans is being sold within six months of, as applicable, the Final Maturity Date or, if the Covered Bonds are subject to an Extended Due for Payment Date in respect of the Covered Bond Guarantee, the Extended Due for Payment Date in respect of the Series of Covered Bonds to be repaid from such proceeds, the sale price of the Partial Portfolio shall (as a proportion of the Adjusted Required Redemption Amount) be at least equal to the proportion that the aggregate Current Principal Balance of the Mortgage Loans in the Partial Portfolio bears to the aggregate Current Principal Balance of the Mortgage Loans in the relevant portfolio of Selected Mortgage Loans.

The Covered Bond Guarantor, or the Trust Manager on its behalf, will through a tender process appoint a portfolio manager of recognised standing on a basis intended to incentivise the portfolio manager to achieve the best price for the sale of the Selected Mortgage Loans (if such terms are commercially available in the market) to advise it in relation to the sale of the Selected Mortgage Loans to Purchasers (except where the Seller is buying the Selected Mortgage Loans in accordance with its right of pre-emption in the Mortgage Sale Agreement). The terms of the agreement giving effect to the appointment in accordance with such tender shall be approved by the Security Trustee.

In respect of any sale of Selected Mortgage 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 Mortgage Loans are sold as quickly as reasonably practicable (in accordance with the recommendations of the portfolio manager), taking into account the market conditions at that time and the scheduled repayment dates of the Covered Bonds and the terms of the Establishment Deed.

The terms of any sale and purchase agreement with respect to the sale of Selected Mortgage Loans (which shall give effect to the recommendations of the portfolio manager) will be subject to the prior written approval of the Security Trustee (unless the Selected Mortgage Loans are being sold to the Seller following the exercise of its rights of pre-emption under clause 19 of the Mortgage Sale Agreement). The Security Trustee will not be required to release the Selected Mortgage 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 Mortgage 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 paragraph above, enter into a sale and purchase agreement with the related Purchasers, which will require, amongst other things, a cash payment from the relevant Purchasers. Any such sale will not include any representations or warranties from the Covered Bond Guarantor or the Seller in respect of the Selected Mortgage 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 and prior to 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 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 15 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, or the Trust Manager on its behalf, as quickly as reasonably practicable, and the proceeds credited to the GIC Account after which the Covered Bond Guarantor shall be permitted to invest all available moneys in Authorised Investments, provided that such sales or investments are made in accordance with the terms of the Management Agreement and the Establishment Deed.

Covenants of the Covered Bond Guarantor

The Covered Bond Guarantor covenants that, except as provided in or permitted by the Programme Documents, it will not:

(a) create or permit to subsist any Security Interest over the whole or any part of the assets of the Trust;

(b) transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of the assets of the Trust or any interest, estate, right, title or benefit therein or thereto or agree or attempt or purport to do so;

(c) have an interest in any bank account;

(d) incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any such indebtedness;

(e) consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person;

(f) have any employees or premises or subsidiaries;

(g) acquire any assets;

(h) enter into any contracts, agreements or other undertakings;

(i) compromise, compound or release any debt due to it; and

(j) commence, defend, settle or compromise any litigation or other claims relating to it or any of its assets.

The Covered Bond Guarantor further covenants that it will:

(a) remain tax resident in New Zealand for the purposes of the Tax Act throughout the period for which it is acting as trustee of the Trust; and

(b) not perform any of its duties, or exercise any rights in relation to the Trust outside of New Zealand.

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 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, BNZ (in its capacities as Seller, Servicer, Account Bank and Calculation Manager) and the Security Trustee (as the same may be amended and/or supplemented and/or restated from time to time).

The Cash Management Services will include but will not be limited to:

(a) maintaining the Ledgers on behalf of the Covered Bond Guarantor;

(b) determining the amount of Mortgage Loan Revenue Receipts and the Mortgage Loan Principal Receipts received and Available Revenue Receipts and Available Principal Receipts to be distributed in accordance with the Priorities of Payments described under "*Cashflows*", below;

(c) determining the amount of Losses incurred on the Mortgage Loans in the Mortgage Loan Portfolio during each Calculation 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) distributing the Available Revenue Receipts and the Available Principal Receipts in accordance with the Priorities of Payment described under "*Cashflows*", below;

(e) maintaining records of all Authorised Investments and Substitution Assets, as applicable.

The Calculation Management Services will include but will not be limited to:

(a) determining whether the Asset Coverage Test is satisfied on each Calculation 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 Amortisation Test is satisfied on each Calculation 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;

(c) on each NZ 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 Liquidity*" below.

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 appoint a substitute (the identity of which will be subject to the Security Trustee's prior written approval). 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 appoint a substitute (the identity of which will be subject to the Security Trustee's prior written approval). 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 Management Agreement is governed by New Zealand law.

Swap Agreements

In order to hedge certain interest rate, currency or other risks in respect of amounts received by the Covered Bond Guarantor under the Mortgage Loans, the Substitution Assets, Authorised Investments and certain other amounts deposited into the GIC Account and amounts payable by the Covered Bond Guarantor under the Intercompany Loan Agreement to BNZ 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 and amounts payable by the Covered Bond Guarantor under the Demand Loan Agreement to BNZ, the Covered Bond Guarantor will enter into certain swap transactions with swap providers as described below.

Each such swap transaction (including, without limitation, the Interest Rate Swaps and each Covered Bond Swap) (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, the 2002 ISDA Master Agreement (Multicurrency-Cross Border) as published by the International Swaps & Derivatives Association, Inc. (ISDA) and Schedule and Credit Support Annex thereto (such 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 Agreements**).

Interest Rate Swap Agreement

Some of the Mortgage Loans in the Mortgage Loan Portfolio from time to time pay a variable amount of interest. Other Mortgage Loans pay a fixed rate of interest for a period of time. However, the NZ Dollar payments to be made by the Covered Bond Guarantor under the Covered Bond Swaps and the Demand Loan will be based on the Bank Bill Rate for three month NZ Dollar deposits. To provide a hedge against the variance between:

(a) the rates of interest payable on the Mortgage Loans in the Mortgage Loan Portfolio, the Substitution Assets, Authorised Investments and certain other amounts deposited into the GIC Account; and

(b) the Bank Bill Rate for three month NZ Dollar deposits,

the Covered Bond Guarantor, the Trust Manager, the Security Trustee and the Interest Rate Swap Provider have entered into Interest Rate Swaps under the Interest Rate Swap Agreement.

The Interest Rate Swap Agreement 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.

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 Mortgage 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 Mortgage Loans and the Interest Rate Swaps and amounts payable by the Covered Bond Guarantor under the Intercompany Loan Agreement (prior to service of a Notice to Pay) and under the Covered Bond Guarantee in respect of the Covered Bonds (after service of a Notice to Pay).

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 Bank Bill Rate for three month NZ Dollar deposits 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. If payment of any Guaranteed Amounts representing the Final Redemption Amount of a Series of Covered Bonds is deferred until the Extended Due for Payment Date:

(a) and if, on any Interest Payment Date from (and including) the Final Maturity Date to (but excluding) the Extended Due for Payment Date of the relevant Series, an amount is available to the Covered Bond Guarantor in accordance with the Guarantee Priority of Payments to be applied to repay the Final Redemption Amount of the relevant Series on that date, the Covered Bond Swap Provider will pay to the Covered Bond Guarantor an amount equal to that part of the Final Redemption Amount that is to be repaid on that date, in exchange for payment by the Covered Bond Guarantor of the NZ Dollar Equivalent of that amount; and

(b) in the event that an Early Redemption Amount is not paid on any Interest Payment Date from (and including) the Final Maturity Date to (but excluding) the Extended Due for Payment Date of the relevant Series, the Covered Bond Swap Provider will, on the Extended Due for Payment Date of the relevant Series, pay to the Covered Bond Guarantor an amount equal to the Final Redemption Amount 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 a Series or Tranche of Covered Bonds is denominated in NZ Dollars and the interest rate payable on such Series or Tranche of Covered Bonds is a fixed rate of interest, the Covered Bond Swap Provider will pay to the Covered Bond Guarantor on each Intercompany Loan Interest Payment Date an amount equal to the relevant amounts that would be payable by the Covered Bond Guarantor under either the related Term Advance in accordance with the provisions of the Intercompany Loan Agreement or the Covered Bond Guarantee in respect of interest payable under the relevant Series or Tranche of Covered Bonds. In return, the Covered Bond Guarantor will pay to the Covered Bond

Swap Provider on each Trust Payment Date an amount in NZ Dollars calculated by reference to the Bank Bill Rate for three month NZ Dollar deposits plus a spread; and

(b) if a Series or Tranche of Covered Bonds is not denominated in 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 Swap Provider will pay to the Covered Bond Guarantor on each Intercompany Loan Interest Payment Date an amount equal to the relevant amounts that would be payable by the Covered Bond Guarantor under either the related Term Advance in accordance with the terms of the Intercompany Loan Agreement or the Covered Bond Guarantee in respect of interest and principal payable under the relevant Series or Tranche of Covered Bonds. In return, the Covered Bond Guarantor will pay to the Covered Bond Swap Provider on each Trust Payment Date an amount in NZ Dollars calculated by reference to the Bank Bill Rate for three month NZ Dollar deposits plus a spread and the NZ Dollar Equivalent of the relevant portion of any principal due to be repaid in respect of the related Term Advance in accordance with the Intercompany Loan Agreement.

Each Covered Bond Swap will terminate on the date on which all the Covered Bonds of the relevant Series have been repaid or redeemed in full.

Rating Downgrade Event

Under the terms of each Swap Agreement, in the event that the rating(s) of the Swap Provider is downgraded by a Rating Agency below the rating(s) specified in the relevant Swap Agreement (in accordance with the requirements of the Rating Agencies) for that Swap Provider, that Swap Provider will, in accordance with the relevant Swap Agreement, be required to take certain remedial measures which may include:

(a) providing collateral for its obligations under the Swap Agreement, or

(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 ratings required by the relevant Rating Agency or (ii) the relevant Rating Agency has confirmed that such transfer will not adversely affect the ratings of the then outstanding Series of Covered Bonds, or

(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 ratings required by the relevant Rating Agency or (ii) the relevant Rating Agency has confirmed that such co-obligor or guarantor will not adversely affect the ratings of the then outstanding Series of Covered Bonds, or

(d) taking such other action or putting in place such alternative hedging as it may agree with the relevant Rating Agency.

A failure to take such steps within the time periods specified in the Swap Agreement will allow the Covered Bond Guarantor to terminate the Swap Agreement.

Other Termination Events

A Swap Agreement may also be terminated early in certain other circumstances, including:

(a) at the option of any party to the Swap Agreement, if there is a failure by the other party to pay any amounts due under such Swap Agreement;

(b) upon the occurrence of an insolvency event in relation to the Swap Provider, or the Covered Bond Guarantor, or the merger of one of the parties to such Swap Agreement without an assumption of the obligations under such Swap Agreement (except in respect of a transfer by the Covered Bond Guarantor to the Security Trustee in its fiduciary capacity);

(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 reconstruction 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 impractical;

(e) in relation to a Covered Bond Swap only, if the corresponding Series of Covered Bonds are redeemed or cancelled; and

(f) the making of an amendment (without the consent of the Swap Provider) to the Priorities of Payment 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.

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**). 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 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 will be delivered in the form of cash. Cash amounts will be paid into an account designated as a **Swap Collateral Cash Account**. References to a Swap Collateral Cash Account and to payments from such accounts are deemed to be a reference to payments from such accounts as and when opened by the Covered Bond Guarantor.

If a 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 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 (in its capacity as Covered Bond Guarantor, All Moneys Mortgage Trustee and All Moneys Mortgage Beneficiary), BNZ (in its capacities as Account Bank, Calculation Manager and All Moneys Mortgage Beneficiary), the Trust Manager and the Security Trustee (as the same may be amended and/or supplemented and/or restated from time to time), the Covered Bond Guarantor will maintain with the Account Bank the GIC Account described below, the Transactions Accounts, the All Moneys Mortgage Trust Account 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.

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 NZ 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 (acting on the directions of the Bond Trustee (for so long as any Covered Bonds are outstanding) or (if there are no Covered Bonds outstanding) of the Majority Secured Creditors)) and such failure remains unremedied for a period of 10 NZ Business Days after the Trust Manager or the Security Trustee has given notice of such failure to the Account Bank,

and the Covered Bond Guarantor and the Security Trustee shall, upon written notice to the Account Bank, terminate the appointment of the Account Bank if the following matters occur:

(d) if the Account Bank ceases to be a Qualified Institution and the Account Bank does not, within 30 days of the occurrence of such event, obtain a guarantee of its obligations under the Account Bank Agreement from a Qualified Institution and provided further that the Rating Agencies have confirmed that the then current ratings of the Covered Bonds would not be reduced, qualified or withdrawn as a result of obtaining such guarantee; or

(e) 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, *inter alia*, the Covered Bond Guarantor, the Trust Manager, 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 charged, in which event the Security shall be a floating charge. Any floating charge shall become a fixed charge automatically and immediately in respect of all Charged Other Property subject to the floating charge:

(a) without the need for any notice to or act by the Security Trustee, following the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor; and

(b) in respect of any such Charged Other Property specified in any notice which may be given by the Security Trustee to the Covered Bond Guarantor and the Trust Manager at any time if, in the opinion of the Security Trustee, that Charged Other Property is at risk of being seized, taken or becoming subject to any Security Interest other than any Security Interest expressly permitted under the Programme Documents.

Release of Security

In the event of any sale of Mortgage Loans (including Selected Mortgage Loans) and their Related Security (and any other related rights under the same) by or on behalf of the Covered Bond Guarantor pursuant to and in accordance with the Programme Documents, such Mortgage Loans and the Related Security (and any other related rights under the same) shall no longer form part of the Mortgage Loan Portfolio and the Security Trustee shall, if so requested in writing by the Covered Bond Guarantor (or the Trust Manager on its behalf) (at the sole cost and expense of the Covered Bond Guarantor) take all reasonable steps necessary to ensure the release or discharge of those Mortgage Loans and the Related Security (and any other related rights under the same) from the Security Interests created by and pursuant to the Security Deed on or prior to the date of such sale, provided that:

(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 Mortgage Loans*" above; and

(b) the Trust Manager shall have provided to the Security Trustee a certificate that such sale of Mortgage Loans and the Related Security has been made in accordance with the terms of the Programme Documents and, in the case of Selected Mortgage Loans only, that the Selected Mortgage Loans have been selected on a basis that is representative of the Mortgage Loans in the Mortgage Loan Portfolio as a whole.

Enforcement

If a Covered Bond Guarantee Acceleration Notice is served on the Covered Bond Guarantor, the Security Trustee shall be entitled to appoint a Receiver, and/or enforce the Security constituted by the Security Deed (including selling the Mortgage Loan Portfolio), and/or take such steps as it shall deem necessary, subject in each case to being indemnified and/or prefunded and/or secured to its satisfaction. All proceeds received by the Security Trustee from the enforcement or realisation of the Security will be applied in accordance with the Post-Enforcement Priority of Payments described under "*Cashflows*" below.

The Security Deed is governed by New Zealand law.

Issuer-ICSDs Agreement

Prior to the issuance of any NGCBs, the Bank will enter into an Issuer-ICSDs Agreement with the ICSDs in respect of any Covered Bonds issued in NGCB form. The Issuer-ICSDs Agreement provides that the ICSDs will, in respect of any such NGCBs, maintain their respective portion of the issue outstanding amount through their records.

The Issuer-ICSDs Agreement will be governed by English law.

CREDIT STRUCTURE

The Covered Bonds will be direct, unsecured and unconditional obligations of the Issuer. The Covered Bond Guarantor has no obligation to pay the Guaranteed Amounts under the Covered Bond Guarantee until the occurrence of an Issuer Event of Default, service by the Bond Trustee on the Issuer of an Issuer Acceleration Notice and on the Covered Bond Guarantor of a Notice to Pay or, if earlier, following the occurrence of a Covered Bond Guarantor Event of Default, service by the Bond Trustee on the Covered Bond Guarantor and the Issuer of a Covered Bond Guarantee Acceleration Notice. The Issuer will not be relying on any payments by the Covered Bond Guarantor in order to pay interest or repay principal under the Covered Bonds.

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

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

(b) the 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 three-monthly basis;

(d) the Amortisation Test is intended to test the asset coverage of the Covered Bond Guarantor's assets in respect of the Covered Bonds following the occurrence of an Issuer Event of Default, service on the Issuer of an Issuer Acceleration Notice and service of a Notice to Pay on the Covered Bond Guarantor;

(e) a Reserve Fund will be established in the GIC Account to trap a specified amount of Available Revenue Receipts or a Term Advance if:

  (i) prior to the Roll-off Date, BNZ's short-term, unsecured, unsubordinated and unguaranteed debt obligations are rated below F1+ by Fitch or P-1 by Moody's; or

  (ii) on and from the Roll-off Date, BNZ's short-term, unsecured, unsubordinated and unguaranteed debt obligations are rated below F1 by Fitch or P-1 by Moody's or such other rating as is acceptable to Moody's and/or Fitch in order to maintain the then current ratings of the Covered Bonds; and

(f) under the terms of the Account Bank Agreement, the Account Bank has agreed to pay a rate of interest per annum equal to the Bank Bill Rate for three month NZ Dollar deposits (which shall be the rate determined by the Account Bank on each Calculation Date or, in the case of the first Calculation Period, the First Issue Date) on all amounts held by the Covered Bond Guarantor in the GIC Account.

Certain of these factors are considered more fully in the remainder of this section.

Covered Bond Guarantee

Pursuant to the terms of the Bond Trust Deed, the Covered Bond Guarantor has guaranteed payments of interest and principal under the Covered Bonds issued by the Issuer. The Covered Bond Guarantor has agreed to pay an amount equal to the Guaranteed Amounts when the same shall become Due for Payment but which would otherwise be unpaid by the Issuer. The obligations of the Covered Bond Guarantor under the Covered Bond Guarantee constitute 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 Issuer but not at such time as against the Covered Bond Guarantor).

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

See further "*Overview of the Principal Documents — Bond Trust Deed*" as regards the terms of the Covered Bond Guarantee.

See further "Cashflows — *Guarantee Priority of Payments*" as regards the payment of amounts payable by the Covered Bond Guarantor to Covered Bondholders and other Secured Creditors following service of a Notice to Pay.

Pre-Maturity Liquidity

Each Series of Hard Bullet Covered Bonds is subject to a Pre-Maturity Test on each 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 BNZ's 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.

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 three-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 Calculation Date, the Adjusted Aggregate Mortgage 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 from time to time. The Asset Coverage Test will be tested by the Calculation Manager on each Calculation Date.

Pursuant to the terms of the Mortgage Sale Agreement, the Seller has agreed to use all reasonable efforts to transfer Mortgage Loans and the Related Security to the Covered Bond Guarantor in order to ensure that the Mortgage Loan Portfolio is in compliance with the Asset Coverage Test. The consideration payable to the Seller for the sale of such Mortgage Loans and Related Security to the Covered Bond Guarantor may be funded by (i) cash available to the Covered Bond Guarantor to pay for such Mortgage Loans and Related Security in accordance with the Pre-Acceleration Principal Priority of Payments; and/or (ii) a drawing under the Demand Loan Agreement.

Alternatively, the Covered Bond Guarantor may purchase Substitution Assets or request drawings under the Demand Loan Agreement (as directed by the Trust Manager) in order to ensure that the Covered Bond Guarantor is in compliance with the Asset Coverage Test.

If the Adjusted Aggregate Mortgage Loan Amount is less than the NZ Dollar Equivalent of the aggregate Principal Amount Outstanding of all Covered Bonds on a Calculation Date and also on the next following Calculation Date, the Asset Coverage Test will be breached and the Bond Trustee will serve an Asset Coverage Test Breach Notice on the 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 Calculation 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 Calculation Date after service of such Asset Coverage Test Breach Notice an Issuer Event of Default will occur.

See further "*Overview of the Principal Documents – Establishment Deed – Asset Coverage Test*", above.

Amortisation Test

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

Pursuant to the Establishment Deed, the Covered Bond Guarantor must ensure that on each Calculation 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 Mortgage 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 "*Overview of the Principal Documents — Establishment Deed — Amortisation Test*", above.

Reserve Fund

If, on a Calculation Date, BNZ's short-term, unsecured, unsubordinated and unguaranteed debt obligations are not rated at least:

(a) prior to the Roll-off Date, P-1 by Moody's and F1+ by Fitch, the Covered Bond Guarantor is required to establish a reserve fund within the GIC Account and to credit, on the next Trust Payment Date, to the Reserve Fund the proceeds of Available Revenue Receipts or the remaining proceeds of 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 then outstanding from (and including) such Calculation Date to (but excluding) the date falling three months after such Calculation Date, and (ii) due for payment on each Series of Covered Bonds from (and including) such Calculation Date to (but excluding) the date falling three months after such Calculation 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) and (b) of the Pre-Acceleration Revenue Priority of Payments; or

(b) on and from the Roll-off Date, P-1 by Moody's and F1 by Fitch or such other rating as is acceptable to Moody's and/or Fitch in order to maintain the then current ratings of the Covered Bonds, the Covered Bond Guarantor is required to establish a reserve fund within the GIC Account and to credit, on the next Trust Payment Date, to the Reserve Fund the proceeds of Available Revenue Receipts or the remaining proceeds of a Term Advice 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 in respect of which there is no Covered Bond Swap in effect (including where a Covered Bond Swap has been entered into but has been terminated) from (and including) such Calculation Date to (but excluding) the date falling three months after such Calculation Date; and (ii) due for payment on each Series of Covered

Bonds in respect of which there is no Covered Bond Swap in effect (including where a Covered Bond Swap has been entered into but has been terminated) from (and including) such Calculation Date to (but excluding) the date falling three months after such Calculation Date, and (b) the aggregate of all scheduled floating amounts that will become due and payable to the Covered Bond Swap Provider within the next three months under each Covered Bond Swap, and (c) an amount equal to the anticipated aggregate amount due for payment within the next three months in respect of the items specified in paragraphs (a) and (b) of the Pre-Acceleration Revenue Priority of Payments.

On 7 April 2020, Fitch downgraded the short-term credit rating of BNZ from "F1+" to "F1". As a result of this a Reserve Fund has been established by the Covered Bond Guarantor.

CASHFLOWS

As described above under Credit Structure, until a Notice to Pay or Covered Bond Guarantee Acceleration Notice is served on the Covered Bond Guarantor, the Covered Bonds will be obligations of the Issuer only. The Issuer is liable to make payments when due on the Covered Bonds, whether or not it 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 Transaction Accounts 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.

If a Transaction Account is closed in accordance with the terms of the Account Bank Agreement, any payment to be made to or from the relevant Transaction Account shall, as applicable, be made to or from the GIC Account, or no payment shall be made at all if such payment is expressed to be from the GIC Account to the relevant Transaction Account.

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 Calculation 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 Calculation Date falling within the Pre-Maturity Test Period, 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 the relevant Series of Hard Bullet Covered Bonds at such date (after deducting from the balance standing to the credit of the Pre-Maturity Ledger such amount as is then required to repay any Series of Hard Bullet Covered Bonds which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds).

On each Trust Payment Date, the Covered Bond Guarantor, or the Trust Manager on its behalf, 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 (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, or the Trust Manager on its behalf, will apply Available Revenue Receipts from the Transaction Accounts 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 Agency Agreements 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 (other than for the subordinated servicing fee (if any) that is payable under paragraph (k) below) then due and payable to the Servicer and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicer under the provisions of the Servicing Agreement in the Trust Payment Period in which such Trust Payment Date occurs, together with applicable GST (or other similar Taxes) thereon;

(ii) any remuneration then due and payable to the Calculation Manager and any costs, charges, liabilities and expenses then due or to become due and payable to the Calculation Manager under the provisions of the Management Agreement in the Trust Payment Period in which such Trust Payment Date occurs, together with applicable GST (or other similar Taxes) thereon;

(iii) amounts (if any) due and payable to the Account Bank (including costs) pursuant to the terms of the Account Bank Agreement, together with 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 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 Swaps (including any termination payment due and payable by the Covered Bond Guarantor under the Interest Rate Swaps 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 Agreements;

(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 Agreements 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*, in or towards payment on the Trust Payment Date of, if the Covered Bond Guarantor, or the Trust Manager on its behalf, is required to make a deposit to the Pre-Maturity Ledger following a breach of the Pre-Maturity Test, the amount of that deposit 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 the relevant Series of Hard Bullet Covered Bonds calculated as at the immediately preceding Calculation Date, less (B) any amounts standing to the credit of the Pre-Maturity Ledger as at the immediately preceding Calculation Date after having deducted the NZ Dollar Equivalent of the Required Redemption Amount of all other Series of Hard Bullet Covered Bonds, as calculated on such Calculation Date, which mature prior to or on the same date as such relevant Series of Hard Bullet Covered Bonds referred to in (A);

(f) *sixth*, 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 Mortgage Loan Portfolio (or the relevant part thereof);

(g) *seventh*, 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 Calculation Date;

(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*, as a subordinated servicing fee to the Servicer, the amount that is payable to the Servicer as a servicing fee in accordance with the Subordinated Servicing Fee Letter; and

(l) *twelfth*, the remainder:

(i) subject to sub-paragraph (ii) below:

(A) except for the Trust Payment Date that occurs on or immediately after the day on which the Net Annual Income of the Trust for a 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 Inland Revenue to meet any unpaid income tax liability in respect of the income of the Trust and distribution of income of the Trust; or

(B) upon being satisfied that the 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 paragraphs (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 Transaction Accounts shall be allocated and distributed as described below.

On each Calculation 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.

On each Trust Payment Date, the Covered Bond Guarantor, or the Trust Manager on its behalf, 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, or the Trust Manager on its behalf, will apply Available Principal Receipts from the Transaction Accounts (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 Pre-Maturity Test has been breached by the Issuer in respect of any Series of Hard Bullet Covered Bonds, towards a credit to the Pre-Maturity Ledger and deposit into the GIC Account in an amount up to, but not exceeding the difference between:

(i) the NZ Dollar Equivalent of the Required Redemption Amount calculated on the immediately preceding Calculation Date for the relevant Series of Hard Bullet Covered Bonds; and

(ii) any amounts standing to the credit of the Pre-Maturity Ledger on the immediately preceding Calculation Date after having deducted the NZ Dollar Equivalent of the Required Redemption Amount of all other Series of Hard Bullet Covered Bonds, as calculated on that Calculation Date, which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds;

(b) *second*, to acquire New Mortgage Loans and the Related Security offered to the Covered Bond Guarantor by the Seller in accordance with the terms of the Mortgage Sale Agreement 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 and thereafter to acquire Substitution Assets in an amount not to exceed the prescribed limit (as specified herein) sufficient to ensure that, after 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 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 Mortgage Loans and the Related Security sold to the Covered Bond Guarantor in accordance with the Mortgage Sale Agreement following receipt by the Seller of a notice from the Covered Bond Guarantor or the Security Trustee; and

(ii) reimburse the Seller for funding any Further Advances and/or Cash Redraws that the Covered Bond Guarantor has agreed to reimburse the Seller for in accordance with the Mortgage Sale Agreement;

(f) *sixth*, to repay such amount of the principal outstanding on the Demand Loan that is due and payable to the Demand Loan Provider pursuant to the terms of the Demand Loan Agreement, to the extent that such payment would not cause the Asset Coverage Test to be breached;

(g) *seventh*, if the principal balance of the Demand Loan is zero, as a subordinated servicing fee to the Servicer, the amount payable to the Servicer as a servicing fee in accordance with the Subordinated Servicing Fee Letter; 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 paragraphs (b), (d)(ii), (e), (f) or (g) 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.

On each Trust Payment Date, the Covered Bond Guarantor, or the Trust Manager on its behalf, will transfer funds from the GIC Account to the Transaction Accounts, 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, or the Trust Manager on its behalf, 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)(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, or the Trust Manager on its behalf, 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 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 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 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 Agency Agreements together with applicable GST (or other similar Taxes) thereon; and

(ii) any amounts then due and payable by the Covered Bond Guarantor to third parties and incurred without breach by the Covered Bond Guarantor of the Programme Documents to which it is a party (and for which payment has not been provided for elsewhere in this Guarantee Priority of Payments) and to provide for any such amounts expected to become due and payable by the Covered Bond Guarantor in the Trust Payment Period in which such Trust Payment Date occurs and to pay or discharge any liability of the Covered Bond Guarantor for Taxes;

(c) *third*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) any remuneration (other than for the subordinated servicing fee (if any) that is payable under paragraph (m) below) 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 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 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 applicable GST (or other similar Taxes) thereon;

(iv) amounts due and payable to the Trust Manager under the Establishment Deed and the Management Agreement;

(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 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 Swaps (including any termination payment due and payable by

the Covered Bond Guarantor under the Interest Rate Swaps 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 applicable Agent on behalf of the Covered Bondholders, Receiptholders 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 Covered Bond Swap Agreements 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 applicable Agent on behalf of the Covered Bonds *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 applicable Agent on behalf of the Covered Bondholders,

but, in the case of any such payment or provision, after taking into account any amounts receivable from 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 in respect of the relevant Covered Bond Swap, 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 subparagraph (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 any amounts due or to become due and payable in the immediately succeeding Trust Payment Period (whether in respect of principal or interest) under the Intercompany Loan Agreement *pro rata* and *pari passu* in respect of each Term Advance pursuant to the terms of 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*, any amounts due or to become due and payable, in respect of the Demand Loan pursuant to the terms of the Demand Loan Agreement to the extent that such payment would not cause the Amortisation Test to be breached;

(m) *thirteenth*, as a subordinated servicing fee to the Servicer, an amount equal to that part of the remainder that is payable to the Servicer as a servicing fee in accordance with the Subordinated Servicing Fee Letter; and

(n) *fourteenth*, the remainder:

(i) subject to sub-paragraph (ii) below:

(A) except for the Trust Payment Date that occurs on or immediately after the day on which the Net Annual Income of the Trust for a 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 Inland Revenue to meet any unpaid income tax liability in respect of the income of the Trust and distribution of income of the Trust; or

(B) upon being satisfied that the 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 to the replacement 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 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 termination payment paid from such premium 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 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, for the benefit of the Secured Creditors in respect of the Secured Obligations, shall be held by it in the Trust Accounts on trust to be applied (save to the extent required otherwise by law), in the following order of priority (and, in each case, only if and to the extent that payments or provisions of a higher order of priority have been made in full) (the **Post-Enforcement Priority of Payments**):

(a) *first*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) all amounts due and payable or to become due and payable to the Bond Trustee under the provisions of the Bond Trust Deed (but not including amounts otherwise payable to Covered Bondholders under this Post-Enforcement Priority of Payments) together with interest and any applicable GST (or similar Taxes) thereon;

(ii) all amounts due and payable or to become due and payable to the Security Trustee and any Receiver 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 Agency Agreements 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 (other than for the subordinated servicing fee (if any) that is payable under paragraph (i) below) 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 in the Trust Payment Period during which the application of moneys is made, 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 Agreements;

(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*, as a subordinated servicing fee to the Servicer, an amount equal to that part of the remainder that is payable to the Servicer as a servicing fee in accordance with the Subordinated Servicing Fee Letter; and

(j) *tenth*, the remainder as a distribution to the Beneficiaries in accordance with the Establishment Deed.

THE MORTGAGE LOAN PORTFOLIO

Each New Mortgage Loan Portfolio acquired by the Covered Bond Guarantor consists of Mortgage Loans and the Related Security sold by the Seller to the Covered Bond Guarantor from time to time, in accordance with the terms of the Mortgage Sale Agreement, as more fully described under "*Overview of the Principal Documents – Mortgage Sale Agreement*".

For the purposes hereof:

New Mortgage Loan Portfolio means a portfolio of New Mortgage Loans and the Related Security (other than any New Mortgage Loans and the Related Security included in such portfolio which have been redeemed in full prior to the relevant Transfer Date in respect of such portfolio), particulars of which are set out in, or attached to, a New Mortgage Loan Portfolio Notice, and all right, title, interest and benefit of the Seller in and to the rights and assets set out in paragraphs (a) to (f) (inclusive) below:

(a) all sums of principal and interest (including, for the avoidance of doubt, all Accrued Interest, Arrears of Interest, Capitalised Expenses and Capitalised Arrears) and any other sum due or to become due under or in respect of such New Mortgage Loans and the Related Security on or after the Transfer Date in respect of such New Mortgage Loans and including, without limitation, the right to demand, sue for, recover and give receipts for all such principal, interest or other amounts, the right to sue on all covenants and undertakings made or expressed to be made in favour of the Seller under the applicable Mortgage 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 Mortgage Loans or any other collateral security for the repayment of the relevant Mortgage Loans secured by the Related Security;

(c) the right to exercise all the powers of the Seller in relation thereto subject to and in accordance with the relevant Mortgage 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 Mortgage Loans and the Related Security, or any part thereof affecting the decision of the Seller to make or offer to make such Mortgage Loans or part thereof; and

(f) the benefit of certain Insurance Contracts, in each case so far as they relate to such New Mortgage Loans comprised in that portfolio of New Mortgage Loans and the Related Security, including the right to receive the proceeds of all claims made or to be made by or on behalf of the Seller or to which the Seller is or may become entitled.

Any schedule of New Mortgage Loans attached to any New Mortgage Loan Portfolio Notice may be provided in a document stored upon electronic media (including, but not limited to, electronic mail and CD-ROM).

See also the following risk factors under the section "*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 – Covered Bondholders receive a limited description of the Mortgage Loan Portfolio – Maintenance of Portfolio*".

BOOK-ENTRY CLEARANCE SYSTEMS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of the Clearing Systems currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer and the Covered Bond Guarantor believe to be reliable, but none of the Issuer, the Covered Bond Guarantor, the Bond Trustee nor any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Covered Bond Guarantor nor any other party to the Agency Agreements will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Covered Bonds held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Book-entry Systems

Clearing and settlement in New Zealand

Upon the issuance of a NZ Registered Covered Bond, the Issuer will (unless otherwise agreed with the Covered Bondholder) procure that the NZ Registered Covered Bond is entered into NZClear. Upon entry, New Zealand Central Securities Depository Limited (**NZCSD**) (in its capacity as custodian of NZClear) will become the sole registered holder (**Registered Holder**) of the NZ Registered Covered Bond.

Participants in NZClear (**Accountholders**) may acquire rights against the Registered Holder in relation to those Covered Bonds. If potential investors are not Accountholders, they may hold their interest in the relevant Covered Bond through a nominee who is an Accountholder. All payments by the Issuer in respect of Covered Bonds entered in NZClear will be made directly to an account of the Registered Holder or as it directs in accordance with the rules and regulations of NZClear.

Secondary market transfers

Secondary market transfers of Covered Bonds held in NZClear will be conducted in accordance with the rules and regulations of NZClear.

Relationship of Accountholders with the Registered Holder

Each of the persons shown in the records of NZClear as having an interest in the Covered Bonds issued by the Issuer must look solely to NZClear for such person's share of each payment made by the Issuer to the Registered Holder and to any other rights arising under the Covered Bonds, subject to and in accordance with the rules and regulations of NZClear. Unless and until such Covered Bonds are uplifted from NZClear and registered in the name of an Accountholder, such person has no claim directly against the Issuer in respect of payments by the Issuer and such obligations of the Issuer will be discharged by payment to the Registered Holder (or as it directs) in respect of each amount so paid.

NZClear System and Cross-Trading with Euroclear and Clearstream

Subject to the rules of the relevant clearing and settlement system, Covered Bondholders may elect to hold interests in NZ Registered Covered Bonds (i) directly through NZClear, (ii) indirectly through Euroclear or Clearstream if they are participants in such systems or (iii) indirectly through organisations which are participants in NZClear, Euroclear or Clearstream, Luxembourg. The Issuer has been advised that Euroclear and Clearstream, Luxembourg will hold interests on behalf of their participants through customers' securities accounts in their respective names on the books of their respective New Zealand sub-custodians, which in turn will hold such interests in customers' securities accounts in the names of the New Zealand sub-custodians on the books of NZCSD. The rights of a holder of interests in NZ Registered Covered Bonds held through

Euroclear or Clearstream, Luxembourg are subject to the respective rules and regulations for accountholders of Euroclear and Clearstream, Luxembourg, the terms and conditions of agreements between Euroclear and Clearstream, Luxembourg and their respective nominee and the rules and regulations of NZClear. Participants in any of such systems should contact the relevant clearing system(s) if they have any questions in relation to clearing, settlement and cross-market transfers and/or trading.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

TAXATION

New Zealand Taxation

The comments below are of a general nature based on current New Zealand law and practice. The comments relate only to Covered Bonds issued pursuant to a binding agreement entered into on or after the date of this Prospectus. 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 and do not deal with any other aspect of the New Zealand taxation treatment that may be applicable to holders of Covered Bonds (including, for instance, income 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 Issuer in accordance with Condition 14 (Meetings of Covered Bondholders, Modification, Waiver and Substitution) of the Covered Bonds.

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 New Zealand 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 New Zealand 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 New Zealand.

Resident Withholding Tax

The Issuer or the Covered Bond Guarantor, as the case may be, will deduct any applicable New Zealand resident withholding tax at the rate required by law from the payment of interest (including amounts deemed to be interest) to the Covered Bondholder or Couponholder if:

(a) the person deriving the interest:

  (i) is a resident of New Zealand for income tax purposes; or

  (ii) is a non-resident that holds the Covered Bond or Coupon for the purpose 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 for New Zealand resident withholding tax purposes.

If New Zealand resident withholding tax is required to be deducted from the payment of any interest by the Issuer or the Covered Bond Guarantor, the Issuer 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 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 by the Issuer and the Issuer is required to pay an additional amount in respect of such tax to the Covered Bondholder or Couponholder, the Issuer intends to reduce the applicable rate of non-resident withholding tax to zero per cent. as a result of receiving or having received approved issuer status, registering or having registered the Programme with the New Zealand Inland Revenue Department for the purposes of the approved issuer levy regime and paying, on its own account, the approved issuer levy (currently equal to 2 per cent. of such payments of interest).

Non-Resident Withholding Tax: General

Where the Issuer is associated with the Covered Bondholder or Couponholder under the Tax Act, the Issuer is not required to pay an additional amount to the Covered Bondholder or Couponholder in respect of non-resident withholding tax deducted.

Where a Covered Bondholder or Couponholder who is not a New Zealand Bondholder holds the Covered Bond 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 New Zealand Inland Revenue Department for a refund of over-deducted tax. The Issuer will not pay an additional amount to the Covered Bondholder or Couponholder in respect of non-resident withholding tax deducted in that case.

Payments by the Covered Bond Guarantor

If New Zealand resident withholding tax or 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.

Information

Covered Bondholders and Couponholders should note that the New Zealand Inland Revenue Department has the power to obtain information (including the name and address of a beneficial owner of the interest) from any person in New Zealand who pays or credits interest to, or receives interest for the benefit of, a Covered Bondholder or Couponholder. Any information obtained may be exchanged by the New Zealand Inland Revenue Department with tax authorities of any other relevant jurisdiction.

United Kingdom Taxation

*The comments below are of a general nature and are based on the Issuer's understanding of current United Kingdom law and published HM Revenue & Customs' (**HMRC**) practice relating only to the United Kingdom withholding tax treatment of payments of interest (as that term is understood for United Kingdom tax purposes) in respect of Covered Bonds. They do not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Covered Bonds. They relate only to the position of persons who are the absolute beneficial owners of their Covered Bonds and all payments made thereon. The United Kingdom tax treatment of prospective holders of Covered Bonds depends on their individual circumstances and may be subject to change in the future.*

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 Issuer in accordance with Condition 14 (Meetings of Covered Bondholders, Modification, Waiver and Substitution) of the Covered Bonds.

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

Payments of interest on the Covered Bonds that does not have a United Kingdom source may be made without deduction or withholding on account of United Kingdom income tax. If interest paid on the Covered Bonds does have a United Kingdom source, then payments may be made without deduction or withholding on account of United Kingdom income tax in any of the following circumstances.

While the Covered Bonds carry a right to interest and are and continue to be listed on a "recognised stock exchange" within the meaning of sections 987 and 1005 of the Income Tax Act 2007 of the United Kingdom (***ITA***), payments of interest on such Covered Bonds may be made without deduction of or withholding on account of United Kingdom income tax. The Luxembourg Stock Exchange is a recognised stock exchange for the purposes of section 1005 of the ITA. The Covered Bonds will satisfy this requirement if they are officially listed in Luxembourg in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the Luxembourg Stock Exchange.

Interest on Covered Bonds may be paid without deduction of or withholding 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 other cases, an amount must generally be withheld from payments of interest on the Covered Bonds that has a United Kingdom source on account of United Kingdom income tax (currently at the rate of 20 per cent. and increasing to 24 per cent. from April 2027), subject to any available exemptions and reliefs. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a holder of Covered Bonds, HMRC can issue a notice to the Issuer to pay interest to the holder of Covered Bonds without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Payments by the Covered Bond Guarantor

The United Kingdom withholding tax treatment of payments by the Covered Bond Guarantor under the terms of the Covered Bond Guarantee which have a United Kingdom source is uncertain. 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 under the Covered Bonds) and such payment has a United Kingdom source, such payment may be subject to United Kingdom withholding tax, whether or not the Covered Bonds are listed on a "recognised stock exchange" within the meaning of Section 1005 of ITA. 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.

Luxembourg Taxation

The following information is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Covered Bonds should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

Withholding Tax

(i) Non-resident holders of Covered Bonds

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Covered Bonds, nor on accrued but unpaid interest in respect of the Covered Bonds, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Covered Bonds held by non-resident holders of Covered Bonds.

(ii) Resident holders of Covered Bonds

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the **Law**), there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Covered Bonds, nor on accrued but unpaid interest in respect of Covered Bonds, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Covered Bonds held by Luxembourg resident holders of Covered Bonds.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 20 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the relevant paying agent established in Luxembourg. Payments of interest under the Covered Bonds coming within the scope of the Law would be subject to withholding tax of 20 per cent.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended, commonly known as FATCA, a "**foreign financial institution**" (as defined by FATCA, and including an intermediary through which Covered Bonds are held) may be required to withhold at a rate of 30 per cent. on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting, or related requirements. The term "foreign passthru payment" is not yet defined. The Issuer is registered as a foreign financial institutions for these purposes. A number of jurisdictions (including New Zealand) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the

FATCA provisions and IGAs to instruments such as Covered Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Covered Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Covered Bonds, proposed regulations have been issued that provide that such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Additionally, Covered Bonds characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding, unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Covered Bonds (as described under "*Terms and Conditions of the Covered Bonds – Further Issues*") that are not distinguishable from previously issued Covered Bonds are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Covered Bonds, including the Covered Bonds offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Covered Bonds. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Covered Bonds, no person will be required to pay additional amounts as a result of the withholding.

OECD Common Reporting Standard

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information (the **CRS**) requires certain financial institutions to report information regarding certain accounts (which may include the Covered Bonds) to their local tax authority and follow related due diligence procedures. Covered Bondholders may be requested to provide certain information and certifications to ensure compliance with the CRS. A jurisdiction that has signed a CRS Competent Authority Agreement may provide this information to other jurisdictions that have signed the CRS Competent Authority Agreement.

INDEPENDENT AUDITORS

The consolidated financial statements of BNZ as of and for the years ended 30 September 2025 and 30 September 2026, incorporated by reference in this Prospectus as described in "*Documents Incorporated by Reference and Credit Ratings*" above, have been audited without qualification in accordance with International Standards on Auditing (New Zealand) by Ernst & Young, independent auditors, as stated in their reports appearing therein.

Audit reports in respect of BNZ are signed in the name of the firm of Ernst & Young. Ernst & Young is registered under the New Zealand Auditor Regulation Act 2011. The partner who signs the audit report in the name of the firm is licensed under the New Zealand Auditor Regulation Act 2011.

The auditors of BNZ have no material interest in BNZ.

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealers have, in a Programme Agreement (as the same may be amended and/or supplemented and/or restated from time to time, the **Programme Agreement**) dated 2 June 2010 and amended and restated on 5 November 2010, on 24 April 2013, on 27 August 2014, on 25 May 2016, on 29 May 2018, on 28 May 2019, on 28 May 2020, on 25 May 2021, on 1 June 2022, on 31 May 2024, on 14 May 2025, on 14 November 2025 and on 12 November 2026, agreed with, amongst others, the Issuer and the Covered Bond Guarantor a basis upon which such Dealers or any of them may from time to time agree to purchase Covered Bonds. Any such agreement for any particular purchase by a Dealer will extend to those matters stated under the sections of this Prospectus entitled "*Form of the Covered Bonds*" and "*Terms and Conditions of the Covered Bonds*" above. The Issuer may pay the Dealers commission from time to time in connection with the sale of any Covered Bonds. In the Programme Agreement, the Issuer has agreed to reimburse and indemnify the Dealers for certain of their expenses and liabilities in connection with the establishment and any future updates of the Programme and the issue of Covered Bonds under the Programme. The Dealers are entitled to be released and discharged from their obligations in relation to any agreement to issue and purchase Covered Bonds under the Programme Agreement in certain circumstances prior to payment to the Issuer. In this situation, the issuance of the Covered Bonds may not be completed. Investors will have no rights against the Issuer or the Dealers in respect of any expenses incurred or loss suffered in these circumstances.

Transfer Restrictions

As a result of the following restrictions, purchasers of Covered Bonds in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Covered Bonds.

Each purchaser of Registered Global Covered Bonds or a beneficial interest therein within the United States, by its acceptance or purchase thereof, will be deemed to have acknowledged, represented to and agreed as follows (terms used in this paragraph that are defined in Rule 144A are used herein as defined therein):

(i) that it understands that the Covered Bonds are being offered and sold in a transaction not involving a public offering in the United States (within the meaning of the Securities Act), and that the Covered Bonds have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and may not be reoffered, resold, pledged or otherwise transferred within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

(ii) that it is a qualified institutional buyer (**QIB**), purchasing (or holding) the Covered Bonds for its own account or for the account of one or more QIBs for whom it is authorised to act and it is aware that any sale to it is being made in reliance on an exemption from the registration requirements of the Securities Act provided by Rule 144A;

(iii) that, if in the future it decides to offer, resell, pledge or otherwise transfer the Covered Bonds or any beneficial interests in the Covered Bonds, it will do so, prior to the date which is one year after the later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Covered Bonds, only (a) to the Issuer or any subsidiary thereof, (b) to a QIB or an offeree or purchaser whom the seller reasonably believes to be a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (c) outside the United States in compliance with Rule 903 or Rule 904 of Regulation S under the Securities Act, (d) pursuant to an exemption from registration provided by Rule 144 under the Securities Act (if available) or (e) pursuant to an effective registration statement under the Securities Act covering the Covered Bonds, in each case in accordance with any applicable securities laws of the states of the United States and any other jurisdiction;

(iv) that it will, and will require each subsequent holder to, notify any purchaser of the Covered Bonds from it of the resale restrictions referred to in paragraph (iii) above;

(v) that Covered Bonds initially offered in the United States to QIBs will be represented by one or more Rule 144A Global Covered Bonds;

(vi) that the Covered Bonds will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS SECURITY AND ANY GUARANTEE IN RESPECT THEREOF HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER: (A) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THIS SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT IN RESPECT OF THIS SECURITY (THE AGENCY AGREEMENT) AND, PRIOR TO THE DATE WHICH IS ONE YEAR AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITY OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING THE SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDER OF SUCH SECURITY SENT TO ITS REGISTERED ADDRESS, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A";

(vii) that, before any interest in Registered Global Covered Bonds represented by a Rule 144A Global Covered Bond may be offered, sold, pledged or otherwise transferred to a person who will take delivery in the form of an interest in such Registered Global Covered Bonds represented by a Regulation S Global Covered Bond, it will be required to provide the Registrar with a Transfer Certificate as to compliance with applicable securities laws; and

(viii) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements deemed to have been made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Covered Bonds as a fiduciary or agent for one or more investor accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Each purchaser of Covered Bonds or a beneficial interest therein outside of the United States and each subsequent purchaser of such Covered Bonds or a beneficial interest therein in resales prior to the expiration of the Distribution Compliance Period will, by its acceptance at purchase thereof, be deemed to have acknowledged, represented to and agreed as follows (terms used in this paragraph that are defined in Regulation S are used herein as defined therein):

(i) that it is located outside the United States and is not a U.S. person and is not an affiliate of the Issuer or a person acting on behalf of such an affiliate;

(ii) that it understands that the Covered Bonds are being offered and sold in a transaction not involving a public offering in the United States (within the meaning of the Securities Act), and that the Covered Bonds have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

(iii) that Covered Bonds offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Covered Bonds;

(iv) that if it should offer, resell, pledge or otherwise transfer the Covered Bonds or any beneficial interest in the Covered Bonds prior to the expiration of the Distribution Compliance Period, it will do so only (a)(i) outside the United States in compliance with Rule 903 or 904 of Regulation S under the Securities Act or (ii) to a QIB or an offeree or purchaser whom the seller reasonably believes to be a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A and (b) in accordance with any applicable state securities law of the states of the United States and any other jurisdiction;

(v) that the Covered Bonds will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS SECURITY AND ANY GUARANTEE IN RESPECT THEREOF HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT), OR ANY APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT IN RESPECT OF THIS SECURITY (THE AGENCY

AGREEMENT) AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. UNTIL THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING AND THE ISSUE DATE, SALES MAY NOT BE MADE IN THE UNITED STATES OR TO U.S. PERSONS UNLESS MADE (I) PURSUANT TO RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT OR (II) TO "QUALIFIED INSTITUTIONAL BUYERS" AS DEFINED IN, AND IN TRANSACTIONS PURSUANT TO, RULE 144A UNDER THE SECURITIES ACT";

(vi) that, prior to the expiration of the Distribution Compliance Period, before any interest in Registered Covered Bonds represented by a Regulation S Global Covered Bonds may be offered, sold, pledged or otherwise transferred to a person who will take delivery in the form of an interest in such Registered Covered Bonds represented by a Rule 144A Global Covered Bonds, it will be required to provide the Registrar with a Transfer Certificate as to compliance with applicable securities laws; and

(vii) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Covered Bonds as a fiduciary or agent for one or more investor accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Selling Restrictions

United States

The Covered Bonds and the Covered Bond Guarantee have not been and will not be registered under the Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, transferred, pledged, encumbered or otherwise disposed of, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or in transactions not subject to, the registration requirements of the Securities Act. Accordingly, the Covered Bonds and the Covered Bond Guarantee are being offered hereby only (A) to QIBs in reliance upon the exemptions provided by Rule 144A and (B) outside the United States to persons other than U.S. persons in reliance upon Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Covered Bonds in bearer form are subject to U.S. tax law requirements and may not be offered, 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. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and U.S. Treasury regulations promulgated thereunder.

In connection with any Covered Bonds which are offered or sold outside the United States in reliance on Regulation S (**Regulation S Covered Bonds**), each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has not offered or sold or, in the case of Covered Bonds in bearer form, delivered any such Regulation S Covered Bond, and will not offer, sell or deliver any such Regulation S Covered Bond within the United States or to, or for the account or benefit of, U.S. persons (i) as part of its distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Tranche of Covered Bonds of which such Covered Bonds are a part, in the case of a non-syndicated issue, or the Lead Manager, in the case of a syndicated issue, and except in either case in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates nor any person acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Covered Bonds and they have complied and will comply with the offering restrictions required of Regulation S. Each Dealer has further agreed that it will send to each distributor, dealer

or persons receiving a selling concession, fee or other remuneration to which it sells any Regulation S Covered Bond during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of such Regulation S Covered Bond within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Any Dealer of Covered Bonds sold pursuant to Rule 144A (**Rule 144A Covered Bonds**) may offer, sell and deliver Rule 144A Covered Bonds in registered form (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution of the Tranche of Covered Bonds of which such Covered Bonds are a part, in the case of a non-syndicated issue, or the Lead Manager, in the case of a syndicated issue, in the United States to QIBs, and in compliance with the requirements of Rule 144A under the Securities Act. In connection with each such sale of Covered Bonds pursuant to Rule 144A under the Securities Act, (i) neither such Dealer nor any person acting on its behalf will engage in any form of general solicitation or general advertising (as those terms are used in Rule 502(c) under Regulation D under the Securities Act) and (ii) such Dealer will deliver a Prospectus to each QIB purchasing a Covered Bond or Covered Bonds from it pursuant to Rule 144A.

In respect of Bearer Covered Bonds where TEFRA D is specified in the applicable Final Terms:

(a) except to the extent permitted under TEFRA D, each Dealer (i) represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold, and agreed 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, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, 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;

(b) each Dealer represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, 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 TEFRA D;

(c) each Dealer which is a United States person represented, warranted and agreed, and each such further Dealer appointed under the Programme will be required to represent, warrant and agree, 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 l.163-5(c)(2)(i)(D)(6) (or any successor United States Treasury regulation section, including without limitation, successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010); and

(d) 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 or agrees that it will obtain from such affiliates for the benefit of the Issuer the representations, warranties and agreements contained in (a), (b) and (c) on such affiliate's behalf.

Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended (the **Code**), and the U.S. Treasury regulations promulgated thereunder (the **Regulations**), including TEFRA D.

In respect of Bearer Covered Bonds where TEFRA C is specified in the applicable Final Terms, each Dealer represented, and each further Dealer appointed under the Programme will be required to represent, that it understands that under TEFRA C such Bearer Covered Bonds must be issued and delivered outside the United States and its possessions in connection with their original issuance. Each Dealer 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 represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, in connection with an 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 TEFRA C.

Until 40 days after the commencement of the offering of a Tranche of Covered Bonds, an offer or sale of such Covered Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Dealers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of Covered Bonds to QIBs pursuant to Rule 144A and each such purchaser of Covered Bonds is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A.

New Zealand

No action has been or will be taken by any of the Issuer, 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 prospectus 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 (the **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.

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 for New Zealand resident withholding tax purposes and provide a New Zealand tax file number

to such Dealer (in which event the Dealer shall provide details thereof to the Issuer, the NZ Registrar or to a Paying Agent).

Australia

No prospectus or other disclosure document (as defined in the Corporations Act) in relation to the Programme or any Covered Bonds has been or will be lodged with ASIC. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that unless the relevant Final Terms (or another supplement to any Disclosure Documents) otherwise provides, it:

(a) has not (directly or indirectly) made or invited, and will not make or invite, an offer of the Covered Bonds for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and

(b) has not distributed or published, and will not distribute or publish, any draft, preliminary or definitive Disclosure Document or any other offering material or advertisement relating to any Covered Bonds in Australia,

unless (i) the aggregate consideration payable by each offeree or invitee is at least A$500,000 (or its equivalent in an alternate currency) (disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors under Part 6D.2 or Chapter 7 of the Corporations Act, (ii) the offer or invitation does not constitute an offer to a "retail client" as defined for the purposes of sections 761G and 761GA of the Corporations Act, (iii) such action complies with applicable laws, and directives and (iv) such action does not require any document to be lodged with ASIC.

Section 708(19) of the Corporations Act provides that an offer of debentures for issue or sale does not need disclosure to investors under Part 6D.2 of the Corporations Act if the issuer is an Australian authorised deposit-taking institution (**ADI**). As at the date of this Prospectus, BNZ is not an ADI.

Belgium

The Covered Bonds shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with Article 4 of the Belgian Law of 14 December 2005.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Covered Bonds may not be advertised to any individual in Belgium qualifying as a consumer (*consument/consommateur*) within the meaning of Article I.1 of the Belgian Code of Economic Law (*Wetboek van economisch recht/Code de droit économique*), as amended from time to time (a **Belgian Consumer**) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Covered Bonds, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Covered Bonds, directly or indirectly, to any Belgian Consumer.

Canada

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that Covered Bonds may be sold only to Canadian purchasers purchasing, or deemed to be purchasing, as principal that are both "accredited investors", as defined in National Instrument 45-106 *Prospectus Exemptions* (NI 45-106) or subsection 73.3(1) of the Securities Act (Ontario), and "permitted clients", as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of such Covered Bonds must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

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

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105), where Covered Bonds are sold to Canadian purchasers in the context of a Rule 144A offering and the Canadian purchasers receive the same information distributed to QIBs under Rule 144A, the Dealers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with any offer of Covered Bonds.

Upon receipt of this Prospectus, each Canadian purchaser is hereby deemed to confirm that it has expressly requested that all documents evidencing or relating in any way to the sale of Covered Bonds described herein (including, for the avoidance of doubt, any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque acheteur canadien est réputé d'avoir confirmé par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des billets décrites aux présentes (incluant, pour éviter toute incertitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement*.

United Kingdom

Prohibition of Sales to UK Retail Investors

Unless the Final Terms in respect of any Covered Bonds specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold, distributed or otherwise made available and will not offer, sell, distribute or otherwise make available any Covered Bonds which are the subject of this Prospectus as completed by the Final Terms (or Pricing Supplement, as the case may be) in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression retail investor means a person who is either one (or both) of the following:

  (i) not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

  (ii) not a qualified investor as defined in paragraph 15 of Schedule 1 to the POATRs; 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 buy or subscribe for the Covered Bonds.

If the Final Terms in respect of any Covered Bonds specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Covered Bonds which are the subject of this Prospectus as completed by the final terms in relation thereto to the public in the UK except that it may make an offer:

(a) at any time to any legal entity which is a qualified investor as defined in paragraph 15 of Schedule 1 to the POATRs;

(b) at any time to fewer than 150 persons (other than qualified investors as defined in paragraph 15 of Schedule 1 to the POATRs) in the UK subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Part 1 of Schedule 1 to the POATRs.

For the purposes of this provision:

- the expression an **offer of Covered Bonds to the public** in relation to any Covered Bonds means the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to buy or subscribe for the Covered Bonds; and

- the expression **POATRs** means the Public Offers and Admissions to Trading Regulations 2024.

Other regulatory restrictions

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Covered Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Covered Bond Guarantor;

(b) it has complied and will comply with all applicable provisions of the FSMA (and all rules and regulations made pursuant to 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 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 the Covered Bonds other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Covered Bonds would otherwise constitute a contravention of Section 19 of FSMA by the Issuer.

Prohibition of Sales to EEA Retail Investors

Unless the Final Terms in respect of any Covered Bonds specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agree 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 Bond which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision:

(a) the expression **retail investor** means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or

(ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in the Prospectus Regulation (as defined below); and

(b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds.

If the Final Terms in respect of any Covered Bonds specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the EEA (each a **Relevant State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Covered Bonds which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant State, except that it may make an offer of such Covered Bonds to the public in that Relevant State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Covered Bonds referred to in paragraphs (a) to (c) above will require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an **offer of Covered Bonds to the public** in relation to any Covered Bonds in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds and the expression **Prospectus Regulation** means Regulation (EU) No 2017/1129, as amended.

Japan

The Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended (the **FIEA**)) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Covered Bonds, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any

Covered Bonds or caused the Covered Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Covered Bonds or cause the Covered Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Covered Bonds, whether directly or indirectly, to any person in Singapore other than (I) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore (as modified or amended from time to time) (the **SFA**)) pursuant to Section 274 of the SFA or (II) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Covered Bonds (except for Covered Bonds which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (**SFO**)) other than (a) to "professional investors" as defined in the SFO and any rules made thereunder; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (**C(WUMP)O**) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Covered Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Covered Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made thereunder.

General

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it will comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Covered Bonds or possesses or distributes this Prospectus or any Final Terms and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Covered Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer, the Covered Bond Guarantor, the Seller, the Bond Trustee, the Security Trustee nor any of the other Dealers shall have any responsibility therefor. Furthermore, they will not directly or indirectly offer, sell or deliver any Covered Bonds or distribute or publish any form of application, prospectus, advertisement or other offering material except under circumstances that will, to the best of their knowledge and belief, result in compliance with any applicable laws and regulations, and all offers, sales and deliveries of Covered Bonds by them will be made on the same terms.

None of the Issuer, the Covered Bond Guarantor, the Seller, the Bond Trustee, the Security Trustee 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 Series or Tranche, the relevant Dealer(s) will be required to comply with such other additional or modified restrictions (if any) as the Issuer and the relevant Dealer(s) shall agree as a term of issue and purchase as indicated in the applicable Final Terms.

Each Dealer will, unless prohibited by applicable law, furnish to each person to whom they offer or sell Covered Bonds a copy of this Prospectus as then amended or supplemented or, unless delivery of the Prospectus is required by applicable law, inform each such person that a copy will be made available upon request. The Dealers are not authorised to give any information or to make any representation not contained in the Prospectus in connection with the offer and sale of Covered Bonds to which this Prospectus relates.

This Prospectus may be used by the Dealers for offers and sales related to market-making transactions in the Covered Bonds. Any or each of the Dealers may act as principal or agent in these transactions. These sales will be made at prices relating to prevailing market prices at the time of sale. None of the Dealers has any obligation to make a market in the Covered Bonds, and any market-making may be discontinued at any time without notice. The Dealers are participating in the initial distribution of the Covered Bonds.

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issue of Covered Bonds have been duly authorised by a resolution of a committee of the BNZ Board dated 23 April 2010 and a resolution of the BNZ Board dated 28 October 2010. The giving of the Covered Bond Guarantee has been duly authorised by a resolution of the Covered Bond Guarantor dated 1 June 2010.

The update of the Programme has been duly authorised by a resolution of the BNZ Board dated 19 April 2013.

Listing and admission to trading of Covered Bonds

It is expected that each Tranche of Covered Bonds which is to be admitted to the Official List and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange will be admitted separately as and when issued, subject only to the issue of a Temporary Global Covered Bond or a Permanent Global Covered Bond, as the case may be, initially representing the Covered Bonds of such Tranche. The Regulated Market of the Luxembourg Stock Exchange is a regulated market for the purposes of MiFID II. The approval of this Prospectus in respect of Covered Bonds is expected to be granted on or about 12 November 2026.

Documents Available

So long as Covered Bonds are capable of being issued under the Programme, copies of the following documents will, when published, be available for inspection on the websites stated:

(i) the constitutive documents of the Issuer (which are published on the website of the Luxembourg Stock Exchange at www.luxse.com and are also available via the relevant hyperlinks thereto as set out on pages 81-84 of the Prospectus in the section entitled "*Documents Incorporated by Reference and Credit Ratings*");

(ii) the constitutive document of the Covered Bond Guarantor, which is published on the website of the New Zealand Companies Office and is available via https://app.companiesoffice.govt.nz/companies/app/service/services/documents/F3AEFB033CC2FBD2BE616D9D6EE8DF88;

(iii) the Bond Trust Deed (which contains the guarantee from the Covered Bond Guarantor to the Bond Trustee for the benefit of the Covered Bondholders), including the forms of the Global Covered Bonds, the Definitive Covered Bonds, the Coupons and the Talons (at https://www.bnz.co.nz/about-us/capital-and-funding/bnzif-investor-reporting-covered-bond-programme);

(iv) a copy of this Prospectus (on the website of the Luxembourg Stock Exchange at www.luxse.com);

(v) any future prospectuses, information memoranda, supplements to this Prospectus, any Final Terms and any other documents incorporated by reference herein or therein by reference (on the website if the Luxembourg Stock Exchange at www.luxse.com), save that Final Terms relating to a Covered Bond which is not admitted to trading on a regulated market in the EEA in circumstances where a prospectus is required to be published under the Prospectus Regulation or is an unlisted Covered Bond will only be available for inspection from the registered office of the Issuer or by appointment from the specified office of the Principal Paying Agent or the Registrar. The Principal Paying Agent or Registrar may provide such documents for inspection by electronic means; and

(vi) upon proof satisfactory to the relevant Principal Paying Agent or the Registrar, as the case may be, as to the identity of the holder of any Covered Bond to which such Final Terms relate.

Clearing Systems

The Covered Bonds to be issued under the Programme have been accepted for clearance and settlement through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN for each Tranche of Covered Bonds allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. 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.

Reports

The Bond Trust Deed provides that the Bond Trustee may rely and/or act on the advice or report or opinion or any information from professional advisers or other experts whether or not instructed by the Bond Trustee and/or addressed to the Bond Trustee 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.

The Calculation Manager prepares and delivers quarterly Asset Coverage Reports detailing, amongst other things, compliance with the Asset Coverage Test. Copies of the applicable Final Terms for each series (including in relation to unlisted Covered Bonds of any Series) and the Asset Coverage Reports are available to Covered Bondholders during normal business hours at the registered office of the Issuer and by appointment at the specified office of each of the Paying Agents. A Paying Agent may provide such documents for inspection by electronic means. Investor reports will also be posted at https://www.bnz.co.nz/about-us/capital-and-funding/bnzif-investor-reporting-covered-bond-programme.

Contracts

The Issuer is not aware of any material contracts having been entered into outside the ordinary course of the Issuer's business, and which could result in any member of the BNZ Group being under an obligation or entitlement that is material to its ability to meet its obligations to Covered Bondholders in respect of the Covered Bonds that may be issued.

The Covered Bond Guarantor is not aware of any material contracts having been entered into outside the ordinary course of the Covered Bond Guarantor's business, and which could result in it or any of its subsidiaries being under an obligation or entitlement that is material to its ability to meet its obligations to Covered Bondholders in respect of the Covered Bonds that may be issued.

Other Relationships

Certain of 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 financial advisory and other services for the Issuer, the Covered Bond Guarantor and their respective affiliates in the ordinary course of business. Certain of the Dealers may from time to time also enter into swap and other derivative transactions with the Issuer and/or the Covered Bond Guarantor and their respective affiliates.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Covered Bond Guarantor or their respective affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer and/or the Covered Bond Guarantor routinely hedge their credit exposure to the

Issuer and/or the Covered Bond Guarantor consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Covered Bonds issued under the Programme. Any such short positions could adversely affect future trading prices of Covered Bonds issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

ALTERNATIVE PERFORMANCE MEASURES

Potential investors should review the Financial Measures in conjunction with the 2026 Disclosure Statement and the 2025 Disclosure Statement, each incorporated by reference in this Prospectus (together, the **Relevant Disclosure Statements**), the relevant sections (as indicated in the table below) of the "*BNZ U.S. Debt Funding Information*" (the **USDFI**) and the relevant sections (as indicated in the table below) of the "*BNZ Supplemental Information*" (the **Supplemental Information**), each incorporated by reference in this Prospectus, which, as applicable, relates solely to BNZ's past performance for the financial years ended 30 September 2026 and 30 September 2025.

Financial Measure	Definitions and basis for calculation	Rationale for inclusion	Reconciliation with the Relevant Disclosure Statements or source (in relation to non-New Zealand GAAP line items)
Cost to income ratio	This measure is calculated as (x) operating expenses divided by (y) total operating income	A measure of how well BNZ manages its cost base relative to its income	See the section entitled "Income Statement" of the Relevant Disclosure Statements
Loan to deposit ratio	This measure is calculated as (x) loans and advances to customers divided by (y) customer deposits	A balance sheet strength measure indicating the portion of lending assets funded by customer deposits	See the section entitled "Balance Sheet" and the corresponding note "Deposits and Other Borrowings" of the Relevant Disclosure Statements
Net charge-offs to gross average loans	This measure is calculated as (x) (i) total bad debts written off minus (ii) total bad debts written off subsequently recovered divided by (y) average interest earning loans and advances to customers	A measure of the quality of BNZ's loan book	See the sections entitled "Average Balance Sheet and Related Interest" and "Summary of Loan Loss Experience" of the Supplemental Information
Net profit on average assets	This measure is calculated as (x) net profit for the year divided by (y) total average assets	A measure to assess BNZ's profitability and financial performance	See the sections entitled "Income Statement" of the Relevant Disclosure Statements and "Average Balance Sheet and Related Interest" of the Supplemental Information
Net yield on interest earning assets	This measure is calculated as (x) (i) annualised interest income minus (ii) annualised interest	A measure of net interest income generated by BNZ's assets	See the sections entitled "Selected Financial Information", "Results of Operations" of the USDFI and "Average Balance Sheet

	expense divided by (y) total average interest earning assets		and Related Interest" of the Supplemental Information

The line items used to calculate the above Financial Measures for the applicable financial periods can be located in the Relevant Disclosure Statements, the USDFI or the Supplemental Information, as indicated in the table below:

Documents	Line Items
Relevant Disclosure Statements	customer deposits
	loans and advances to customers
	net profit for the year
	operating expenses
	total operating income
	interest expense
	interest income
USDFI	average interest earning assets
	interest expense
	interest income
Supplemental Information	average interest earning loans and advances to customers
	total average assets
	total average interest earning assets
	total bad debts written off subsequently recovered
	total bad debts written off

Please note that the URL referred to in this section entitled "Financial Measures" does not form part of this Prospectus, and for the avoidance of doubt, attention should only be given to the specific line items referred to in the table above and the whole content of this URL, the USDFI and the Supplemental Information is not incorporated by reference in this Prospectus.

GLOSSARY

30/360	has the meaning given to it in Condition 4(a) (*Interest on Fixed Rate Covered Bonds*).
30E/360	has the meaning given to it in Condition 4(b) (*Interest on Floating Rate Covered Bonds*).
30E/360 (ISDA)	has the meaning given to it in Condition 4(b) (*Interest on Floating Rate Covered Bonds*).
360/360	has the meaning given to it in Condition 4(b) (*Interest on Floating Rate Covered Bonds*).
A&I Forms	means client authority and instruction forms for e-dealing that conforms with the Land Transfer Act 2017 (or any preceding act or statute, as applicable) and are approved by the New Zealand Law Society and the Registrar General of Land of New Zealand, and each an **A & I Form**.
Account Bank	means BNZ in its capacity as Account Bank pursuant to the Account Bank Agreement.
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 (as the same may be amended and/or supplemented and/or restated from time to time).
Account Bank Mandate	means the GIC Account Mandate, the All Moneys Mortgage Trust Account Mandate, the Swap Collateral Cash Account Mandate and any other applicable Transaction Account mandate(s).
Accrual Period	has the meaning given to it in Condition 4(a) (*Interest on Fixed Rate Covered Bonds*).
Accrual Yield	in relation to a Zero Coupon Covered Bond, has the meaning given in the applicable Final Terms.
Accrued Interest	means in respect of a Mortgage Loan in the Mortgage Loan Portfolio as at any date, the aggregate of all interest accrued but not yet due and payable on the Mortgage Loan from (and including) the Mortgage Loan Scheduled Payment Date immediately preceding the relevant date to (but excluding) the relevant date.
Actual/Actual (ICMA)	has the meaning given to it in Condition 4(a) (*Interest on Fixed Rate Covered Bonds*).
Actual/Actual (ISDA)	has the meaning given to it in Condition 4(b) (*Interest on Floating Rate Covered Bonds*).
Actual/365 (Fixed)	has the meaning given to it in Condition 4(b) (*Interest on Floating Rate Covered Bonds*).

Actual/365 (Sterling)	has the meaning given to it in Condition 4(b) (*Interest on Floating Rate Covered Bonds*).
Actual/360	has the meaning given to it in Condition 4(b) (*Interest on Floating Rate Covered Bonds*).
Additional Business Centre	means, in relation to a Series of Covered Bonds, the Additional Business Centre as specified in the applicable Final Terms.
Adjusted Aggregate Mortgage Loan Amount	has the meaning given to it on page 244 of this Prospectus.
Adjusted Mortgage Loan Balance Amount	has the meaning given to it on pages 244 to 245 of this Prospectus.
Adjusted Required Redemption Amount	means in relation to a Series of Covered Bonds: (a) the NZ Dollar Equivalent of the Required Redemption Amount; plus or minus (b) the NZ Dollar Equivalent of any swap termination amounts payable under the Covered Bond Swaps corresponding to the Series to or by the Covered Bond Guarantor less (where applicable) amounts standing to the credit of (i) the Pre-Maturity Ledger, (ii) the GIC Account and (iii) the principal balance of any Substitution Assets and Authorised Investments (excluding all amounts to be applied on the next following Trust Payment Date to repay higher ranking amounts in the relevant Priority of Payments and those amounts that are required to repay any Series of Covered Bonds which mature prior to or on the same date as the relevant Series of Covered Bonds); plus or minus; (c) the NZ Dollar Equivalent of any swap termination amounts payable to or by the Covered Bond Guarantor under the Interest Rate Swaps.
Adjustment Spread	has the meaning given to it in Condition 4(d)(vii) of the Conditions.
Agency Agreements	has the meaning given to them in the Conditions.
Agents	has the meaning given to them in the Conditions.
All Moneys Mortgage	means a Mortgage that secures or purports to secure the repayment of Associated Debt as well as a Mortgage Loan.
All Moneys Mortgage Beneficiaries	means in relation to 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 Account Mandate	means the resolutions, instructions and signature authorities relating to the All Moneys Mortgage Trust Account substantially in the form set out in schedule 1 to the Account Bank Agreement.
All Moneys Mortgage Trustee	has the meaning given to it in clause 15 of 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.
Alternative Rate	has the meaning given to it in Condition 4(d)(vii) of the Conditions.
Amortisation Test	has the meaning given to it on page 246 of this Prospectus.
Amortisation Test Aggregate Mortgage Loan Amount	has the meaning given to it on page 246 of this Prospectus;
Amortisation Test Current Principal Balance	has the meaning given to it on page 246 of this Prospectus.
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.
AONIA	has the meaning given to it in Condition 4(b)(ii)(F) of the Conditions.
applicable Final Terms	means, in relation to a Series of Covered Bonds, the Final Terms (or the relevant provisions thereof) attached to or endorsed on the Covered Bonds.
Arranger	has the meaning given to it in the Programme Agreement.
Arrears of Interest	means, as at any date in respect of any Mortgage Loan in the Mortgage Loan Portfolio, interest (other than interest that is capitalised as Capitalised Arrears or interest that is Accrued Interest) on that Mortgage Loan which is currently due and payable and unpaid on that date.
ASIC	means Australian Securities and Investments Commission.
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 BPS Act.

Asset Coverage Reports	means the quarterly 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 243 of this Prospectus.
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 Calculation Dates.
Asset Monitor	means Ernst & Young whose office is at Ernst & Young Building, 2 Takutai Square, Britomart, Auckland 1010, 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, amongst others, the Asset Monitor, the Covered Bond Guarantor, the Trust Manager, the Calculation Manager, the Issuer, the Seller, the Bond Trustee and the Security Trustee (as the same may be amended and/or supplemented and/or restated from time to time).
Asset Monitor Report	means the results of the tests of the arithmetic accuracy of the calculations in relation to the Asset Coverage Test or the Amortisation Test, as applicable, conducted by the Asset Monitor in accordance with the Asset Monitor Agreement to be delivered to, amongst others, the Calculation Manager, the Covered Bond Guarantor, the Trust Manager, the Issuer, the Bond Trustee and the Security Trustee in accordance with the Asset Monitor Agreement.
Asset Percentage	has the meaning given to it on page 245 of this Prospectus.
Asset Pool	means the pool of assets owned at any time by the Covered Bond Guarantor which back the payment of claims attached to the Covered Bonds and may comprise the following items: (a) the Mortgage Loan Portfolio 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 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 established and 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 Servicer 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 Servicer from time to time and which may be amended by the Servicer from time to time.
Asset Register Report	means the results of the assessments of the Servicer'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, amongst others, the Servicer, the Covered Bond Guarantor, the Trust Manager, the Issuer, the Bond Trustee and the Security Trustee in accordance with the Asset Monitor Agreement.
Asset Registry Services	means the asset registry services to be provided by the Servicer pursuant to the Servicing Agreement.
Associated Debt	means the indebtedness which a Borrower owes or may owe to the Seller from time to time which (i) is not a Mortgage Loan in the Mortgage Loan Portfolio or (ii) is not transferable to the Covered Bond Guarantor pursuant to the terms of the Mortgage Sale Agreement.
Attorney	means any attorney appointed under the Security Deed.
Auditors	means the auditors for the time being of the Issuer or, as the case may be, the Trust or, in the event of their being unable or unwilling promptly to carry out any action requested of them pursuant to the provisions of the trust presents, such other firm of accountants as may be nominated or approved by the Bond Trustee and the Security Trustee for the purposes of the trust presents, and each an "Auditor".
Authorised Institution	means a registered bank as defined in the BPS 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 90 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 equal to "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 Calculation Date, an amount equal to the aggregate of (without double counting):

(a) the amount of Mortgage Loan Principal Receipts received during the immediately preceding Calculation Period and credited to the Principal Ledger on the GIC Account;

(b) 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 Mortgage Loan Portfolios or to invest in Substitution Assets or Authorised Investments) and (ii) the proceeds from any sale of Selected Mortgage 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 and (iii) any Excess Proceeds;

(c) the amount of any termination payment received from a Swap Provider which is not applied to acquire a replacement for the relevant terminated swap; and

(d) 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),

less

(e) Swap Collateral Excluded Amounts which shall be applied in accordance with the terms of the relevant Swap Agreements.

Available Revenue Receipts

means on a relevant Calculation Date, an amount equal to the aggregate of:

(a) the amount of Mortgage Loan Revenue Receipts received during the immediately preceding Calculation Period and credited to the Revenue Ledger on the GIC Account;

(b) other net income of the Covered Bond Guarantor received during the immediately preceding Calculation 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, the amount equal to Unpaid Interest paid to the Covered Bond Guarantor under clause 7.13 of the Mortgage Sale Agreement, and the proceeds from any sale of Mortgage Loans (including, but not limited to, Selected Mortgage Loans) pursuant to the terms of the Establishment Deed and the Mortgage Sale Agreement to the extent that such proceeds comprise Accrued Interest and Arrears of Interest or other interest amounts but excluding amounts received by the Covered Bond Guarantor under the Swap Agreements;

(c) 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 in excess of the Reserve Fund Required Amount;

(d) 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; and

(e) any other revenue receipts not referred to in paragraphs (a) to (d) (inclusive) above received during previous Calculation Periods and standing to the credit of the Revenue Ledger on the GIC Account,

less

(f) Third Party Amounts, which shall be paid on receipt in cleared funds to the Seller; and

(g) Swap Collateral Excluded Amounts which shall be applied in accordance with the terms of the relevant Swap Agreements.

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 10:45am 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.

Basis Swap means an ISDA Master Agreement, the schedule relating to it and each confirmation between the Interest Rate Swap Provider, the Covered Bond Guarantor and the Trust Manager under which the Covered Bond Guarantor pays to the Interest Rate Swap Provider an amount in respect of Mortgage Loans forming part of the Mortgage Loan Portfolio that do not bear interest at a fixed rate and under which the Swap Provider pays to the Covered Bond Guarantor an amount calculated by reference to the Bank Bill Rate.

BBSW means Australian Bank Bill Swap Rate.

BBSW Rate has the meaning given to it in Condition 4(b)(ii)(F) of the Conditions.

Bearer Covered Bonds means Covered Bonds in bearer form.

Bearer Definitive Covered Bonds has the meaning given to it in the Conditions.

Bearer Global Covered Bonds	means together, the Temporary Bearer Global Covered Bond and the Permanent Bearer Global Covered Bond, and Bearer Global Covered Bond means either one of them.
Benchmark Amendments	has the meaning given to it in Condition 4(d)(iii) of the Conditions.
Benchmark Event	has the meaning given to it in Conditions 4(d)(vii) of the Conditions.
Beneficiaries	means the Residual Capital Beneficiary and Residual Income Beneficiary, and **Beneficiary** means either of them.
BKBM	means NZ Bank Bill Benchmark Rate.
BKBM Rate	has the meaning given to it in Condition 4(b)(ii)(G) of the Conditions.
BNZ	means Bank of New Zealand.
BNZ Group	means BNZ and the group of companies of which it is the parent company.
BNZ-IF	means BNZ International Funding Limited, acting through its London Branch.
Bond Basis	has the meaning given to it in Condition 4(b) (*Interest on Floating Rate Covered Bonds*).
Bond Trust Deed	has the meaning given to it in the Conditions.
Bond Trustee	means Deutsche Trustee Company Limited, in its capacity as bond trustee under the Bond Trust Deed together with any additional bond trustee appointed from time to time in accordance with the terms of the Bond Trust Deed.
Borrower	means in relation to a Mortgage Loan, the individual or individuals specified as such in the relevant Mortgage together with the individual or individuals (if any) from time to time assuming an obligation to repay such Mortgage Loan or any part of it.
BPS Act	means the Banking (Prudential Supervision) Act 1989 of New Zealand, as amended.
Broken Amount	has the meaning given to it in Condition 4(a) (*Interest on Fixed Rate Covered Bonds*).
Buildings Policies	means all buildings insurance policies relating to Properties which have been taken out in the name of the relevant Borrower or in the name of the Borrower and the Seller or in the name of the Borrower with the interest of the Seller noted, in accordance with the applicable Mortgage Conditions.
Business Day	has the meaning given to it in Condition 4(b) (*Interest on Floating Rate Covered Bonds*).
Calculation Agent	means in relation to all or any Series of the Covered Bonds, the person initially appointed as calculation agent in relation to such Covered Bonds by the Issuer and the Covered Bond Guarantor pursuant to the relevant Agency Agreement

	or such other person specified in the applicable Final Terms or, if applicable, any successor or separately appointed calculation agent in relation to all or any Series of the Covered Bonds.
Calculation Date	means 18 June 2020, and the 18th day of each of February, May, August and November thereafter, provided that if without giving effect to this proviso the Calculation Date and the immediately preceding day would not be NZ Business Days, the Calculation Date shall be the next day in the month in which both the Calculation Date and the immediately preceding day are NZ Business Days unless the Calculation Date would fall in the following month, in which case the Calculation Date shall be the previous day in the month in which both the Calculation Date and the immediately preceding day are NZ Business Days.
Calculation Management Services	has the meaning given to it in clause 3.2 of the Management Agreement.
Calculation Manager	means BNZ, in its capacity as calculation manager under the Management Agreement.
Calculation Manager Termination Event	has the meaning given to it in clause 11.1 of the Management Agreement.
Calculation Period	means the period from (and including) a Calculation Date (or the First Issue Date in the case of the first Calculation Period) to (but excluding) the next Calculation Date.
Capitalised Arrears	means for any Mortgage Loan in the Mortgage Loan Portfolio at any date, interest or other amounts which are overdue in respect of that Mortgage Loan and which as at that date have been added to the Current Principal Balance of that Mortgage Loan in accordance with the Mortgage Conditions or interest that is capitalised by agreement from time to time with the relevant Borrower (excluding for the avoidance of doubt any Arrears of Interest which have not been so capitalised on that date).
Capitalised Expenses	means for any Mortgage Loan in the Mortgage Loan Portfolio at any date, fees and expenses in respect of that Mortgage Loan and which as at that date have been added to the Current Principal Balance of that Mortgage Loan in accordance with the Mortgage Conditions or fees and expenses that are capitalised by agreement from time to time with the relevant Borrower.
Cash Management Services	means the cash management services to be provided by the Trust Manager pursuant to the Management Agreement.
Cash Redraws	means, in respect of a Mortgage Loan in the Mortgage Loan Portfolio, a re-advance by the Seller of some or all of the Overpayments that the Borrower has made under the Mortgage Loan, and each a "Cash Redraw".
CCA	means the Credit Contracts Act 1981 of New Zealand.
CGCB	has the meaning given to it in Condition 2(g) (*Definitions*).
CCCFA	means the Credit Contracts and Consumer Finance Act 2003 of New Zealand.

Charged Other Property	has the meaning given to it on page 258 of this Prospectus.
Charged Personal Property	has the meaning given to it on page 258 of this Prospectus.
Charged Property	means the Charged Other Property and Charged Personal Property.
Clearing Systems	means DTC, Euroclear, Clearstream, Luxembourg and/or NZClear and shall be deemed to include references to any additional or alternative clearing system as is approved by the Issuer, the Principal Paying Agent and the Bond Trustee or as may otherwise be specified in the applicable Final Terms.
Clearstream, Luxembourg	has the meaning given to it in Condition 1 (*Form, Denomination and Title*).
Companies Act	means the Companies Act 1985 (UK), or to the extent the Companies Act 1985 (UK) has been repealed and replaced or to the extent otherwise relevant at the relevant time, the Companies Act 2006 (UK) (and, in each case, any regulations made pursuant to the relevant Act).
Compounded Daily AONIA	has the meaning given to it in Condition 4(b)(ii)(F) of the Conditions.
Compounded Daily CORRA Formula Rate	has the meaning given to it in Condition 4(b)(ii)(D)(1) of the Conditions.
Compounded Daily €STR Formula Rate	has the meaning given to it in Condition 4(b)(ii)(E) of the Conditions.
Compounded Daily SOFR Formula Rate	has the meaning given to it in Condition 4(b)(ii)(B)(1) of the Conditions.
Compounded Daily SONIA Formula Rate	has the meaning given to it in Condition 4(b)(ii)(C)(1) of the Conditions.
Compounded SOFR Index Rate	has the meaning given to it in Condition 4(b)(ii)(B)(2) of the Conditions.
Conditions	means the terms and conditions of the Covered Bonds.
Corporations Act	means the Corporations Act 2001 (Cth) of Australia.
CORRA	has the meaning given to it in Condition 4(b)(ii)(D)(1) of the Conditions.
CORRA Compounded Index Rate	has the meaning given to it in Condition 4(b)(ii)(D)(2) of the Conditions.
Couponholders	has the meaning given to it in the Conditions.
Coupons	has the meaning given to it in the Conditions.
Covered Bond Guarantee	has the meaning given to it in Condition 3(b) (*Status of the Covered Bond Guarantee*).

Covered Bond Guarantee Acceleration Notice	has the meaning given to it in Condition 9(b) (*Covered Bond Guarantor Events of Default*).
Covered Bond Guarantor	means CBG Trustee Company 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 Bondholders	has the meaning given to it in the Conditions.
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 10 (*Replacement of Covered Bonds, Coupons and Talons*), and each a **Covered Bond**.
Covered Bond Swap	means each swap and/or basis transaction entered into between the Covered Bond Guarantor, the Trust Manager and a Covered Bond Swap Provider with respect to each Series or Tranche of Covered Bonds.
Covered Bond Swap Agreement	means a Swap Agreement entered into between the Covered Bond Guarantor, the Trust Manager and a Covered Bond Swap Provider governing a Covered Bond Swap (as the same may be amended and/or supplemented and/or restated from time to time).
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.
Current Principal Balance	means in relation to any Mortgage Loan in the Mortgage Loan Portfolio as at any given date, the principal balance of that Mortgage Loan to which the Seller applies the relevant interest rate to and at which interest on that Mortgage Loan accrues interest, and is the aggregate (but avoiding double counting) of: (a) the original principal amount advanced to the relevant Borrower and any further amount advanced on or before any given date to the relevant Borrower under that Mortgage Loan secured or intended to be secured by the Related Security; and (b) the amount of any Cash Redraws and Further Advances secured or purported to be secured by the Related Security; and (c) any Capitalised Arrears or Capitalised Expenses, less any repayment or payment of any of the foregoing made on or before the end of the NZ Business Day immediately preceding that given date.
Day Count Fraction	In relation to Fixed Rate Covered Bonds, has the meaning given to it in Condition 4(a) (*Interest on Fixed Rate Covered Bonds*) and, in relation to

	Floating Rate Covered Bonds, has the meaning given to it in Condition 4(b) (*Interest on Floating Rate Covered Bonds*).
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 Mortgage Loan	means any Mortgage Loan in the Mortgage Loan Portfolio which is more than three months in arrears.
Definitions Schedule	has the meaning given to it in the Conditions.
Definitive Covered Bond	means a Bearer Definitive Covered Bond and/or, as the context may require, a Registered Definitive Covered Bond.
Demand 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 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 (as the same may be amended and/or supplemented and/or restated from time to time).
Demand Loan Facility	has the meaning given to it in clause 2.1 of the Demand Loan Agreement.
Demand Loan Provider	means BNZ.
Designated Account	has the meaning given to it in Condition 5(d) (*Payments in respect of Registered Covered Bonds*).
Designated Bank	has the meaning given to it in Condition 5(d) (*Payments in respect of Registered Covered Bonds*).
Determination Period	has the meaning given to it in Condition 4(a) (*Interest on Fixed Rate Covered Bonds*).
Disclosure Documents	means the Prospectus and/or any other information memorandum or other offering material prepared in connection with the Programme as revised, supplemented or amended from time to time by the Issuer in accordance with the Programme Agreement including: (a) in relation to each Series or Tranche of Covered Bonds, the applicable Final Terms; and (b) any documents which are from time to time incorporated in the relevant Disclosure Documents by reference, but, without prejudice to (a) above, not including any subsequent revision, supplement or amendment to it or incorporation of information in it.

Distribution Compliance Period has the meaning given to it in Condition 2(g) (*Definitions*).

DTC has the meaning given to it in Condition 1 (*Form, Denomination and Title*).

Due for Payment means the requirement by the Covered Bond Guarantor to pay any Guaranteed Amount following the delivery of a Notice to Pay on the Covered Bond Guarantor:

(a) prior to the occurrence of a Covered Bond Guarantor Event of Default and the service of a Covered Bond Guarantee Acceleration Notice on the Issuer and the Covered Bond Guarantor, on the later of:

(i) the 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 of such Guaranteed Amounts or if the applicable Final Terms specified that an Extended Due for Payment Date is applicable to the relevant Series of Covered Bonds, the Interest Payment Date falling on the Final Maturity Date as if such date had been the Extended Due for Payment Date (**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)) 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 6(f) (*Early Redemption Amounts*).

Early Repayment Charges means any charge or fee which a Borrower is required to pay in accordance with the Mortgage Conditions applicable to a Mortgage Loan in the event that the Borrower repays all or part of the relevant Mortgage Loan before a specified date.

Established Rate has the meaning given to it in Condition 5(i) (*Definitions*).

Establishment Deed means the trust deed entered into on the Programme Date, between the Covered Bond Guarantor, the Trust Manager, the Issuer, the Bond Trustee, the Security Trustee, the Seller, the Servicer and the Calculation Manager (as the same may be amended and/or supplemented and/or restated from time to time).

€STR has the meaning given to it in Condition 4(b)(ii)(E)(1).

€STR Compounded Index Rate has the meaning given to it in Condition 4(b)(ii)(E)(2).

EURIBOR means Euro-Zone inter-bank offered rate.

euro means the currency introduced at the start of the third state of European economic and monetary union pursuant to the Treaty.

Eurobond Basis has the meaning given to it in Condition 4(b) (*Interest on Floating Rate Covered Bonds*).

Euroclear means Euroclear Bank SA/NV.

Excess Proceeds means moneys received (following the occurrence of an Issuer Event of Default and delivery of an Issuer Acceleration Notice) by the Bond Trustee from the Issuer or any administrator, receiver, receiver and manager, liquidator, statutory manager or other similar official appointed in relation to the Issuer.

Exchange Agent has the meaning given to it in the Conditions.

Exchange Date means on or after the date which is 40 days after a Temporary Bearer Global Covered Bond is issued.

Exchange Notice has the meaning given to it in Condition 5(h) (*Redenomination*).

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	means, at any time, the Covered Bonds of all Series outstanding at such time.
Extendable Maturity Covered Bonds	means, in relation to a Series or Tranche (as applicable) of Covered Bonds, Covered Bonds that are subject to an Extended Due for Payment Date, as specified in the applicable Final Terms.
Extended Due for Payment Date	has the meaning given to it in Condition 6(a) (*Final redemption*).
Extension Determination Date	has the meaning given to it in Condition 6(a) (*Final redemption*).
Extraordinary Resolution	means a resolution of the Covered Bondholders passed as such under the terms of the Bond Trust Deed.
Final Maturity Date	means, in relation to a Series of Covered Bonds, the Interest Payment Date specified as such in the applicable Final Terms on which such Series of Covered Bonds is required to be redeemed at their Principal Amount Outstanding in accordance with the Conditions.
Final Redemption Amount	means, in relation to a Series of Covered Bonds, 100 per cent. of the nominal value of each Covered Bond which will be redeemed by the Issuer in the relevant Specified Currency on the Final Maturity Date specified in the applicable Final Terms.
Final Terms	means the final terms prepared in relation to each Series or Tranche of Covered Bonds (substantially in the form of Annex 3 Part II of the Procedures Memorandum (in respect of Covered Bonds to be issued by BNZ with a minimum denomination of at least EUR 100,000 (or its equivalent in another currency))) issued under the Programme and giving details of that Series or Tranche and, in relation to any particular Tranche of Covered Bonds, "applicable Final Terms" means the Final Terms applicable to that Tranche.
First Issue Date	means the first Issue Date on which it is intended to be the date of issue of the first Series of Covered Bonds under the Programme.
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 2 June 2010 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 Coupon Amount	has the meaning given to it in Condition 4(a) (*Interest on Fixed Rate Covered Bonds*).

Fixed Interest Period	has the meaning given to it in Condition 4(a) (*Interest on Fixed Rate Covered Bonds*).
Fixed Rate Mortgage Loans	means each Mortgage Loan which is subject to a fixed interest rate for a specified period of time and at the expiration of that period is generally subject to a variable rate.
Fixed Rate Swap	means an ISDA Master Agreement, the schedule relating to it and each confirmation between the Interest Rate Swap Provider, the Covered Bond Guarantor and the Trust Manager, under which the Covered Bond Guarantor pays to the Swap Provider an amount in respect of Fixed Rate Mortgage Loans forming part of the Mortgage Loan Portfolio and under which the Interest Rate Swap Provider pays to the Covered Bond Guarantor an amount calculated by reference to the Bank Bill Rate.
Floating Rate Convention	has the meaning given to it in Condition 4(b) (*Interest on Floating Rate Covered Bonds*).
Following Business Day Convention	has the meaning given to it in Condition 4(b) (*Interest on Floating Rate Covered Bonds*).
Forward Starting Covered Bond Swap	has the meaning given to it in *Overview of the Principal Documents – Covered Bond Swap Agreements.*
Further Advances	means in relation to a Mortgage Loan in the Mortgage Loan Portfolio, any advances of further money to the relevant Borrower following the making of the initial advance of moneys in respect of such Mortgage Loan (**Initial Advance**) which is secured by the same Mortgage as the Initial Advance but does not include any Redraw, and each a **Further Advance**.
GIC Account	means the account in the name of the Covered Bond Guarantor held with the Account Bank and maintained subject to the terms of the Account Bank Agreement and the 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.
GIC Account Mandate	means the resolutions, instructions and signature authorities relating to the GIC Account substantially in the form set out in schedule 1 to the Account Bank Agreement.
Global Covered Bond	has the meaning given to it in the Conditions.
GST	means goods and services tax chargeable under the Goods and Services Act 1985 of New Zealand.
Guarantee Priority of Payments	has the meaning given to it in Condition 6(a) (*Final redemption*).
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.

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 means Hong Kong inter-bank offered rate.

Higher Redemption Amount means the amount (if any) specified in the applicable Final Terms.

House Price Index Supplier means:

(a) Data Insight Limited; or

(b) such other recognised professional New Zealand residential property valuation supplier that is selected by the Trust Manager to replace the previous supplier and in respect of which a Rating Affirmation Notice has been given.

Independent Adviser has the meaning given to it in Condition 4(d)(vii) of the Conditions or Condition 4(b)(ii)(F)(4) of the Conditions (as applicable).

Indexed Valuation means on any day in relation to a Property:

(a) where the Latest Valuation of the 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 Corporations (Investigation and Management) Act 1989 of New Zealand or the BPS 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:

I the liquidation or dissolution of the Relevant Entity; or

II 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 NZ 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; or

(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 NZ 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 NZ 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);

(vii) anything analogous or having a substantially similar effect to any of the events specified above happens under the laws of any applicable jurisdiction.

Insurance Contracts means any insurance contract or policy arranged by the Seller from time to time and in which the Seller has an interest relating to the Mortgage Loans in the Mortgage Loan Portfolio, and **Insurance Contract** means any one of them.

Insurance Policies means:

(a) the Buildings Policies; and

(b) the Lender's 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 (as the same may be amended and/or supplemented and/or restated from time to time).

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 Business Day.

Intercompany Loan Interest Payment Date	Means, in relation to a Term Advance, the date specified in the Term Advance Notice.
Intercompany Loan Provider	means BNZ.
Interest Amount	has the meaning given to it in Condition 4(b) (*Interest on Floating Rate Covered Bonds*).
Interest Commencement Date	has the meaning given to it in Condition 4(a) (*Interest on Fixed Rate Covered Bonds*).
Interest Determination Date	shall mean the date specified as such in the applicable Final Terms.
Interest Payment Date	has the meaning given to it in Condition 4(b) (*Interest on Floating Rate Covered Bonds*).
Interest Period	has the meaning given to it in Condition 4(b) (*Interest on Floating Rate Covered Bonds*).
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 237 of this Prospectus.
Interest Rate Swap Agreements	means the Interest Rate Swap Agreements entered into on the Programme Date between the Covered Bond Guarantor, the Trust Manager and the Swap Provider governing the Interest Rate Swaps (as the same may be amended and/or supplemented and/or restated from time to time).
Interest Rate Swap Provider	means BNZ in its capacity as interest rate swap provider under the Interest Rate Swaps together with any successor thereto.
Interest Rate Swaps	means the Basis Swap and Fixed Rate Swap transactions entered into between the Covered Bond Guarantor and the Interest Rate Swap Provider.
ISDA	means the International Swaps and Derivatives Association, Inc.
ISDA 1995 Credit Support Annex	means the ISDA 1995 credit support annex (Transfer - English law) as published by ISDA.
ISDA Definitions	means the 2021 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 Master Agreement	means the 2002 ISDA master agreement, as published by ISDA.
Issue Date	means a date on which the Issuer issues Covered Bonds under the Programme.
Issue Price	means, in relation to a Series or Tranche (as applicable) of Covered Bonds, the price, generally expressed as a percentage of the nominal amount of the

	Covered Bonds, at which the Covered Bonds will be issued and which is specified in the applicable Final Terms.
Issuer	means BNZ.
Issuer Acceleration Notice	has the meaning given to it in Condition 9(a) (*Issuer Events of Default*).
Issuer Clean-Up Call Threshold	has the meaning given to it in Condition 6(c)(B) (*Redemption at the option of the Issuer – Issuer Clean-Up Call*).
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 of New Zealand.
Latest House Price Index	means, on any particular date, the most recent quarterly index of increases or decreases in house prices produced on a regional basis by the House Price Index Supplier, or, if that index ceases to be produced or is not produced in the period of 12 months prior to the particular date, a suitably widely recognised property price index selected by the Trust Manager (in its discretion).
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.
Legended Covered Bonds	has the meaning given to it in Condition 2(g).
Lender's Mortgage Insurance Policies	means all insurance policies in favour of the Seller in respect of a Mortgage Loan to protect the Seller against any shortfall between the net sale proceeds of any Property the subject of a Mortgage and the total amount owing by the relevant Borrower to the Seller under the Mortgage Loan.
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.
LIBOR	means London inter-bank offered rate.
LINZ	means Land Information New Zealand.

Listed	(and all related references) means that such Covered Bonds have been admitted to trading on the regulated market of the Luxembourg Stock Exchange and have been admitted to the Official List or on such other or further stock exchanges or regulated or unregulated markets, as may be agreed between the Issuer, the Covered Bond Guarantor, the Bond Trustee and the relevant Dealer(s) in relation to each issue.
Long Maturity Covered Bond	has the meaning given to it in Condition 5(b) (*Presentation of Bearer Definitive Covered Bonds and Coupons*).
Losses	means the realised losses on the Mortgage Loans which are in the Mortgage Loan Portfolio.
Luxembourg Registrar	has the meaning given to it in the Conditions.
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 (as the same may be amended and/or supplemented and/or restated from time to time).
Minimum Redemption Amount	means the amount (if any) specified in the applicable Final Terms.
Modified Following Business Day Convention	has the meaning given to it in Condition 4(b) (*Interest on Floating Rate Covered Bonds*).
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 securing the repayment of the principal amount of a Mortgage Loan and all other moneys payable under the Mortgage Loan, notwithstanding that by its terms the mortgage may also secure other liabilities to the Seller.
Mortgage Conditions	means all the terms and conditions applicable to a Mortgage Loan at any time.
Mortgage Guarantor	means, in relation to a Mortgage Loan in the Mortgage Loan Portfolio, a guarantor of that Mortgage Loan.
Mortgage Loan	means, unless otherwise specified, a mortgage loan originated by the Seller referenced by its mortgage loan identifier number and comprising the aggregate of all principal sums, interest, costs, charges, expenses and other moneys due or owing with respect to that mortgage loan under the relevant Mortgage 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.

Mortgage Loan Files	means the file or files relating to each Mortgage Loan in the Mortgage 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 Mortgage Loan, each letter of offer for that Mortgage Loan and, the Valuation Report (if applicable).
Mortgage Loan Portfolio	means on any particular date, each New Mortgage Loan Portfolio sold to the Covered Bond Guarantor pursuant to the terms of the Mortgage Sale Agreement prior to such date, after taking account of, among other things, amortisation of the Mortgage Loans and the addition and/or removal of Mortgage Loans and the Related Security to or from the Mortgage Loan Portfolio since the Programme Date.
Mortgage Loan Principal Receipts	means any payment in respect of principal received from time to time in respect of any Mortgage Loan in the Mortgage Loan Portfolio (including, without limitation whether as all or part of a Mortgage Loan Scheduled Payment by a Borrower on the relevant Mortgage Loan, on redemption (in whole or in part), on enforcement or on disposal of such Mortgage Loan or otherwise (including pursuant to any Insurance Policy)).
Mortgage Loan Repurchase Notice	means the notice served upon the Seller (copied to the Trust Manager and the Security Trustee) by the Covered Bond Guarantor requiring the repurchase by the Seller of specified Mortgage Loans and the Related Security, as set out in schedule 3 to the Mortgage Sale Agreement.
Mortgage Loan Revenue Receipts	means any payment received from time to time in respect of any Mortgage Loan which is not a Mortgage Loan Principal Receipt (whether as all or part of a Mortgage Loan Scheduled Payment by a Borrower on the relevant Mortgage Loan, on redemption (in whole or in part), on enforcement or on disposal of such Mortgage Loan or otherwise (including pursuant to any Insurance Contract)).
Mortgage Loan Scheduled Payment	means in respect of a Mortgage Loan, the amount which the applicable Mortgage Conditions require a Borrower to pay on a Mortgage Loan Scheduled Payment Date in respect of such Mortgage Loan.
Mortgage Loan Scheduled Payment Date	means, in relation to any Mortgage Loan, the day on which a Borrower is required to make a payment of interest and, if applicable, principal in accordance with the Mortgage Conditions applicable to such Mortgage Loan.
Mortgage Sale Agreement	means the mortgage sale agreement to be entered into on the Programme Date, between the Seller, the Covered Bond Guarantor, the Trust Manager, the Security Trustee, the Calculation Manager, the Issuer, the Servicer, the Interest Rate Swap Provider, the All Moneys Mortgage Beneficiaries and the All Moneys Mortgage Trustee (as the same may be amended and/or supplemented and/or restated from time to time).
NAB	means National Australia Bank Limited (ABN 12 004 044 937).
NAB Group	means National Australia Bank Group, which comprises, amongst others, BNZ and National Australia Bank Limited (ABN 12 004 044 937).

Negative Carry Factor has the meaning given to it on page 245 of this Prospectus.

Net Annual Income means the net income of the Trust under the provisions of the Tax Act 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 Mortgage Loans means Mortgage Loans which the Seller may transfer to the Covered Bond Guarantor pursuant to the Mortgage Sale Agreement.

New Mortgage Loan Portfolio means a portfolio of New Mortgage Loans and the Related Security (other than any New Mortgage Loans and the Related Security included in such portfolio which have been redeemed in full prior to the relevant Transfer Date in respect of such portfolio), particulars of which are set out in, or attached to, a New Mortgage Loan Portfolio Notice, and all right, title, interest and benefit of the Seller in and to the rights and assets set out in paragraphs (a) to (f) (inclusive) below:

(a) all sums of principal and interest (including, for the avoidance of doubt, all Accrued Interest, Arrears of Interest, Capitalised Expenses and Capitalised Arrears) and any other sum due or to become due under or in respect of such New Mortgage Loans and the Related Security on or after the Transfer Date in respect of such New Mortgage Loans and including, without limitation, the right to demand, sue for, recover and give receipts for all such principal, interest or other amounts, the right to sue on all covenants and undertakings made or expressed to be made in favour of the Seller under the applicable Mortgage 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 Mortgage Loans or any other collateral security for the repayment of the relevant Mortgage Loans secured by the Related Security;

(c) the right to exercise all the powers of the Seller in relation thereto subject to and in accordance with the relevant Mortgage 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 Mortgage Loans and the Related Security, or any part thereof affecting the decision of the Seller to make or offer to make such Mortgage Loans or part thereof; and

(f) the benefit of certain Insurance Contracts, in each case so far as they relate to such New Mortgage Loans comprised in that portfolio of New

	Mortgage Loans and the Related Security, including the right to receive the proceeds of all claims made or to be made by or on behalf of the Seller or to which the Seller is or may become entitled.
New Mortgage Loan Portfolio Notice	means a notice 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 mortgage 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 Mortgage Loans in the Mortgage Loan Portfolio. For the avoidance of doubt, a Mortgage Loan will not constitute a New Product Type if it differs from the Mortgage Loans in the Mortgage Loan Portfolio due to it having different interest rates and/or interest periods and/or time periods for which it is subject to a fixed rate, capped rate, tracker rate or any other interest rate or the benefit of any discounts, cash-backs and/or rate guarantees.
New Zealand Covered Bondholder	has the meaning given to it in Condition 7 (*Taxation*).
NGCB	has the meaning given to it in Condition 2(g) (*Definitions*).
NIBOR	means Norwegian inter-bank offered rate.
Non-Cash Redraw	means a Payment Holiday under a Mortgage Loan included in the Mortgage Loan Portfolio.
Non-Forward Starting Covered Bond Swap	has the meaning given to it in *Overview of the Principal Documents – Covered Bond Swap Agreements.*
Notice to Pay	means the notice to pay served by the Bond Trustee on the Covered Bond Guarantor pursuant to the Covered Bond Guarantee which requires the Covered Bond Guarantor to make payments of Guaranteed Amounts when they shall become Due for Payment in accordance with the terms of the Covered Bond Guarantee.
NZ Business Day	means a day (other than a Saturday, Sunday or nationally observed public holiday) on which commercial banks in New Zealand are open for general business.
NZ Companies Act	means the Companies Act 1993 of New Zealand.
NZClear	has the meaning given to it in Condition 1 (*Form, Denomination and Title*).
NZClear Regulations	means the regulations known as the **NZClear System Rules** established by the RBNZ to govern the use of NZClear and includes the operating guidelines deemed to form part of those rules.
NZCSD	has the meaning given to it in Condition 1 (*Form, Denomination and Title*).
NZ Dollar Equivalent	means in relation to an amount which is denominated in (a) a currency other than NZ Dollars, the NZ Dollar equivalent of such amount ascertained using

	the relevant Swap Rate and (b) NZ Dollars, the applicable amount in NZ Dollars.
NZ Government Bond Basis	has the meaning given to it in Condition 4(a) (*Interest on Fixed Rate Covered Bonds*).
NZ Paying Agent	means BNZ in its capacity as paying agent and any successor paying agent appointed in respect of the Trust.
NZ Registered Covered Bonds	means Registered Covered Bonds where the Register is maintained by the NZ Registrar.
NZ Registrar	has the meaning given to it in the Conditions.
NZ Registry Agreement	has the meaning given to it in the Conditions.
Observation Period	has the meaning given to it in Condition 4(b) (*Interest on Floating Rate Covered Bonds*).
Offset Mortgage Loan	means a Mortgage Loan which allows the relevant Borrower to link the Mortgage Loan with certain deposit and/or current accounts that are held by the Seller for the purpose of offsetting interest.
Original Due for Payment Date	has the meaning given to it in Condition 4(a) (*Interest on Fixed Rate Covered Bonds*).
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 moneys (including all interest payable thereon) have been duly paid to the Bond Trustee or to the Principal Paying Agent in the manner provided in the Agency Agreement and where appropriate notice to that effect has been given to the relative Covered Bondholders in accordance with Condition 13 (*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 6(g) (*Redemption and Purchase – Purchases*) and 6(h) (*Redemption and Purchase – Cancellation*) of the Conditions 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 10 (*Replacement of Covered Bonds, Coupons and 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 10 (*Replacement of Covered Bonds, Coupons and Talons*);

(g) any Global Covered Bond to the extent that it shall have been exchanged for definitive Covered Bonds or another Global Covered Bond pursuant to its provisions, the provisions of the Trust Presents and the Agency Agreement; and

(h) those Legended Covered Bonds which have been exchanged for Unlegended Covered Bonds and those Unlegended Covered Bonds which have been exchanged for Legended Covered Bonds, in each case pursuant to their provisions, the provisions of the Trust Presents and the Principal Agency Agreement,

provided that for each of the following purposes, namely:

(i) the right to attend and vote at any meeting of the holders of the Covered Bonds of any Series, to give instruction or direction to the Bond Trustee and for the purposes of a resolution in writing as envisaged by paragraph 20 of Schedule 4 (Provisions of Meetings for Covered Bondholders) to the Bond Trust Deed;

(ii) the determination of how many and which Covered Bonds of any Series are for the time being outstanding for the purposes of clause 10 (Proceedings, Action And Indemnification) of the Bond Trust Deed, Conditions 9 (*Events of Default and Enforcement*) and 14 (*Meetings of Covered Bondholders, Modification, Waiver and Substitution*) of the Conditions and paragraphs 2, 5, 6, and 9 of Schedule 4 (Provisions of Meetings for Covered Bondholders) to the Bond Trust Deed;

(iii) any discretion, power or authority (whether contained in the Trust Presents or vested by operation of law) which the Bond Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the holders of the Covered Bonds of any Series; and

(iv) the determination by the Bond Trustee whether any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the holders of the Covered Bonds of any Series,

those Covered Bonds of the relevant Series (if any) which are for the time being held by or on behalf of or for the benefit of the Issuer or the Covered Bond Guarantor, any Subsidiary or holding company of any of them or any other Subsidiary of any such holding company, in each case as beneficial owner shall (unless and until ceasing to be so held) be deemed not to remain outstanding except in the case of the Issuer or the Covered Bond Guarantor,

	any Subsidiary or holding company of any of them or any other Subsidiary of any such holding company (each a Relevant Person) holding, by itself or together with any other Relevant Person, all of the Covered Bonds then outstanding or, in respect of a Series of Covered Bonds holds all Covered Bond of such Series.
Overpayment	means in respect of a Mortgage Loan in the Mortgage Loan Portfolio, any additional amounts of Mortgage Loan Principal Receipts received above the regular Mortgage Loan Scheduled Payments due in respect of such Mortgage Loan, paid by the relevant Borrower which (a) is permitted by the terms of such Mortgage Loan or by agreement with the Borrower and (b) reduces the Current Principal Balance of such Mortgage Loan.
Partial Portfolio	means part of any portfolio of Selected Mortgage Loans.
Paying Agents	has the meaning given to it in the Conditions.
Payment Day	has the meaning given to it in Condition 5(f) (*Payment Day*).
Payment Holiday	means the right of a Borrower, under the applicable Mortgage Conditions, to not make a monthly payment for one or more months in certain circumstances and, in respect of any Mortgage Loan in the Mortgage Loan Portfolio, a period of one or more scheduled payment dates under the Mortgage Loan when the relevant Borrower is permitted by the Seller in accordance with the relevant Mortgage Conditions not to make the payments due on such scheduled payments dates.
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, 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 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.
Post-Enforcement Priority of Payments	has the meaning given to it on page 275 of this Prospectus.
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.

PPSA	means the Personal Property Securities Act 1999 of 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 and the Pre-Acceleration Revenue Priority of Payments.
Pre-Acceleration Principal Priority of Payments	has the meaning given to it on page 268 of this Prospectus.
Pre-Acceleration Revenue Priority of Payments	has the meaning given to it on page 265 of this Prospectus.
Preceding Business Day Convention	has the meaning given to it in Condition 4(b) (*Interest on Floating Rate Covered Bonds*).
Pre-Maturity Demand Loan Advance	has the meaning given to it in clause 5.3 of the Demand Loan Agreement.
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	has the meaning given to it in clause 9.3 of the Establishment Deed.
Pre-Maturity Test Period	means, in relation to a Series of Hard Bullet Covered Bonds, in respect of: (a) BNZ's long-term credit rating from Moody's, the period commencing on the day six months prior to the Final Maturity Date of the Series; or (b) BNZ'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	has the meaning given to it in the Conditions.
Principal Amount Outstanding	has the meaning given to it in Condition 4(a) (*Interest on Fixed Rate Covered Bonds*).
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 Mortgage Loan Principal Receipts and the other amounts described in paragraph (B)(b) 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".

Procedures Memorandum means the procedures memorandum in the form for the time being current as amended or varied from time to time, in respect of any Tranche or Series, by agreement between the Issuer and the relevant Dealer(s) with the approval in writing of the Principal Paying Agent, the Bond Trustee and, if applicable, the Registrar.

Product Switch means a variation, from time to time, in the Mortgage Conditions applicable to a Borrower's Mortgage Loan which means that the Mortgage Loan would no longer be a Qualifying Mortgage Loan and/or moving a Borrower to an alternative mortgage product, including a change in Product Type.

Product Type means a type of mortgage loan originated by the Seller.

Programme means the covered bond programme established by BNZ and BNZ-IF.

Programme Agreement means the agreement dated on the Programme Date, entered into by, amongst others, the Issuer, the Covered Bond Guarantor, the Seller, the Arranger and the Dealers to agree a basis upon which the Dealer(s) or any of them may from time to time agree to purchase Covered Bonds (as the same may be amended and/or supplemented and/or restated from time to time).

Programme Date has the meaning given to it in the Conditions.

Programme Documents means the following documents:

(a) Mortgage Sale Agreement (and any documents entered into (including but not limited to any document setting out particulars of each New Mortgage Loan Portfolio) pursuant to the Mortgage Sale Agreement);

(b) Servicing Agreement;

(c) Asset Monitor Agreement;

(d) Intercompany Loan Agreement;

(e) Demand Loan Agreement;

(f) Establishment Deed;

(g) Management Agreement;

(h) Interest Rate Swap Agreement;

(i) Covered Bond Swap Agreement;

(j) Account Bank Agreement;

(k) Security Deed (and any documents entered into pursuant to the Security Deed, including without limitation each Deed of Accession);

(l) Bond Trust Deed;

(m) Programme Agreement;

(n) each Agency Agreement;

(o) each Subscription Agreement (as applicable in the case of each issue of listed Covered Bonds subscribed pursuant to a subscription agreement);

(p) Seller's Power of Attorney; and

(q) Definitions Schedule,

and each document, agreement or deed ancillary or supplemental to any of such documents and each a **Programme Document**.

Programme Resolution has the meaning given to it in Condition 14 (*Meetings of Covered Bondholders, Modification, Waiver and Substitution*).

Property means Land which is subject to a Mortgage.

Prospectus means, at any time, the most recent published Prospectus, including any supplement thereto, issued by the Issuer in relation to the Programme and constituting a base prospectus for the purposes of Article 8 of the Prospectus Regulation.

Prospectus Regulation means Regulation (EU) No 2017/1129.

Prudent Mortgage Lender means a reasonably prudent residential mortgage lender lending to borrowers in New Zealand which generally satisfies the lending criteria of traditional sources of residential mortgage capital.

Purchase Price means, (i) if the Seller is the Interest Rate Swap Provider, in relation to a Mortgage Loan and the Related Security being sold and the corresponding Interest Rate Swap being entered into, an amount equal to the Current Principal Balance of the Mortgage Loan being sold, and in relation to a Mortgage Loan Portfolio, an amount equal to the aggregate of the Current Principal Balances of the Mortgage Loans in the Mortgage Loan Portfolio and (ii) if the Seller is not the Interest Rate Swap Provider, in relation to a Mortgage Loan and the Related Security being sold, an amount equal to the market value of the Mortgage Loan being sold, and in relation to a Mortgage Loan Portfolio, an amount equal to the aggregate of the market values of the Mortgage Loans in the Mortgage Loan Portfolio.

Purchaser means the Seller or any third party to whom the Covered Bond Guarantor offers to sell Selected Mortgage Loans.

Put Notice has the meaning given to it in Condition 6(d) (*Redemption at the option of the Covered Bondholders*).

Qualifying Asset Monitor means any person who is:

(a) independent of BNZ; and

(b) one or more of the following:

(i) a licensed auditor under the Auditor Regulation Act 2011;

(ii) (if BNZ 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.

QIB has the meaning given to it in Condition 2(g) (*Definitions*).

Qualified Institution means:

(a) prior to the Roll-off Date, 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, or F1 by Fitch and whose long-term unsecured, unsubordinated and unguaranteed debt obligations are rated at least A from Fitch; or

(b) on and from the Roll-off Date, 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

(iii) to which at least one of the following applies:

(A) whose short-term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least F1 by Fitch; or

(B) whose long-term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least A- by Fitch,

or, in the case of paragraphs (ii) and (iii), such other rating as is acceptable to Moody's and/or Fitch in order to maintain the then current ratings of the Covered Bonds.

Qualifying Borrower means a Borrower which:

(a) is not a Borrower in respect of a Defaulted Mortgage 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 Mortgage Loan	means a Mortgage Loan which satisfies the qualifying mortgage loan eligibility criteria set out in schedule 8 of the Mortgage Sale Agreement.
Rate of Interest	has the meaning given to it in Condition 5(i) (*Definitions*).
Rating Agencies	has the meaning given to them in Condition 6(a) (*Final redemption*).
Rating Affirmation Notice	means, in relation to an event or circumstances, a notice in writing from the Seller to the Covered Bond Guarantor (and copied to the Trust Manager and each Rating Agency) confirming that it has notified each Rating Agency of the event or circumstances and that the Seller is satisfied, for the purposes of the Programme Documents, following discussions with each Rating Agency, that the event or circumstances, as applicable, will not result in a reduction, qualification or withdrawal of the ratings then assigned by such Rating Agency 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 Seller 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	means the holders of Receipts.
Receipts	means, in respect of Bearer Definitive Covered Bonds previously issued under the Programme that are repayable in instalments, the receipts attached for the payment of the instalments of principal (other than the final instalment).
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.
Record Date	has the meaning given to it in Condition 5(d) (*Payments in respect of Registered Covered Bonds*).
Redeemed Covered Bonds	has the meaning given to it in Condition 6(c)(A) (*Redemption at the option of the Issuer – Issuer Call*).
Redenomination Date	has the meaning given to it in Condition 5(i) (*Definitions*).
Redraw	means either of a Cash Redraw or a Non-Cash Redraw.
Reference Banks	means BNZ, ANZ Bank New Zealand Limited 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 Latest House Price Index since the date of that Latest Valuation.
Reference Price	in respect of a Zero Coupon Covered Bond, has the meaning given in the applicable Final Terms.
Reg. S Compliance Category 1	means the conditions set out in Rule 903(b)(1) of Regulation S. For further information on Regulation S, please refer to "*Subscription and Sale and Transfer and Selling Restrictions – Selling Restrictions – United States*".
Reg. S Compliance Category 2	means the conditions set out in Rule 903(b)(2) of Regulation S. For further information on Regulation S, please refer to "*Subscription and Sale and Transfer and Selling Restrictions – Selling Restrictions – United States*".
Reg. S Compliance Category 3	means the conditions set out in Rule 903(b)(1) of Regulation S. For further information on Regulation S, please refer to "*Subscription and Sale and Transfer and Selling Restrictions – Selling Restrictions – United States*".
Register	means the register of holders of the Registered Covered Bonds maintained by the relevant Registrar.
Registered Covered Bonds	means Covered Bonds issued in registered form (being Registered Global Covered Bonds and/or Registered Definitive Covered Bonds, as the case may be).
Registered Definitive Covered Bond	has the meaning given to it in the Conditions.
Registered Global Covered Bond	has the meaning given to it in Condition 2(a) (*Transfers of interests in Registered Global Covered Bonds*).
Registrar	has the meaning given to it in the Conditions.
Regulated Market	means the regulated market of the Luxembourg Stock Exchange.
Regulation S	means Regulation S under the Securities Act.
Regulation S Covered Bond	A Covered Bond represented by a Regulation S Global Covered Bond.
Regulation S Global Covered Bond	has the meaning given to it in "*Form of the Covered Bonds*".
Related Security	means in relation to a Mortgage Loan, the security for the repayment of that Mortgage Loan including the relevant Mortgage and all other documents, matters and things related thereto and which constitute all or part of the security for the payment of all sums due in respect of the Mortgage Loan, including for the avoidance of doubt, guarantees, security over life policies, and any replacement security for a Mortgage Loan that is transferred to the Covered Bond Guarantor in accordance with the Mortgage Sale Agreement, and with respect to any Related Security that constitutes an All Moneys Mortgage, the beneficial interest of the Covered Bond Guarantor in the All Moneys Mortgage Trust declared in respect of that Mortgage.

Relevant Covered Bonds has the meaning given to it in clause 7.4 of the Intercompany Loan Agreement.

Relevant Date means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Bond Trustee or the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Covered Bondholders in accordance with Condition 13 (*Notices*).

Representations and Warranties means the representations and warranties set out in schedule 1 of the Mortgage Sale Agreement.

Repurchase Price means the price payable by the Seller to the Covered Bond Guarantor for the repurchase of a Mortgage Loan and the Related Security, as described in clause 11.4, 11.5, 11.6 or 11.7 or 19.3 of the Mortgage Sale Agreement (as applicable).

Requesting Party has the meaning given in Condition 14 (*Meetings of Covered Bondholders, Modification, Waiver and Substitution*).

Required Current Principal Balance Amount has the meaning given to it in of clause 15.2 of the Establishment Deed.

Required Redemption Amount means, in respect of a Series of Covered Bonds, the amount calculated in accordance with the following formula:

$$A \, x \left(1 + \left(B \, x \, \frac{C}{365} \right) \right)$$

where,

A = the Principal Amount Outstanding of the relevant Series of Covered Bonds;

B = the Negative Carry Factor; and

C = days to maturity of the relevant Series of Covered Bonds.

Reserve Fund means the reserve fund that the Covered Bond Guarantor will be required to establish 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.

Reserve Fund Required Amount means:

(a) prior to the Roll-off Date, if, on a Calculation Date, BNZ'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 BNZ shall advise the Covered Bond Guarantor from time to time and otherwise, an amount equal to:

(i) the higher of the NZ Dollar Equivalent of the interest:

(A) that will accrue on each Series of Covered Bonds from (and including) such Calculation Date to (but excluding) the next Calculation Date; and

(B) due for payment on each Series of Covered Bonds from (and including) such Calculation Date to (but excluding) the next Calculation Date; and

(ii) an amount equal to one-quarter of the anticipated aggregate annual amount payable in respect of the items specified in paragraphs (a) and (b) of the Pre-Acceleration Revenue Priority of Payments; or

(b) on and from the Roll-off Date, if, on a Calculation Date, BNZ's short-term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least P-1 by Moody's and F1 by Fitch or such other rating as is acceptable to Moody's and/or Fitch in order to maintain the then current ratings of the Covered Bonds, nil or such other amount as BNZ shall advise the Covered Bond Guarantor from time to time and otherwise, an amount equal to:

(i) the higher of the NZ Dollar Equivalent of the interest:

(A) that will accrue on each Series of Covered Bonds in respect of which there is no Covered Bond Swap in effect (including where a Covered Bond Swap has been entered into but has been terminated) from (and including) such Calculation Date to (but excluding) the next Calculation Date; and

(B) due for payment on each Series of Covered Bonds in respect of which there is no Covered Bond Swap in effect (including where a Covered Bond Swap has been entered into but has been terminated) from (and including) such Calculation Date to (but excluding) the next Calculation Date; and

(ii) the aggregate of all scheduled floating amounts that will become due and payable to the Covered Bond Swap Provider from (and including) such Calculation Date to (but excluding) the next Calculation Date under each Covered Bond Swap; and

(iii) an amount equal to the anticipated aggregate amount due for payment from (and including) such Calculation Date to (but excluding) the next Calculation Date in respect of the items specified in paragraphs (a) and (b) of the Pre-Acceleration Revenue Priority of Payments.

Reserve Ledger	means the ledger of such name maintained by the Trust Manager pursuant to the Management Agreement, to record the crediting of Mortgage Loan Revenue Receipts to the Reserve Fund and the debiting of such Reserve Fund in accordance with the terms of the Establishment Deed.
Residual Capital Beneficiary	means SAVY.
Residual Income Beneficiary	means SAVY.
Residual Income Beneficiary Ledger	means the ledger of such name maintained by the Trust Manager in accordance with the Management Agreement.
Residual Redemption Amount	has the meaning given to it in Condition 6(c)(B) (*Redemption at the option of the Issuer – Issuer Clean-Up Call*).
Revenue Ledger	means the ledger of such name maintained by the Trust Manager pursuant to the Management Agreement to record credits and debits of Mortgage Loan Revenue Receipts and the other amounts described in paragraph (b) of the definition of Available Revenue Receipts in accordance with the terms of the Establishment Deed.
Roll-off Date	means the first date on which none of the EUR750,000,000 0.5000 per cent. fixed rate Covered Bonds due 3 July 2024, issued under the Programme on 3 July 2017, EUR750,000,000 0.6250 per cent. fixed rate Covered Bonds due 3 July 2025, issued under the Programme on 3 July 2018, EUR850,000,000 0.0100 per cent. fixed rate Covered Bonds due 15 June 2028, issued under the Programme on 15 June 2021, EUR750,000,000 2.5520 per cent. fixed rate Covered Bonds due 29 June 2027, issued under the Programme on 29 June 2022 or EUR750,000,000 3.7075 per cent. fixed rate Covered Bonds due 20 December 2028, issued under the Programme on 28 June 2023 remains outstanding.
Rule 144A	has the meaning given to it in Condition 2(g) (*Definitions*).
Rule 144A Global Covered Bond	has the meaning given to it in Condition 2(g) (*Definitions*).
Sale Proceeds	means the cash proceeds realised from the sale of Selected Mortgage 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*) (but excluding any additional amounts relating to premiums, default interest or interest upon interest (**Excluded Scheduled Interest Amounts**) payable by the Issuer following an Issuer Event of Default but including such amounts (whenever the same arose) following service of a Covered Bond Guarantee Acceleration Notice) as if the Covered Bonds had not become due and repayable prior to their Final Maturity Date or, if the Final Terms specified that an Extended Due for Payment Date is applicable to the relevant Covered Bonds, as if the maturity date of the

Covered Bonds had been the Extended Due for Payment Date (but taking into account any principal repaid in respect of such Covered Bonds or any Guaranteed Amounts paid in respect of such principal prior to the Extended Due for Payment Date), less any additional amounts the Issuer would be obliged to pay as a result of any gross-up in respect of any withholding or deduction made under the circumstances set out in Condition 7 (*Taxation*).

Scheduled Payment Date means in relation to payments under the Covered Bond Guarantee, each Interest Payment Date or the Final Maturity Date as if the Covered Bonds had not become due and repayable prior to their Final Maturity Date.

Scheduled Principal means an amount equal to the amount in respect of principal which would have been due and repayable under the Covered Bonds on each Interest Payment Date or the Final Maturity Date (as the case may be) as specified in Condition 6(a) (*Final redemption*) and Condition 6(e) (*Redemption due to illegality*) (but excluding any additional amounts relating to prepayments, early redemption, broken funding indemnities, penalties, premiums or default interest (the **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.

Secondary Security means, in relation to a Mortgage Loan in the Mortgage Loan Portfolio, any Related Security provided by a Mortgage Guarantor that also secures a Mortgage Loan that has been transferred to a trust established under the BNZ Mortgage Trust master trust deed dated 11 November 2008 between Perpetual Trust Limited and National Australia Managers Limited.

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 Receiptholders, the Couponholders, the Issuer, BNZ-IF, BNZ (as guarantor in respect of Covered Bonds previously issued by BNZ-IF), 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 Asset Monitor, the Agents and any other person who becomes a Secured Creditor pursuant to the Security Deed, and each a **Secured Creditor**.

Secured Obligations means all amounts (whether actual or contingent, present or future) which at any time for any reason or circumstance in connection with any Programme Document that relates to, or applies to, the Trust or the Security Deed or any transactions contemplated by any of them (insofar as such transactions relate to, or apply to, the Trust), whatsoever whether at law, in equity, under statute or otherwise:

(a) are payable, are owing but not currently payable, are contingently owing, or remain unpaid by the Covered Bond Guarantor to the Security Trustee on its own account or for the account of the Secured Creditors or to any Secured Creditor or to any Receiver;

(b) have been advanced or paid by the Security Trustee on its own account or for the account of the Secured Creditors or by any Secured Creditor:

(i) at the express request of the Covered Bond Guarantor; and

(ii) on behalf of the Covered Bond Guarantor;

(c) which the Security Trustee on its own account or for the account of the Secured Creditors or any Secured Creditor is liable to pay by reason of any act or omission of the Covered Bond Guarantor or has paid or advanced in the protection or maintenance of the Charged Property or the Security and the charge created by the Security Deed following an act or omission by the Covered Bond Guarantor; or

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:

(i) irrespective of the capacity in which the Covered Bond Guarantor, the Security Trustee or any Secured Creditor became entitled or is liable in respect of the amount concerned;

(ii) whether the Covered Bond Guarantor, the Security Trustee or any Secured Creditor is liable as principal debtor or surety or otherwise;

(iii) whether the Covered Bond Guarantor is liable alone or jointly, or jointly and severally with another person;

(iv) whether the Security Trustee or any Secured Creditor is the original obligee or an assignee or a transferee of the Secured Obligations and whether or not:

(A) the assignment or transfer took place before or after the delivery of the Security Deed; or

(B) the Covered Bond Guarantor consented to or was aware of the assignment or transfer; or

(C) the assigned or transferred obligation was secured; or

(v) whether the Security Trustee or any Secured Creditor is the original Security Trustee or an original Secured Creditor or an assignee or a transferee of the original Security Trustee or an original Secured Creditor, and whether or not the Covered Bond Guarantor consented to or was aware of the assignment or transfer.

Securities Act means the U.S. Securities Act of 1933, as amended.

Security	means the Security Interests over the Charged Property granted pursuant to the Security Deed.
Security Deed	has the meaning given to it in the Conditions.
Security Interest	means any mortgage, security interest, charge, encumbrance, pledge, lien, hypothecation, assignment by way of security or other security interest or title retention arrangement and any agreement, trust or arrangement having substantially the same economic or financial effect as any of the foregoing (other than a lien arising in the ordinary course of business or by operation of law).
Security Trust	means the trust formed under the Security Deed.
Security Trustee	means New Zealand Permanent Trustees Limited, in its capacity as security trustee under the Establishment Deed and the Security Deed together with any additional security trustee appointed from time to time in accordance with the terms of the Security Deed.
Selected Mortgage Loan Offer Notice	means a notice substantially in the form of schedule 6 of the Mortgage Sale Agreement from the Covered Bond Guarantor served on the Seller offering to sell Selected Mortgage Loans and the Related Security to the Seller.
Selected Mortgage Loans	means Mortgage Loans and the Related Security to be sold by the Covered Bond Guarantor pursuant to the terms of the Establishment Deed having in aggregate the Required Current Principal Balance Amount.
Seller	means BNZ in its capacity as seller pursuant to the Mortgage Sale Agreement.
Seller Mortgage Loan Repurchase Notice	means the notice served on the Covered Bond Guarantor by the Seller offering to purchase certain Mortgage Loans and the Related Security specified in the notice, as set out in schedule 5 to the Mortgage Sale Agreement.
Seller's Power of Attorney	means the Seller Power of Attorney in favour of the Covered Bond Guarantor in substantially the form set out at schedule 4 to the Mortgage Sale Agreement.
Series	has the meaning given to it in the Conditions.
Series Reserved Matter	has the meaning given to it in Condition 14 (*Meetings of Covered Bondholders, Modification, Waiver and Substitution*).
Servicer	means BNZ in its capacity as Servicer under the Servicing Agreement.
Servicer Termination Event	has the meaning given to it in clause 17.1 of the Servicing Agreement.
Services	means the services to be provided by the Servicer pursuant to the Servicing Agreement.
Servicing Agreement	means the servicing agreement entered into on the Programme Date, between the Covered Bond Guarantor, the Trust Manager, the Seller, the All Moneys Mortgage Trustee, the Servicer and the Security Trustee (as the same may be amended and/or supplemented and/or restated from time to time).

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 Mortgage 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.
SOFR	has the meaning given to it in Condition 4(b)(ii)(B)(1) of the Conditions.
$SOFR_i$	has the meaning given to it in Condition 4(b)(ii)(B)(1) of the Conditions.
SOFR Administrator	has the meaning given to it in Condition 4(b)(ii)(B)(5) of the Conditions.
SOFR Administrator's Website	has the meaning given to it in Condition 4(b)(ii)(B)(5) of the Conditions.
SOFR $Index_{End}$	has the meaning given to it Condition 4(b)(ii)(B)(2) of the Conditions.
SOFR $Index_{Start}$	has the meaning given to it Condition 4(b)(ii)(B)(2) of the Conditions.
SONIA Compounded Index	has the meaning given to it in Condition 4(b)(ii)(C)(2) of the Conditions.
SONIA Compounded $Index_{End}$	has the meaning given to it in Condition 4(b)(ii)(C)(2) of the Conditions.
SONIA Compounded $Index_{Start}$	has the meaning given to it in Condition 4(b)(ii)(C)(2) of the Conditions.
SONIA Compounded Index Rate	has the meaning given to it in Condition 4(b)(ii)(C)(2) of the Conditions.
SONIA Reference Rate	has the meaning given to it in Condition 4(b)(ii)(C)(1) of the Conditions.
SONIA	means Sterling overnight index average.
Specified Currency	means subject to any applicable legal or regulatory restrictions, NZ Dollars, euro, Sterling, U.S. Dollars and such other currency or currencies as may be agreed from time to time by the Issuer, the relevant Dealer(s), the Principal Paying Agent and the Bond Trustee and specified in the applicable Final Terms.
Stock Exchange	means the Luxembourg 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.
Subordinated Servicing Fee Letter	means the letter dated on the Programme Date (as amended from time to time) between the Servicer, the Covered Bond Guarantor, the Trust Manager and the Security Trustee in relation to the payment of a subordinated servicing fee.
Subscription Agreement	has the meaning given to it in the Programme Agreement

Subsidiary has the meaning given in section 5 of the NZ Companies Act.

Substituted Debtor has the meaning given to it in Condition 14 (*Meetings of Covered Bondholders, Modification, Waiver and Substitution*).

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 P-1/ Aa3 by Moody's and F1 + by Fitch or their equivalents by three 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 Aaa by Moody's and F1+ by Fitch or their equivalents by three 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).

Substitute Servicer has the meaning in clause 17.2 of the Servicing Agreement.

sub-unit has the meaning given to it in Condition 4(a) (*Interest on Fixed Rate Covered Bonds*).

Successor Rate has the meaning given to it in Condition 4(d)(vii) of the Conditions.

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, including a schedule, any relevant Swap Agreement Credit Support Document and 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 income or distributions received in respect 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 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 or Termination Event (each as defined in such Swap Agreement) where the relevant Swap Provider is the Defaulting Party or the Affected Party (as defined in such Swap Agreement), as applicable, other than a Swap Provider Downgrade Event.
Swap Provider Downgrade Event	means, in relation to a Swap Agreement, the occurrence of an Additional Termination Event (as defined in such Swap Agreement) following a failure by the 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.
Swaps	means the Interest Rate Swaps and the Covered Bond Swaps.
T2	has the meaning given to it in Condition 4(b) (*Interest on Floating Rate Covered Bonds*).
Talons	have the meaning given to them in the Conditions.
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.
Tax Act	means the Income Tax Act 2007 of New Zealand.

Tax Authority	means any government, state, municipal, local, federal or other fiscal, revenue, customs or excise authority, body or official anywhere in the world including the Inland Revenue Department of New Zealand.
Tax Jurisdiction	has the meaning given to it in Condition 7 (*Taxation*).
TEFRA C	means U.S. Treas. Reg. Sec. 1.163-5(c)(2)(i)(C) (or any successor United States Treasury regulation section in substantially the same form, including without limitation, successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010).
TEFRA D	means U.S. Treas. Reg. Sec. 1.163-5(c)(2)(i)(D) (or any successor United States Treasury regulation section in substantially the same form, including without limitation, successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010).
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, 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 Agency Agreement and the Trust Presents.
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 Advance Notice	means a term advance notice substantially in the form of schedule 2 to the Intercompany Loan Agreement.
Third Party Amounts	means each of: (a) payments by a Borrower of any fees (including Early Repayment Charges) and other charges which are due to the Seller; and (b) any amount received from a Borrower for the express purpose of payment being made to a third party for the provision of a service (including giving insurance cover) to any of that Borrower or the Seller or the Covered Bond Guarantor, which amounts may be paid daily from moneys on deposit in the GIC Account. It does not, for the avoidance of doubt, include interest payable on the Mortgage Loans.
Title Perfection Event	has the meaning given to it in clause 9.1 of the Mortgage Sale Agreement.
Tranche	has the meaning given to it in the Conditions.

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	has the meaning given to it in the Conditions.
Transfer Certificate	has the meaning given to it in the Condition 2(e) (*Transfers of interests in Regulation S Global Covered Bonds*).
Transfer Date	means the date on which the Seller, subject to the fulfilment of certain conditions, sells a New Mortgage Loan Portfolio to the Covered Bond Guarantor in accordance with the Mortgage Sale Agreement.
Treaty	has the meaning given to it in Condition 5(i) (*Definitions*).
Trust	means the trust known as the "BNZ 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.
Trust Manager	means BNZ, or any other person from time to time appointed to perform the role of trust manager under the Establishment Deed.
Trust Manager Termination Event	has the meaning given to it in clause 23.1 of the Establishment Deed.
Trust Payment Date	means the last Business Day of June 2020, and the last Business Day of February, May, August and November thereafter.
Trust Payment Period	means the period from (and including) a Trust Payment Date (or the Issue 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.
UK CRA Regulation	means Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.
UK Exchange Agent	has the meaning given to it in the Conditions.
UK Paying Agent	has the meaning given to it in the Conditions.
UK Transfer Agent	has the meaning given to it in the Conditions.
Unlegended Covered Bonds	means those of the Registered Covered Bonds which are not Legended Covered Bonds.

Unpaid Interest	means in relation to an Offset Mortgage Loan, the amount of interest which would, but for the offset arrangement in the Offset Mortgage Loan, have been payable in respect of the relevant Mortgage Loan on the relevant Scheduled Payment Date for such Mortgage Loan.
Valuation Report	means the valuation report or reports for mortgage purposes from Quotable Value or from an independent firm of professional valuers selected from a panel of approved valuers 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 eightieth 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.
Yield Shortfall	has the meaning given to it in clause 4.4 of the Servicing Agreement.
Yield Shortfall Test	has the meaning given to it on page 238 of this Prospectus.
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.

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