

Members Equity Bank Capital Notes Deed Poll

Dated 14 November 2017

in relation to the Programme for the Issuance of Capital Notes by
Members Equity Bank Limited

*The Capital Notes have not been and will not be registered under the US Securities Act of 1933, as amended (the “**Securities Act**”) or the securities laws of any state in the United States. The Capital Notes may not be offered or sold at any time within the United States or to, or for the account of, U.S. persons (as defined in Regulation S under the Securities Act), unless such Capital Notes are registered under the Securities Act or an exemption from the registration requirements thereof is available.*

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Members Equity Bank Capital Notes Deed Poll

Details

Interpretation – Definitions are in these Details and under clause 1 (“Interpretation”).

Party	Members Equity Bank Limited as Issuer	
Issuer	Name	Members Equity Bank Limited
	ABN	56 070 887 679
	Address	Level 28, 360 Elizabeth Street Melbourne VIC 3000
	Fax	+ 61 3 9708 4799
	Attention	Company Secretary
In favour of	Each person who is from time to time a Holder (as defined in the Terms).	
Recitals	<p>A The Issuer has established a programme (“Programme”) for the issue of perpetual, non-cumulative, subordinated, unsecured debt instruments (the “Capital Notes”) from time to time.</p> <p>B The provisions of this deed will apply to Capital Notes issued by the Issuer under the Programme.</p> <p>C The Capital Notes will be issued in registered form by entry in a register.</p> <p>D The provisions of this deed will apply to Capital Notes issued by the Issuer on or after the date of this deed.</p>	
Governing law	Victoria	
Date of deed poll	14 November 2017	

Members Equity Bank Capital Notes Deed Poll

General terms

1 Interpretation

1.1 Incorporation of other defined terms

Terms which are defined (or given a particular meaning) in the Terms have the same meaning when used in this deed, unless the same term is also defined in this deed, in which case the definition in this deed prevails.

1.2 Definitions

Unless the contrary intention appears:

- (a) **Capital Note** means a debt obligation issued by the Issuer under this deed and constituted by this deed;
- (b) **Details** means the section of this deed headed “Details”;
- (c) **Terms** means the terms and conditions applicable to the Capital Notes, being the terms and conditions set out in Schedule 1 to this deed.

1.3 References to certain general terms

Clause 12 of the Terms (“Interpretation and definitions”) applies to this deed as if it were fully set out in this deed and as if a reference to the Terms were a reference to this deed.

2 The Capital Notes

2.1 Creation of Capital Notes

The obligations of the Issuer under the Capital Notes are constituted by, and owing under, this deed.

2.2 Undertaking

The Issuer unconditionally and irrevocably undertakes with each Holder:

- (a) to pay the Holder all amounts payable in respect of each Capital Note held by that Holder in accordance with the Terms; and
- (b) to perform and comply with all its other obligations under this deed or the Terms of such Capital Note.

2.3 Registrar

- (a) The Issuer will ensure that at all times during the life of the Capital Notes a registrar is engaged to maintain the Register.
- (b) The Issuer will procure that the Registrar establishes and maintains during its term of appointment a principal Register in New South Wales, Australia or any other place as the Issuer determines.

2.4 Assignment

The Issuer is not entitled to assign or transfer all or any of its rights, benefits and obligations under this deed.

2.5 Taxes

The Issuer must pay any stamp duty or similar tax imposed in the Commonwealth of Australia on the issue of any Capital Notes.

3 Rights and obligations of Holders

3.1 Benefit and entitlement

This deed is executed as a deed poll. Each Holder has the benefit of, and is entitled to enforce, this deed even though it is not a party to, or is not in existence at the time of execution and delivery of, this deed.

3.2 Rights independent

Without prejudice to any provision in this deed or the Terms that requires a Special Resolution or a Holder Resolution, each Holder may enforce its rights under this deed independently from the Registrar, each other Holder and any other person.

3.3 Holders bound

The Capital Notes are issued on the condition that each Holder (and any person claiming through or under a Holder) is taken to have notice of, and be bound by, this deed, the Information Memorandum, the Pricing Supplement and the Terms.

3.4 Directions to hold documents

Each Holder is taken to have irrevocably:

- (a) instructed the Issuer that this deed is to be delivered to and held by the Registrar; and
- (b) appointed and authorised the Registrar to hold such documents described in clause 3.4(a) in Sydney (or any other place in New South Wales the Issuer and the Registrar may agree) on behalf of the Holders.

3.5 Provision of documents to Holders

Within 14 days of the Issuer receiving a written request from a Holder to do so, the Issuer must ensure that the Registrar gives to the Holder a certified copy of any document held in accordance with clause 3.4 ("Directions to hold documents") if the Holder requires the copy in connection with any legal proceeding, claim or action brought by the Holder in relation to its rights under a Capital Note.

3.6 Meeting provisions

The Meeting Provisions relating to a meeting of Holders are set out in Schedule 2 to this deed.

4 Notices

Clause 11.6 of the Terms (“Notices”) applies to this deed as if it were fully set out in this deed and as if a reference to the Terms were a reference to this deed.

5 Governing law

5.1 Governing law

This deed is governed by the law in force in Victoria and the Issuer submits, and each Holder is taken to have submitted, to the non-exclusive jurisdiction of the courts of Victoria.

5.2 Jurisdiction

- (a) The Issuer irrevocably submits, and each Holder is taken to have submitted, to the non-exclusive jurisdiction of the courts of Victoria and the courts of appeal from them.
- (b) The Issuer irrevocably waives any right it has to object to an action being brought in those courts including by claiming that the action has been brought in an inconvenient forum or that those courts do not have jurisdiction.

5.3 Serving documents

Without preventing any other method of service, any document in any action may be served on the Issuer or a Holder by being delivered or left at their registered office or principal place of business.

5.4 Prohibition and enforceability

- (a) Any provision of, or the application of any provision of, this deed, or any right, power, authority, discretion or remedy conferred on any person by this deed which is prohibited in any jurisdiction is, in that jurisdiction, ineffective only to the extent of that prohibition.
- (b) Any provision of, or the application of any provision of, this deed which is void, illegal or unenforceable in any jurisdiction does not affect the validity, legality or enforceability of that provision in any other jurisdiction or of the remaining provisions in that or any other jurisdiction.

EXECUTED as a deed poll

Members Equity Bank Capital Notes Deed Poll

Schedule 1 – Terms of Capital Notes

Terms of the Capital Notes

The following are the Terms which, as supplemented, amended, modified or replaced by the relevant Pricing Supplement, will apply to the Capital Notes. References to a "Pricing Supplement" in these Terms do not limit the provisions which may be supplemented, amended, modified or replaced by the Pricing Supplement in relation to a particular Tranche or Series of Capital Notes. Terms used in the relevant Pricing Supplement will, unless the contrary intention appears, have the same meaning where used in these Terms but will prevail to the extent of any inconsistency.

1 Introduction

1.1 Programme

Capital Notes are issued under the Programme.

1.2 Pricing Supplement

- (a) The Issuer will issue the Capital Notes on the terms set out in these Terms as supplemented, amended, modified or replaced by the Pricing Supplement applicable to those Capital Notes. If there is any inconsistency between these Terms and such Pricing Supplement, the Pricing Supplement prevails.
- (b) Capital Notes are issued in Series. A Series may comprise one or more Tranches having one or more Issue Dates and on conditions otherwise identical (other than, to the extent relevant, in respect of the Issue Price, Issue Date and Distribution Commencement Date).
- (c) Copies of the Pricing Supplement are available for inspection or upon request by a Holder or prospective Holder during normal business hours at the Specified Office of the Issuer or the Registrar or are otherwise available on reasonable request from the Issuer or the Registrar.

1.3 Types of Capital Notes

A Capital Note is either:

- (a) a Fixed Rate Note; or
- (b) a Floating Rate Note,

or a combination of the above as specified in the Pricing Supplement.

2 Form of Capital Notes

2.1 Form and Constitution

- (a) The Capital Notes are perpetual, non-cumulative, subordinated, unsecured debt obligations in the form of unsecured notes issued by the Issuer.
- (b) Capital Notes are constituted by, and owing under, the Deed Poll.
- (c) Capital Notes are issued in registered form by entry in the Register.

2.2 Face Value and restriction on issue

- (a) A Capital Note has a Face Value of A\$10,000 and is issued fully paid.
- (b) No person may subscribe for Capital Notes in Australia unless:
 - (i) the aggregate consideration payable to the Issuer by the subscriber is at least A\$500,000 (disregarding moneys lent by the Issuer or its associates) or if the Capital Notes are otherwise issued in a manner which does not require disclosure in accordance with Part 6D.2 or Part 7 of the Corporations Act; and
 - (ii) the offer or invitation from which the issue results does not constitute an offer to a “retail client” as defined for the purposes of section 761G of the Corporations Act.

2.3 Denomination

Capital Notes shall be issued in the Denomination specified in the Pricing Supplement.

2.4 Currency

Capital Notes are denominated in Australian dollars.

2.5 No certificates

No certificates will be issued to Holders in respect of Capital Notes unless the Issuer determines that certificates should be available or are required by any applicable law.

2.6 No other rights

Capital Notes confer no rights on a Holder:

- (a) to vote at any meeting of shareholders of the Issuer;
 - (b) to subscribe for new securities or to participate in any bonus issues of securities of the Issuer; or
 - (c) to otherwise participate in the profits or property of the Issuer,
- except as expressly set out in these Terms or the Deed Poll.

3 Status and ranking

3.1 Status and ranking

Capital Notes constitute fully paid, direct, unsecured and subordinated obligations of the Issuer and, unless Written-off, Holders will rank for payment of cash distributions (the “**Distributions**”) and for payment of the Redemption Price in a winding-up of the Issuer:

- (a) ahead of holders of Members Equity Bank Shares;
- (b) equally without any preference among themselves for each Series and with the holders of Equal Ranking Instruments; and
- (c) behind the claims of all Senior Creditors.

3.2 Not deposit liabilities of Members Equity Bank Limited

Capital Notes are not:

- (a) deposits with, nor deposit liabilities of, Members Equity Bank Limited (ABN 56 070 887 679) or any other member of the ME Group for the purposes of the Banking Act;
- (b) protected accounts for the purposes of the depositor protection provisions of the Banking Act or the financial claims scheme established under the Banking Act;
- (c) guaranteed or insured by the Australian Government or under any compensation scheme of the Australian Government, or by any other government, under any other compensation scheme or by any government agency or any other party; nor
- (d) investments in any superannuation or other fund managed by a member of the ME Group.

4 Distributions

4.1 Distributions

Subject to these Terms, each Capital Note entitles the Holder on a Record Date to receive, on the relevant Distribution Payment Date, a cash distribution (“Distribution”) on its Face Value.

4.2 Distribution Rate

The Distribution Rate applicable in respect of Capital Notes of a Series will be set out in the Pricing Supplement.

4.3 Fixed Rate Notes

The provisions of, and the defined terms contained in, this clause 4.3 apply to the Capital Notes only if the Pricing Supplement states that the Capital Notes are Fixed Rate Notes.

- (a) The Distribution Rate applicable to a Capital Note for each Distribution Period (expressed as a percentage per annum) is specified in the applicable Pricing Supplement.
- (b) The amount of Distribution payable on each Distribution Payment Date in respect of the preceding Distribution Period in respect of each Capital Note is the Fixed Coupon Amount specified in the Pricing Supplement or, if a Fixed Coupon Amount is not specified, the amount calculated according to the following formula:

$$\text{Distribution Fraction} = \text{Distribution Rate} \times \text{Face Value} \times \text{Day Count}$$

4.4 Floating Rate Notes

The provisions of, and the defined terms contained in, this clause 4.4 apply to the Capital Notes only if the Pricing Supplement states that the Capital Notes are Floating Rate Notes.

- (a) The amount of Distribution payable on each Distribution Payment Date in respect of the preceding Distribution Period in respect of each Capital

Note is the amount calculated according to the following formula:

$$\text{Distribution} = \frac{\text{Distribution Rate} \times \text{Face Value} \times \text{N}}{365}$$

where:

Distribution Rate (expressed as a percentage per annum) is calculated according to the following formula:

$$\text{Distribution Rate} = (\text{BBSW Rate} + \text{Margin}) \times (1 - \text{Tax Rate})$$

where:

BBSW Rate (expressed as a percentage per annum) means, for a Distribution Period, the rate for prime bank eligible securities having a tenor approximately equal to the relevant Distribution Period, which is designated as the "AVG MID" on the Thomson Reuters Screen BBSW Page (or any designation which replaces that designation on that page, or any page that replaces that page) at approximately 10:15am, Sydney time (or such other time at which such rate customarily appears on that page) on the relevant day ("**Publication Time**"), on the first Business Day of the Distribution Period. However, if such rate does not appear on the Thomson Reuters Screen BBSW Page (or any page that replaces that page) by 10:30am, Sydney time, on that day (or such other time that is 15 minutes after the then prevailing Publication Time), or if it does appear but the Issuer determines that there is an obvious error in that rate, "**BBSW Rate**" means the rate determined by the Issuer having regard to comparable indices then available;

Margin (expressed as a percentage per annum) means the margin specified in the Pricing Supplement; and

N means in respect of:

- (A) the first Distribution Payment Date, the number of days from (and including) the Issue Date until (but not including) the first Distribution Payment Date; and
- (B) each subsequent Distribution Payment Date, the number of days from (and including) the preceding Distribution Payment Date until (but not including) the relevant Distribution Payment Date.

4.5 Franking Adjustments

If any Distribution is not franked to 100% under Part 3-6 of the Tax Legislation (or any provisions that revised or replace that Part), the Distribution will be calculated according to the following formula:

$$\text{Distribution} = \frac{D}{(1 - [T \times (1 - F)])}$$

where:

D means the Distribution calculated under clause 4.3 (in the case of Fixed Rate Notes) or clause 4.4 (in the case of Floating Rate Notes);

F means the applicable Franking Rate; and

T means the applicable Tax Rate.

4.6 Payment of a Distribution

The payment of any Distribution on a Distribution Payment Date is subject to:

- (a) the absolute discretion of the Issuer and the Issuer may elect to pay some or none of a Distribution; and
- (b) no Payment Condition existing in respect of the relevant Distribution Payment Date.

The Issuer will notify the Registrar and the Holders as soon as practicable if it determines not to pay a Distribution.

4.7 Distributions are discretionary and non-cumulative

- (a) Payments of Distributions are within the absolute discretion of the Issuer and are non-cumulative. If all or any part of a Distribution is not paid because of clause 4.6 or this clause 4.7 or because of any other reason:
 - (i) the Issuer has no liability to pay the unpaid amount of the Distribution;
 - (ii) Holders have no claim or entitlement in respect of such non-payment (including, without limitation, on a winding-up of the Issuer); and
 - (iii) such non-payment does not constitute an event of default.
- (b) No interest accrues on any unpaid Distributions and Holders have no claim or entitlement in respect of interest on any unpaid Distributions.

4.8 Record Dates

A Distribution is only payable on a Distribution Payment Date to those persons registered as Holders on the Record Date for that Distribution.

4.9 Notification of Distribution, Distribution Rate and other items

For each Distribution Period, the Issuer must notify the Registrar and the Holders of:

- (a) if relevant, the sum of the BBSW Rate and the Margin as soon as practicable but in any event no later than the fourth Business Day of the Distribution Period; and
- (b) the Distribution Rate and the expected Distribution payable no later than the Record Date for that Distribution Period.

4.10 Restrictions in the case of non-payment of a Distribution

Subject to clause 4.11, if for any reason a Distribution has not been paid in full on a Distribution Payment Date (the "**Relevant Distribution Payment Date**"), the Issuer must not, without the approval of a Special Resolution, until and including the next Distribution Payment Date:

- (a) declare, determine to pay or pay a Dividend; or

- (b) undertake any Buy Back or Capital Reduction,

unless the Distribution is paid in full within 5 Business Days of the Relevant Distribution Payment Date.

4.11 Exclusions from restrictions in case of non-payment

The restrictions in clause 4.10 do not apply:

- (a) to a Buy Back or Capital Reduction in connection with any employment contract, employee share scheme, benefit plan or other similar arrangement with or for the benefit of any one or more employees, officers, directors or consultants of the Issuer or a Controlled Entity of the Issuer; or
- (b) to the payment of a Dividend or completion of a Buy Back or Capital Reduction which the Issuer had become legally obliged to pay or complete at the time the relevant Distribution was not paid on the relevant Distribution Payment Date.

Nothing in these Terms prohibits the Issuer or a Controlled Entity of the Issuer from purchasing (or arranging for the purchase of) Members Equity Bank Shares (or an interest therein) in connection with transactions for the account of customers of the Issuer or any Controlled Entity of the Issuer or, with the prior written approval of APRA, in connection with the distribution or trading of Members Equity Bank Shares in the ordinary course of business. This includes (for the avoidance of doubt and without affecting the foregoing) any acquisition resulting from:

- (i) taking security over Members Equity Bank Shares in the ordinary course of business; and
- (ii) acting as trustee for another person where neither the Issuer nor any Controlled Entity of the Issuer has a beneficial interest in the trust (other than a beneficial interest that arises from a security given for the purposes of a transaction entered into in the ordinary course of business).

5 Write-off on Non-Viability Trigger Event

5.1 Non-Viability Trigger Event

- (a) A “**Non-Viability Trigger Event**” means the earlier of:
 - (i) the issuance of a notice in writing by APRA to the Issuer that conversion or write-off of Relevant Securities is necessary because, without it, APRA considers that the Issuer would become non-viable; or
 - (ii) a determination by APRA, notified to the Issuer in writing, that without a public sector injection of capital, or equivalent support, the Issuer would become non-viable.

A notice given or determination made by APRA under this clause 5.1(a) is a “**Non-Viability Determination**”.

- (b) If a Non-Viability Trigger Event occurs, the Issuer must convert to Members Equity Bank Shares or write-off:

- (i) unless paragraph (ii) applies, all Relevant Securities (including the Capital Notes); or
 - (ii) where clause 5.1(a)(i) applies, an amount of Relevant Securities if APRA is satisfied that conversion to Members Equity Bank Shares or write-off of that amount will be sufficient to ensure that the Issuer does not become non-viable.
- (c) Where clause 5.1(b)(ii) applies, in determining the number of Capital Notes which must be Written-off in accordance with this clause 5, the Issuer will:
- (i) first, convert or write-off Relevant Securities whose terms require or permit them to be converted or written-off before Write-off of the Capital Notes in full; and
 - (ii) secondly, if conversion or write-off of those Relevant Securities is not sufficient to satisfy the requirements of clause 5.1(b)(ii), Write-off Capital Notes and convert or write-off other Relevant Securities on an approximately pro-rata basis or in a manner that is otherwise, in the opinion of the Issuer, fair and reasonable (subject to such adjustment as the Issuer may determine to take into account the effect on marketable parcels and the need to round to whole numbers any Capital Notes or other Relevant Securities remaining on issue),

provided that such determination does not impede the immediate Write-off of the relevant number of Capital Notes.

5.2 Write-off

- (a) If a Non-Viability Trigger Event occurs:
- (i) on that date, whether or not that day is a Business Day (the “**Write-off Date**”), the Issuer must determine in accordance with clauses 5.1(b) and 5.1(c) the number of the Capital Notes which will be Written-off and the number of other Relevant Securities which will convert or be written off in order that the Issuer does not become non-viable and must also determine the Holders whose Capital Notes will be Written-off and in making that determination may make any decisions with respect to the identity of the Holders as may be necessary or desirable to ensure Write-off occurs immediately and in an orderly manner, including disregarding any transfers of Capital Notes that have not been settled or registered at the time of the determination;
 - (ii) on the Write-off Date that number of Capital Notes will be Written-off and that number of Relevant Securities will be converted into Members Equity Bank Shares or written off, in each case immediately and irrevocably; and
 - (iii) the Issuer must give notice of the Non-Viability Trigger Event (a “**Non-Viability Trigger Event Notice**”) to Holders as soon as practicable which states the Write-off Date, the amount of Capital Notes Written-off and the number of Relevant Securities converted or written off.
- (b) If, in accordance with clause 5.1(b)(ii), the Issuer is required to write-off or convert (as applicable) only a specified amount of Relevant Securities (including Capital Notes), the Issuer must endeavour to treat Holders and holders of other Relevant Securities on an approximately proportionate

basis but may discriminate to take into account the need to effect the write-off or conversion (as applicable) immediately.

- (c) None of the following shall prevent, impede or delay the Write-off of Capital Notes as required by this clause 5.2:
- (i) any failure or delay in the conversion or write-off of other Relevant Securities;
 - (ii) any failure or delay in giving a Non-Viability Trigger Event Notice; or
 - (iii) any requirement to select the number of Capital Notes to be Written-off in accordance with clause 5.1(c)(ii) or clause 5.2(a)(ii) or any requirement to treat Holders and holders of Relevant Securities as required by clause 5.2(b).

5.3 Automatic Write-off upon the occurrence of a Non-Viability Trigger Event

If a Non-Viability Trigger Event has occurred and Capital Notes are required to be Written-off in accordance with this clause 5, then Write-off of such Capital Notes will occur in accordance with this clause 5 immediately upon the Write-off Date.

5.4 Meaning of Write-off

“Written-off” means, in respect of a Capital Note, that:

- (a) all rights conferred (including any rights to payments of Distributions and repayment of Face Value) or restrictions imposed on that Capital Note under these Terms will irrevocably terminate on and no longer have effect on and from the Write-off Date;
- (b) all obligations of the Issuer in respect of such Capital Note shall terminate on the Write-off Date;
- (c) for all purposes the Issuer will consider that Capital Note no longer to be outstanding; and
- (d) the Issuer shall instruct the Registrar to delete that Capital Note from the Register.

6 Optional Redemption by the Issuer

6.1 Optional Redemption by the Issuer

Subject to clause 6.3, the Issuer may with APRA’s prior written approval by notice to Holders (a “Redemption Notice”) elect to Redeem:

- (a) all or some Capital Notes of a Series on a Distribution Payment Date following the occurrence of a Tax Event or a Regulatory Event; or
- (b) all or some Capital Notes of a Series on the date specified in the Pricing Supplement, being a date which is no earlier than the fifth anniversary of the Issue Date, or any subsequent Distribution Payment Date.

A Redemption Notice once given in accordance with this clause 6 is irrevocable unless a Non-Viability Trigger Event occurs after the giving of such notice, in

which case, such notice will be taken to be revoked immediately and automatically and clause 5 shall apply.

6.2 Contents of Redemption Notice

A Redemption Notice must specify:

- (a) where clause 6.1(a) applies, the details of the Tax Event or Regulatory Event to which the Redemption Notice relates;
- (b) the date on which Redemption is to occur (the “**Redemption Date**”), which must fall no earlier than five Business Days after the date on which the Redemption Notice is given;
- (c) if less than all Capital Notes are subject to Redemption, which Capital Notes are subject to Redemption. In the case of a partial redemption, the Capital Notes to be Redeemed will be selected by the Issuer in such manner as it considers appropriate; and
- (d) whether any Distribution will be paid in respect of the Capital Notes to be Redeemed on the Redemption Date.

6.3 Conditions to Redemption or purchase

The Issuer may only Redeem or purchase the Capital Notes under this clause 6 if:

- (a) the Issuer has received the prior written approval of APRA (approval is at the discretion of APRA and may or may not be given);
- (b) before or concurrently with the Redemption or purchase, the Issuer:
 - (i) replaces the Capital Notes the subject of the Redemption or purchase with a capital instrument which is of the same or better quality (for the purposes of the Prudential Standards) than the Capital Notes and the replacement of the Capital Notes is done under conditions that are sustainable for the Issuer’s income capacity; or
 - (ii) obtains confirmation from APRA that APRA is satisfied, having regard to the capital position of the Issuer and the ME Group, that the Issuer does not have to replace the Capital Notes.

Holders should not expect that APRA’s approval will be given for any Redemption or purchase of Capital Notes under these Terms.

6.4 Redemption Mechanics

- (a) A Capital Note will be Redeemed by payment on the Redemption Date of the Redemption Price.
- (b) Redemption may occur even if the Issuer, in its absolute discretion, does not pay a Distribution for the final Distribution Period.

6.5 Effect of Redemption on Holders

On the Redemption Date the only right Holders will have in respect of Capital Notes will be to obtain the Redemption Price payable in accordance with these Terms and upon payment of the Redemption Price, all other rights conferred, or restrictions imposed, by Capital Notes will no longer have effect.

7 Title and transfer of Capital Notes

7.1 Title

Title to Capital Notes passes when details of the transfer are entered in the Register.

7.2 Effect of entries in Register

Each entry in the Register in respect of a Capital Note constitutes a separate and independent acknowledgment to the relevant Holder of the obligations of the Issuer to the relevant Holder.

7.3 Register conclusive as to ownership

Entries in the Register in relation to a Capital Note constitute conclusive evidence that the person so entered is the absolute owner of the Capital Note subject to correction for fraud or error.

7.4 Non-recognition of interests

- (a) Except as required by law and as provided in these Terms, the Issuer and the Registrar must treat the person whose name is entered in the Register as the holder of a Capital Note as the absolute owner of that Capital Note. This clause 7.4 applies whether or not payment has not been made as scheduled in respect of a Capital Note and despite any notice of ownership, Encumbrance, trust or interest in the Capital Note.
- (b) No notice of any trust, Encumbrance or other interest in or claim to any Note will be entered in the Register.

7.5 Joint holders

Where two or more persons are entered in the Register as the joint holders of a Capital Note then they are taken to hold the Capital Note as joint tenants with rights of survivorship, but the Registrar is not bound to register more than four persons as joint holders of any Capital Note.

7.6 Austraclear

- (a) If Capital Notes are lodged in the Austraclear System, the Registrar will enter Austraclear in the Register as the Holder of those Capital Notes. While those Capital Notes remain in the Austraclear System, all dealings (including transfers and payments) in relation to those Capital Notes within the Austraclear System will be governed by the regulations for the Austraclear System but without affecting any Term which may affect the eligibility of the Capital Notes for inclusion as Additional Tier 1 Capital of the Issuer.
- (b) Where Austraclear is recorded in the Register as the Holder, each person in whose Security Record (as defined in the Austraclear Regulations) a Capital Note is recorded is deemed to acknowledge in favour of the Registrar and Austraclear that:
 - (i) the Registrar's decision to act as the Registrar of the Capital Note does not constitute a recommendation or endorsement by the Registrar or Austraclear in relation to the Capital Note but only indicates that such Capital Note is considered by the Registrar to be compatible with the performance by it of its

obligations as Registrar under its agreement with the Issuer to act as Registrar of the Capital Note; and

- (ii) the Holder does not rely on any fact, matter or circumstance contrary to clause 7.6(b)(i).

7.7 Transfers in whole

Capital Notes may be transferred in whole but not in part.

7.8 Transfer

- (a) Where Capital Notes are not lodged in the Austraclear System, subject to clause 7.9, all applications to transfer Capital Notes must be made by lodging with the Registrar a properly completed transfer and acceptance form in the form approved by the Issuer and the Registrar signed by both the transferor and the transferee. Transfer and acceptance forms are available from any Registry Office (or such other office as may be specified in the Pricing Supplement).
- (b) Capital Notes lodged in the Austraclear System will be transferable only in accordance with the Austraclear Regulations.

7.9 Limit on Transfer

- (a) The Capital Notes may only be transferred pursuant to offers received in Australia if:
 - (i) the aggregate consideration payable at the time of transfer is at least A\$500,000 (disregarding moneys lent by the transferor or its associates) or the transferee or the transfer otherwise does not require disclosure to investors in accordance with Part 6D.2 or Part 7 of the Corporations Act; and
 - (ii) the transfer does not constitute an offer to a “retail client” as defined for the purposes of section 761G of the Corporations Act.
- (b) Capital Notes may only be transferred between persons in a jurisdiction or jurisdictions other than Australia if the transfer is in compliance with the laws of the jurisdiction in which the transfer takes place and the transfer of the Capital Notes otherwise does not require disclosure to investors in accordance with the laws of the jurisdiction in which the transfer takes place.

7.10 Austraclear Services Limited as Registrar

If Austraclear Services Limited is the Registrar and Capital Notes are lodged in the Austraclear System, despite any other provision of these Terms, those Capital Notes are not transferable on the Register, and the Issuer may not, and must procure that the Registrar does not, register any transfer of those Capital Notes issued by it and no member of the Austraclear System has the right to request any registration of any transfer of the relevant Capital Notes, except:

- (a) for the purposes of any Write-off, Redemption, repurchase or cancellation of the relevant Capital Note, a transfer of the relevant Capital Note from Austraclear to the Issuer may be entered in the Register; and
- (b) if Austraclear exercises or purports to exercise any power it may have under the Austraclear Regulations from time to time for the Austraclear System or these Terms, to require the relevant Capital Note to be

transferred on the Register to a member of the Austraclear System, the relevant Capital Note may be transferred on the Register from Austraclear to the member of the Austraclear System.

In any of these cases, the relevant Capital Note will cease to be held in the Austraclear System.

7.11 Delivery of instrument and evidence

If an instrument is used to transfer Capital Notes, it must be delivered to the Registrar, together with such evidence (if any) as the Registrar reasonably requires to prove the title of the transferor to, or right of the transferor to transfer, the Capital Notes.

7.12 Refusal to register

The Issuer may only refuse to register a transfer of any Capital Notes if such registration would contravene or is forbidden by Austraclear Regulations or the Terms.

If the Issuer refuses to register a transfer, the Issuer must give the lodging party notice of the refusal and the reasons for it within five Business Days after the date on which the transfer was delivered to the Registrar.

7.13 Transferor to remain Holder until registration

A transferor of a Capital Note remains the Holder in respect of that Capital Note until the transfer is registered and the name of the transferee is entered in the Register.

7.14 Effect of transfer

Upon registration and entry of the transferee in the Register, the transferor ceases to be entitled to future benefits under the Deed Poll and these Terms in respect of the transferred Capital Notes and the transferee becomes so entitled in accordance with clause 7.1 and clause 7.2.

7.15 Estates

A person becoming entitled to a Capital Note as a consequence of the death or bankruptcy of a Holder or of a vesting order or a person administering the estate of a Holder may, upon producing such evidence as to that entitlement or status as the Registrar considers sufficient, transfer the Capital Note or, if so entitled, become registered as the holder of the Capital Note.

7.16 Transfer of unidentified Capital Notes

Where the transferor executes a transfer of less than all Capital Notes registered in its name, and the specific Capital Notes to be transferred are not identified, the Registrar may register the transfer in respect of such of the Capital Notes registered in the name of the transferor as the Registrar thinks fit, provided the aggregate of the Face Value of all the Capital Notes registered as having been transferred equals the aggregate of the Face Value of all the Capital Notes expressed to be transferred in the transfer.

8 Payments

8.1 Payments subject to law

All payments are subject to applicable law, but without prejudice to the provisions of clause 9.

8.2 Payments on Business Days

If a payment in respect of a Capital Note:

- (a) is due on a day which is not a Business Day then the due date for payment will be postponed to the first following day that is a Business Day; or
- (b) is to be made to an account on a Business Day on which banks are not open for general banking business in the place in which the account is located, then the due date for payment to that Holder will be the first following day on which banks are open for general banking business in that place,

and, in either case, the Holder is not entitled to any additional payment in respect of that delay.

8.3 Payment of Redemption Price

Payments of the Redemption Price will be made to each person registered at 10:00 am on the payment date as the holder of a Capital Note.

8.4 Payment of Distribution

Payments of Distributions will be made to each person registered at the close of business on the Record Date as the holder of that Capital Note.

8.5 Payments to accounts

Monies payable by the Issuer to a Holder in respect of a Capital Note may be paid in any manner in which cash may be paid as the Issuer decides, including by any method of direct credit determined by the Issuer to the Holder or Holders shown on the Register or to such person or place directed by them.

8.6 Payments by cheque

The Issuer may decide that payments in respect of a Capital Note will be made by cheque sent by prepaid post on the payment date, at the risk of the registered Holder, to the Holder (or to the first named joint holder of the Capital Note) at its address appearing in the Register at the close of business on the Record Date. Cheques sent to the nominated address of a Holder will be taken to have been received by the Holder on the payment date and no further amount will be payable by the Issuer in respect of the Capital Notes as a result of the Holder not receiving payment on the due date.

8.7 Unsuccessful attempts to pay

Subject to applicable law, where the Issuer:

- (a) decides that an amount is to be paid to a Holder by a method of direct credit and the Holder has not given a direction as to where amounts are to be paid by that method;

- (b) attempts to pay an amount to a Holder by direct credit, electronic transfer of funds or any other means and the transfer is unsuccessful;
- (c) has made reasonable efforts to locate a Holder but is unable to do so; or
- (d) has issued a cheque which has not been presented within six months of its date, then the Issuer may cancel such cheque,

then, in each case, the amount is to be held by the Issuer for the Holder in a non-interest bearing deposit with a bank selected by the Issuer until the Holder or any legal personal representative of the Holder claims the amount or the amount is paid by the Issuer according to the legislation relating to unclaimed money.

8.8 Payment to joint Holders

A payment to any one of joint Holders will discharge the Issuer's liability in respect of the payment.

8.9 Time limit for claims

A claim against the Issuer for a payment under a Capital Note is void unless made within 10 years (in the case of the Redemption Price) or five years (in the case of Distributions and other amounts) from the date on which payment first became due.

8.10 Determination and calculation final

Except where there is fraud or a manifest error, any determination or calculation which the Issuer makes in accordance with these Terms is final and binds the Issuer, the Registrar and each Holder.

9 Taxation

9.1 No set-off, counterclaim or deductions

All payments in respect of the Capital Notes must be made in full without set-off or counterclaim, and without any withholding or deduction in respect of Taxes, unless prohibited by law.

9.2 Withholding tax

- (a) If a law requires the Issuer to withhold or deduct an amount in respect of Taxes from a payment in respect of the Capital Notes such that the Holder would not actually receive on the due date the full amount provided for under the Capital Notes, then the Issuer agrees to deduct the amount for the Taxes.
- (b) If any deduction is required, the Issuer must pay the full amount required to be deducted to the relevant revenue authority within the time allowed for such payment without incurring a penalty under the applicable law.
- (c) If:
 - (i) a deduction is made;
 - (ii) the amount of the deduction is accounted for by the Issuer to the relevant revenue authority; and
 - (iii) the balance of the amount payable has been paid to the Holder,

then the Issuer's obligation to make the payment to the Holder is taken to have been satisfied in full by the Issuer.

9.3 FATCA

The Issuer may withhold or make deductions from payments to a Holder where it is required to do so under or in connection with FATCA, or where it has reasonable grounds to suspect that the Holder or a beneficial owner of Capital Notes may be subject to FATCA, and may deal with such payment in accordance with FATCA. If any withholding or deduction arises under or in connection with FATCA, the Issuer will not be required to pay any further amounts on account of such withholding or deduction or otherwise reimburse or compensate, or make any payment to, a Holder or a beneficial owner of Capital Notes for or in respect of any such withholding or deduction. A dealing with such payment in accordance with FATCA satisfies the Issuer's obligations to that Holder to the extent of the amount of that payment.

10 Subordination and general rights in respect of Capital Notes

10.1 Ranking in a winding-up of the Issuer

If an order of a court of competent jurisdiction is made (other than an order successfully appealed or permanently stayed within 30 days), or an effective resolution is passed, for the winding-up of the Issuer in Australia, the Issuer is liable to redeem each Capital Note for its Redemption Price in accordance with, and subject to, this clause 10.1 and clause 10.2.

10.2 Subordination

In a winding-up of the Issuer:

- (a) a Holder shall be entitled to prove for the Redemption Price in respect of a Capital Note only subject to, and contingent upon, the prior payment in full of the Senior Creditors (including any entitlement to interest under section 563B of the Corporations Act) and a Holder must not claim in the winding up of the Issuer in competition with the Senior Creditors so as to diminish any distribution, dividend or payment which, but for that claim, the Senior Creditors would have been entitled to receive; and
- (b) the Holder's claim for payment of the Redemption Price ranks equally with, and shall be paid in proportion to, the claims of holders of Equal Ranking Instruments,

so that the Holder receives, for the Capital Note, an amount equal to the amount it would have received if, in the winding up of the Issuer, it had held an issued and fully paid Preference Share.

10.3 Agreements of Holders as to subordination

Each Holder irrevocably agrees:

- (a) that clause 10.2 is a debt subordination for the purposes of section 563C of the Corporations Act;
- (b) that it does not have, and waives to the maximum extent permitted by law, any entitlement to interest under section 563B of the Corporations Act to the extent that a holder of a Preference Share would not be entitled to such interest;

- (c) that it shall not have, and is taken to have waived, to the fullest extent permitted by law, any right to prove in a winding-up of the Issuer as a creditor in respect of the Capital Notes so as to diminish any distribution, dividend or payment that any Senior Creditor would otherwise receive;
- (d) not to exercise any voting rights as a creditor in the winding-up or administration of the Issuer in a manner inconsistent with the ranking and subordination contemplated by clause 3 and clause 10.2;
- (e) that it must pay or deliver to the liquidator or administrator any amount or asset received on account of its claim in the winding-up or administration of the Issuer in respect of the Capital Notes in excess of its entitlement under clause 3 and clause 10.2;
- (f) that it must pay in full all liabilities it owes the Issuer before it may receive any amount or asset on account of its claim in the winding-up or administration in respect of a Capital Note;
- (g) that the debt subordination effected by clause 3 and clause 10.2 is not affected by any act or omission of any person which might otherwise affect it at law or in equity; and
- (h) that it has no remedy for the recovery of the Redemption Price other than to prove in the winding-up in accordance with this clause 10.3.

10.4 No further rights

A Capital Note does not confer on the Holders any further right to participate in the winding-up of the Issuer beyond payment of the Redemption Price.

10.5 No set-off or offsetting rights

A Holder:

- (a) may not exercise any right of set-off against the Issuer in respect of any claim by the Issuer against that Holder; and
- (b) will have no offsetting rights or claims on the Issuer if the Issuer does not pay an amount when scheduled under these Terms.

The Issuer may not exercise any right of set-off against a Holder in respect of any claim by that Holder against the Issuer.

10.6 No consent of Senior Creditors

Nothing in clause 3 or this clause 10 shall be taken:

- (a) to require the consent of any Senior Creditor to any amendment of these Terms; or
- (b) to create a charge or security interest over any right of a Holder.

10.7 Power of attorney

- (a) Each Holder appoints each of the Issuer, its officers and any External Administrator or statutory manager of the Issuer (each an "**Attorney**") severally to be the attorney of the Holder with power in the name and on behalf of the Holder to sign all documents and transfers and do any other thing as may in the Attorney's opinion be necessary or desirable to be done in order for the Holder to observe or perform the Holder's

obligations under these Terms including, but not limited to, effecting any Redemption.

- (b) The power of attorney given in this clause 10.7 is given for valuable consideration and to secure the performance by the Holder of the Holder's obligations under these Terms and is irrevocable.

10.8 Holder acknowledgments

Each Holder irrevocably acknowledges and agrees that:

- (a) clause 5.2 is a fundamental term and where clause 5.2 applies, no other conditions or events will affect the operation of that clause and it will not have any rights to vote in respect of any Write-off;
- (b) a Holder has no right to apply for the Issuer to be wound up, or placed in administration, or to cause an External Administrator, receiver, or a receiver and manager, to be appointed in respect of the Issuer merely on the grounds that the Issuer does not or is or may become unable to pay a Distribution when scheduled in respect of Capital Notes; and
- (c) these Terms do not contain:
 - (i) any provisions requiring the Issuer to repay or redeem any Capital Notes prior to an order being made or an effective resolution being passed for the winding-up of the Issuer; or
 - (ii) any events of default and accordingly (but without limitation) the Issuer's failure to pay a Distribution in full for any reason, or to comply with any of its obligations will not constitute an event of default.

11 General provisions

11.1 Voting

- (a) The Deed Poll contains provisions for convening meetings of the Holders of any Series to consider any matter affecting their interests including certain variations of these Terms which require the consent of the Holders.
- (b) A Holder has no right to attend or vote at any general meeting of the shareholders of the Issuer.

11.2 Amendments without consent

At any time and from time to time, but subject to compliance with the Corporations Act and all other applicable laws, the Issuer may, without the consent of the Holders, amend these Terms or the Deed Poll if such amendment is:

- (a) of a formal, technical or minor nature;
- (b) made to correct any manifest error;
- (c) made to cure any ambiguity or correct or supplement any defective or inconsistent provision and, in the reasonable opinion of the Issuer, is not materially prejudicial to the interests of the Holders;

- (d) necessary or expedient for the purpose of enabling the Capital Notes to be offered for subscription or for sale under the laws for the time being in force in any place;
- (e) necessary to comply with the provisions of any statute or the requirements of any statutory authority;
- (f) is made to:
 - (i) amend the terms of any Capital Notes to align them with any Relevant Securities issued after the date of such Capital Notes; or
 - (ii) amend the definition of “Relevant Security” on account of the issue (after the date of any Capital Notes) of capital instruments of the ME Group; or
- (g) in any other case, not materially prejudicial to the interests of the Holders as a whole,

provided that, in the case of an amendment pursuant to paragraph (d), (e) or (f), the Issuer has received an opinion of independent legal advisers of recognised standing in Victoria that such amendment is otherwise not materially prejudicial to the interests of Holders as a whole.

For the purposes of determining whether an amendment is not materially prejudicial to the interests of Holders as a whole, the taxation and regulatory capital consequences to a Holder (or any class of Holders) and other special consequences or circumstances which are personal to a Holder (or any class of Holders) do not need to be taken into account by the Issuer or its legal advisers.

11.3 Amendments with consent

Unless clause 11.2 applies, the Issuer may amend these Terms with the approval of the Holders of the Series by Special Resolution in accordance with the Meeting Provisions.

11.4 Consents

Prior to any amendment under this clause 11, the Issuer must obtain any consent needed to the amendment and, in particular, any amendment which may affect the eligibility of the Capital Notes for inclusion as Additional Tier 1 Capital of the Issuer, is subject to the prior written consent of APRA.

11.5 Interpretation

In this clause 11, “**amend**” includes modify, cancel, alter, waive or add to, and “**amendment**” has a corresponding meaning.

11.6 Notices

(a) Notices to Holders

All notices and other communications by the Issuer to a Holder must be in writing and sent by fax or prepaid post (airmail if appropriate) to or left at the address of the Holder (as shown in the Register at the close of business on the day which is three Business Days before the date of the notice or communication) or sent by email or electronic message to the electronic address (if any) nominated by that person and may also be given:

- (i) by an advertisement published in *The Australian Financial Review*, *The Australian* or any other newspaper of national circulation in Australia; or
- (ii) where Capital Notes are lodged in the Austraclear System, by delivery to the Austraclear System for communication by the Austraclear System to the persons shown in its records as having interests therein.

(b) Delivery of certain notices

Notwithstanding clause 11.6(a), a notice under clause 4.9 of the Terms, a Non-Viability Trigger Event Notice and a notice of change of Specified Office may each be given to Holders and the Registrar by the Issuer publishing the notice on the Issuer's website.

(c) Notices

All notices and other communications to the Issuer, the Registrar or any other person (other than Holders) must be in writing and may be sent by fax or electronic messages to the electronic address (if any) of the addressee or by prepaid post (airmail if appropriate) to or may be left at the Specified Office of the Issuer, the Registrar or such other person.

(d) When effective

Notices and other communications the subject of this clause 11.6 take effect from the time they are taken to be received unless a later time is specified in them.

(e) Receipt – publication in newspaper or via Austraclear System

If published in a newspaper, a notice or other communication is taken to be received on the first date that publication has been made in all the required newspapers or, where Capital Notes are lodged in the Austraclear System, on the fourth Business Day after delivery to the Austraclear System.

(f) Deemed receipt – postal, fax or email

- (i) If sent by post, notices or other communications the subject of this clause 11.6 are taken to be received three days after posting (or seven days after posting if sent to or from a place outside Australia).
- (ii) If sent by fax, notices or other communications the subject of this clause 11.6 are taken to be received at the time shown in the transmission report as the time that the whole fax was sent.
- (iii) If sent by email, notices or other communications the subject of this clause 11.6 are taken to be received when:
 - (A) the sender receives an automated message confirming delivery; or
 - (B) four hours after the time sent (as recorded on the device from which the sender sent the email), provided that the sender does not receive an automated message within those four hours that the email has not been delivered.

(g) Deemed receipt - general

Despite clause 11.6(f), if notices or other communications the subject of this clause 11.6 are received after 5.00 pm in the place of receipt or on a non-Business Day, they are taken to be received at 9.00 am on the next Business Day in the place of receipt.

(h) Copies of notices

If these Terms require a notice or other communication to be copied to another person, a failure to so deliver the copy will not invalidate the notice or other communication.

11.7 Further issues

The Issuer may from time to time, without the consent of any Holder, issue any securities ranking equally with the Capital Notes (on the same terms or otherwise) or ranking in priority or junior to the Capital Notes, or incur or guarantee any indebtedness upon such terms as it may think fit in its sole discretion.

11.8 Purchase by agreement

Subject to APRA's prior written approval, the Issuer or any member of the ME Group may purchase Capital Notes at any time and at any price. Any Capital Note purchased by or on behalf of the Issuer shall be cancelled.

11.9 Governing law, jurisdiction and service of process

- (a) These Terms and the Capital Notes are governed by and shall be construed in accordance with the laws in force in Victoria, Australia.
- (b) The Issuer has irrevocably agreed for the benefit of the Holders that the courts of Victoria, Australia are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Capital Notes and accordingly has submitted to the non-exclusive jurisdiction of the courts of Victoria, Australia. The Issuer waives any objection to the courts of Victoria, Australia on the grounds that they are an inconvenient or inappropriate forum.
- (c) The Issuer agrees that process in connection with any proceedings in Victoria, Australia may be served at the Specified Office of the Issuer. Nothing in these Terms affects the right to serve process in any other manner permitted by law.

11.10 Rounding

For the purposes of any calculations required under these Terms:

- (a) all percentages resulting from the calculations must be rounded, if necessary, to the nearest ten-thousandth of a percentage point (with 0.00005% being rounded up to 0.0001%);
- (b) all figures must be rounded to four decimal places (with 0.00005 being rounded up to 0.0001); and
- (c) all amounts that are due and payable to a Holder in respect of the Holder's aggregate holding of the Capital Notes must be rounded to the nearest one Australian cent (with 0.5 of a cent being rounded up to one cent).

12 Interpretation and definitions

12.1 Interpretation

In these Terms, except where the context otherwise requires:

- (a) the singular includes the plural and vice versa, and a gender includes other genders;
- (b) another grammatical form of a defined word or expression has a corresponding meaning;
- (c) a reference to a document includes all schedules or annexes to it;
- (d) a reference to a clause or paragraph is to a clause or paragraph of these Terms;
- (e) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (f) a reference to “**Australia**” includes any political sub-division or territory in the Commonwealth of Australia;
- (g) a reference to “**Australian dollars**”, “**A\$**” or “**Australian cent**” is a reference to the lawful currency of Australia;
- (h) a reference to time is to Melbourne, Australia time, unless otherwise stated;
- (i) other than:
 - (i) in relation to a Non-Viability Trigger Event and a Write-off; and
 - (ii) where a contrary intention is expressed,if an event under these Terms must occur on a stipulated day which is not a Business Day, then the stipulated day will be taken to be the next Business Day;
- (j) a reference to a person includes a reference to the person’s executors, administrators, successors and permitted assigns and substitutes;
- (k) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- (l) a reference to a “**Pricing Supplement**” is a reference to the Pricing Supplement applicable to the Capital Notes of the particular Tranche specified in that Pricing Supplement;
- (m) a reference to a statute, ordinance, code, rule, directive or law (however described) includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (n) the meaning of general words is not limited by specific examples introduced by “including”, “for example” or similar expressions;

- (o) any agreement, representation or warranty by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;
- (p) headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of these Terms;
- (q) any provisions which refer to the requirements of APRA or any other prudential regulatory requirements will apply to the Issuer only if the Issuer is an entity subject to regulation and supervision by APRA at the relevant time;
- (r) a reference to “Additional Tier 1 Capital” or “Related Entity” shall, if either term is replaced or superseded in any of APRA’s applicable prudential regulatory requirements or standards, be taken to be a reference to the replacement or equivalent term;
- (s) any provisions which require APRA’s consent or approval (written or otherwise) will apply only if APRA requires that such consent or approval be given at the relevant time; and
- (t) any provisions in these Terms requiring the prior approval of APRA for a particular course of action to be taken by the Issuer do not imply that APRA has given its consent or approval to the particular action as of the Issue Date or that it will at any time give its consent or approval to the particular action.

12.2 Definitions

In these Terms, these meanings apply unless the contrary intention appears:

Additional Tier 1 Capital means the additional tier 1 capital of the ME Level 1 Group or the ME Level 2 Group as defined by APRA from time to time.

APRA means the Australian Prudential Regulation Authority or any authority succeeding to its powers and responsibilities.

Attorney has the meaning given in clause 10.7.

Austraclear means Austraclear Ltd (ABN 94 002 060 773).

Austraclear Regulations means the regulations known as the ‘Regulations and Operating Manual’ established by Austraclear (as amended from time to time) to govern the use of the Austraclear System.

Austraclear Services Limited means Austraclear Services Limited (ABN 28 003 284 419).

Austraclear System means the system operated by Austraclear for holding Capital Notes and the electronic recording and settling of transactions in those Capital Notes between members of that system.

Banking Act means the Banking Act 1959 (Cth).

BBSW Rate has the meaning given in clause 4.4.

Business Day means:

- (a) a day which is a business day within the meaning of the ASX Listing Rules; and

- (b) for the purposes of calculation or payment of Distributions or any other amount, a day on which banks are open for business in Sydney and Melbourne.

Business Day Convention means a convention for adjusting any date if it would otherwise fall on a day that is not a Business Day and the following conventions, where specified in the Pricing Supplement in relation to any date applicable to any Capital Note, have the following meanings:

- (a) **Floating Rate Convention** means that the date is postponed to the next following day which is a Business Day unless that day falls in the next calendar month, in which event:
- (i) that date is brought forward to the first preceding day that is a Business Day; and
 - (ii) each subsequent Distribution Payment Date is the last Business Day in the month which falls the number of months or other period specified as the Distribution Period in the Pricing Supplement after the preceding applicable Distribution Payment Date occurred;
- (b) **Following Business Day Convention** means that the date is postponed to the first following day that is a Business Day;
- (c) **Modified Following Business Day Convention** or **Modified Business Day Convention** means that the date is postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date is brought forward to the first preceding day that is a Business Day;
- (d) **Preceding Business Day Convention** means that the date is brought forward to the first preceding day that is a Business Day; and
- (e) **No Adjustment** means that the relevant date must not be adjusted in accordance with any Business Day Convention.

If no convention is specified in the Pricing Supplement, the Following Business Day Convention applies. Different conventions may be specified in relation to, or apply to, different dates.

Buy Back means a transaction involving the acquisition by the Issuer of Members Equity Bank Shares pursuant to an offer made at the Issuer's discretion in any way permitted by the provisions of Part 2J of the Corporations Act.

Capital Note means a ME Bank Capital Note, being a fully paid, subordinated, perpetual debt security or debt obligation issued or to be issued by the Issuer which is constituted by, and owing under, the Deed Poll, the details of which are recorded in, and evidenced by entry in, the Register. All references to Capital Notes must, unless the context otherwise requires, be read and construed as references to the Capital Notes of a particular Series.

Capital Reduction means a reduction in capital initiated by the Issuer in its discretion in respect of Members Equity Bank Shares in any way permitted by the provisions of Chapter 2J of the Corporations Act.

Common Equity Tier 1 Capital means the common equity tier 1 capital of the ME Level 1 Group or the ME Level 2 Group as defined by APRA from time to time.

Control has the meaning given in the Corporations Act.

Controlled Entity means, in respect of the Issuer, an entity the Issuer Controls.

Corporations Act means the Corporations Act 2001 (Cth).

Day Count Fraction means, in respect of the calculation of interest on a Capital Note for any period of time ("**Calculation Period**"), the day count fraction specified in the Pricing Supplement and:

- (a) if "**Actual/Actual (ICMA)**" is so specified, means:
- (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period, and (2) the number of Regular Periods normally ending in any year; and
 - (ii) where the Calculation Period is longer than one Regular Period, the sum of:
 - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period, and (2) the number of Regular Periods normally ending in any year;
- (b) if "**Actual/Actual**" or "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of:
- (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and
 - (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (c) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;
- (d) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;
- (e) if "**30/360**", "**360/360**" or "**Bond Basis**" is so specified, means the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

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

where:

"**Y₁**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y₂**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

- “**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;
- “**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- “**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 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 Calculation 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 so specified, means the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

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

where:

- “**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;
- “**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- “**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;
- “**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- “**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 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 Calculation 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 so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

- “**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;
- “**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- “**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

- “**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- “**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and
- “**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Redemption Date or (ii) such number would be 31, in which case D₂ will be 30; and
- (h) if “**RBA Bond Basis**” or “**Australian Bond Basis**” is so specified, means one divided by the number of Distribution Payment Dates in a year (or where the Calculation Period does not constitute a Distribution Period, the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of:
- (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and
 - (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)).

Deed Poll means the Members Equity Bank Capital Notes Deed Poll dated 14 November 2017.

Denomination means the notional face value of a Capital Note specified in the Pricing Supplement.

Directors means some or all of the directors of the Issuer acting as a board.

Distribution has the meaning given in clause 4.1.

Distribution Commencement Date means, in respect of a Capital Note, the Issue Date of the Capital Note or any other date so specified in the Pricing Supplement.

Distribution Payment Date means each date so specified in, or determined in accordance with, the Pricing Supplement (and adjusted, if necessary, in accordance with the applicable Business Day Convention if so specified in the Pricing Supplement).

Distribution Period means in respect of:

- (a) the first Distribution Period, the period from (and including) the Distribution Commencement Date until (but not including) the first Distribution Payment Date after the Distribution Commencement Date; and
- (b) each subsequent Distribution Period, the period from (and including) the preceding Distribution Payment Date until (but not including) the next Distribution Payment Date.

Distribution Rate means, in respect of a Capital Note, the distribution rate (expressed as a percentage per annum) payable in respect of that Capital Note specified in the Pricing Supplement or calculated or determined in accordance with the Terms.

Dividend means any interim, final or special dividend payable in accordance with the Corporations Act and the Issuer's constitution in relation to Members Equity Bank Shares.

Encumbrance means any mortgage, pledge, charge, lien, assignment by way of security, hypothecation, security interest, title retention, preferential right or trust arrangement, any other security agreement or security arrangement (including any security interest under the Personal Property Securities Act 2009 (Cth)) and any other arrangement of any kind having the same effect as any of the foregoing other than liens arising by operation of law.

Equal Ranking Instrument means any instruments, present and future, which satisfy one of the following paragraphs (a) or (b):

- (a) instruments which by their terms are, or are expressed to be, subordinated in a winding-up of the Issuer to the claims of Senior Creditors, qualify as Additional Tier 1 Capital of the Issuer and which, in a winding-up of the Issuer rank, or are expressed to rank, prior to, and senior in right of payment to, instruments which constitute Common Equity Tier 1 Capital of the Issuer; or
- (b) instruments issued by the Issuer where the right to repayment ranks, or is expressed to rank, in a winding-up of the Issuer equally with the claims of Holders (irrespective of whether or not such instruments qualify as Additional Tier 1 Capital of the Issuer).

External Administrator means, in respect of a person:

- (a) a liquidator, a provisional liquidator, an administrator or a statutory manager of that person; or
- (b) a receiver, or a receiver and manager, in respect of all or substantially all of the assets and undertaking of that person, or in either case any similar official.

Expressions used in this definition have meanings given in the Corporations Act.

Face Value means the principal amount of a Capital Note, being A\$10,000 or such other amount so specified in the Pricing Supplement.

FATCA means the *Foreign Account Tax Compliance Act* provisions, sections 1471 through 1474 of the United States Internal Revenue Code (including any regulations or official interpretations issued, agreements entered into or non-US laws enacted with respect to those provisions).

Fixed Coupon Amount has the meaning given in the Pricing Supplement.

Fixed Rate Note means a Capital Note on which interest is calculated at a fixed rate payable in arrear on a fixed date or fixed dates in each year and on redemption or on any other dates as specified in the Pricing Supplement.

Floating Rate Note means a Capital Note on which interest is calculated at a floating rate payable in arrear monthly or 2, 3, 6, or 12 monthly or in respect of any other period or on any other date specified in the Pricing Supplement.

Franking Rate (expressed as a decimal) means the franking percentage (within the meaning of Part 3-6 of the Tax Legislation or any provisions that revise or replace that Part) applicable to the franking account of the Issuer at the relevant Distribution Payment Date.

Holder means, in respect of a Capital Note the person whose name is entered on the Register as the holder of that Capital Note.

Holder Resolution means a resolution passed:

- (a) at a meeting of Holders of the Capital Notes, duly called and held under the Meeting Provisions:
 - (i) by at least 50% of the persons voting on a show of hands (unless paragraph (b) below applies); or
 - (ii) if a poll is duly demanded, by a majority consisting of at least 50% of the votes cast; or
- (b) by postal ballot or written resolution under the Meeting Provisions by Holders representing (in aggregate) at least 50% of the aggregate Face Value of the outstanding Capital Notes.

Information Memorandum means, in respect of a Capital Note:

- (a) the Information Memorandum dated 14 November 2017 or the then latest information memorandum which replaces that document; or
- (b) the information memorandum or other offering document referred to in the Pricing Supplement,

in each case prepared by, or on behalf of, and approved in writing by, the Issuer in connection with the issue of that Capital Note and all documents incorporated by reference in it, including the Pricing Supplement and any other amendments or supplements to it.

Issue Date means the date on which a Capital Note is, or is to be issued, and as may be specified, or determined in accordance with, the Pricing Supplement.

Issue Price means, in respect of a Capital Note or a Series of Capital Notes, the price as set out in the Pricing Supplement.

Issuer means Members Equity Bank Limited (ABN 56 070 887 679).

Margin means the margin specified in the Pricing Supplement.

Meeting Provisions means the provisions for meetings of the Holders set out in schedule 2 to the Deed Poll.

ME Group means the Issuer and its Controlled Entities.

ME Level 1 Group means the Issuer and those of its controlled entities included by APRA from time to time in the calculation of the Issuer's capital ratios on a Level 1 basis.

ME Level 2 Group means the Issuer together with each Related Entity included by APRA from time to time in the calculation of the Issuer's capital ratios on a Level 2 basis.

Members Equity Bank Shares means Ordinary Shares and any other shares in the capital of the Issuer constituting Common Equity Tier 1 Capital of the Issuer.

Non-Viability Trigger Event has the meaning given in clause 5.1(a).

Non-Viability Trigger Event Notice has the meaning given in clause 5.2(a)(iii).

Ordinary Share means a fully paid ordinary share in the capital of the Issuer.

Payment Condition means, with respect to the payment of a Distribution on the Capital Notes on a Distribution Payment Date:

- (a) payment of the Distribution would result in the Issuer breaching APRA's capital adequacy requirements applicable to it;
- (b) the payment would result in the Issuer becoming, or being likely to become, insolvent for the purposes of the Corporations Act; or
- (c) APRA objecting to the payment.

Preference Share means a notional preference share in the capital of the Issuer conferring a claim in the winding up of the Issuer equal to the Redemption Price and ranking in respect of return of capital in the winding up ahead only of Ordinary Shares and equally with Relevant Securities.

Pricing Supplement means the Pricing Supplement prepared in relation to the Capital Notes of a particular Tranche.

Programme means the Programme for the Issuance of Capital Notes established by the Issuer.

Prudential Standards means the prudential standards and guidelines published by APRA and applicable to the Issuer or the ME Group from time to time.

Record Date means, for payment of a Distribution, the date which is eight calendar days before the Distribution Payment Date for that Distribution or any other date so specified in the Pricing Supplement.

Redemption means the redemption of a Capital Note in accordance with clause 6.4 and the words **Redeem**, **Redeemable** and **Redeemed** have corresponding meanings.

Redemption Date has the meaning given in clause 6.2(b).

Redemption Notice has the meaning given in clause 6.1.

Redemption Price means the Face Value of the Capital Notes as at the date of redemption and also includes any other amount in the nature of a redemption amount specified in, or determined in accordance with, the Pricing Supplement or these Terms.

Register means the register, including any branch register, of Holders established and maintained by or on behalf of the Issuer under the Registry Agreement.

Registrar means, in respect of a Series of Capital Notes:

- (a) Austraclear Services Limited; or
- (b) any other person appointed by the Issuer to maintain the Register and perform any payment and other duties as specified in that agreement,

in each case as specified in the Pricing Supplement.

Registry Agreement means the agreement entitled "Agency and Registry Services Agreement" dated 25 September 2006 between the Issuer and Austraclear Services Limited (ABN 28 003 284 419).

Registry Office means the office of the Registrar as specified in the Registry Agreement or such other office which is notified by the Issuer to Holders from time to time.

Regular Period means:

- (a) in the case of Capital Notes where a Distribution is scheduled to be paid only by means of regular payments, each Distribution Period;
- (b) in the case of Capital Notes where, apart from the first Distribution Period, Distributions are scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "Regular Date" means the day and month (but not the year) on which any Distribution Payment Date falls; and
- (c) in the case of Capital Notes where, apart from one Distribution Period other than the first Distribution Period, Distributions are scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "Regular Date" means the day and month (but not the year) on which any Distribution Payment Date falls other than the Distribution Payment Date falling at the end of the irregular Distribution Period;

Regulatory Event means:

- (a) the receipt by the Directors of an opinion from a reputable legal counsel that, as a result of any amendment to, clarification of or change (including any announcement of a change that will be introduced) in, any law or regulation in Australia or any official administrative pronouncement or action or judicial decision interpreting or applying such laws or regulations or any statement of APRA which amendment, clarification or change is effective, or pronouncement, action or decision is announced, on or after the Issue Date and which on the Issue Date is not expected by the Issuer to come into effect (each, a "**Regulatory Change**"), additional requirements would be imposed on the Issuer in relation to or in connection with Capital Notes which the Directors (having received all approvals they consider in their absolute discretion to be necessary (including from APRA)) determine, in their absolute discretion, to be unacceptable; or
- (b) a determination by the Directors (having received all approvals they consider in their absolute discretion to be necessary (including from APRA)) that, as a result of a Regulatory Change, the Issuer is not or will not be entitled to treat all Capital Notes as Additional Tier 1 Capital.

Related Entity means in respect of the Issuer, any parent entity of the Issuer or any entity over which the Issuer or any parent entity of the Issuer exercises control or significant influence, as determined by APRA from time to time.

Relevant Security means, where a Non-Viability Trigger Event occurs, a Tier 1 Capital instrument that, in accordance with its terms or by operation of law, is capable of being converted into Members Equity Bank Shares or written-off where that event occurs.

Senior Creditors means all present and future creditors of the Issuer, including depositors, whose claims are:

- (a) entitled to be admitted in a winding-up of the Issuer; and

- (b) not expressed to rank equally with, or subordinate to, the claims of a Holder.

Series means an issue of Capital Notes.

Special Resolution means:

- (a) a resolution passed at a meeting of the Holders duly called and held under the Meeting Provisions:
 - (i) by at least 75% of the persons voting on a show of hands (unless paragraph (b) below applies); or
 - (ii) if a poll is duly demanded, then by a majority consisting of at least 75% of the votes cast; or
- (b) a resolution passed by postal ballot or written resolution under the Meeting Provisions by Holders representing (in aggregate) at least 75% of the aggregate Face Value of the outstanding Capital Notes.

Specified Office means the office specified in the section "Directory" in the Information Memorandum as the address of the relevant party or person or any other address notified to Holders from time to time.

Taxes means taxes, levies, imposts, charges and duties (including stamp and transaction duties) imposed by any authority together with any related interest, penalties, fines and expenses in connection with them, except if imposed on, or calculated having regard to, the net income of the Holder.

Tax Event means the receipt by the Directors of an opinion from a reputable legal counsel or other tax adviser in Australia experienced in such matters to the effect that, as a result of:

- (a) any amendment to, clarification of, or change (including any announcement of a change that will be introduced) in the laws or treaties or any regulations affecting taxation in Australia;
- (b) any judicial decision, official administrative pronouncement, published or private ruling, regulatory procedure, notice or announcement (including any notice or announcement of intent to adopt such procedures or regulations) affecting taxation in Australia ("**Administrative Action**"); or
- (c) any amendment to, clarification of, or change in an Administrative Action that provides for a position that differs from the current generally accepted position,

in each case, by any legislative body, court, governmental authority (including, without limitation, a tax authority) or regulatory body in Australia, irrespective of the manner in which such amendment, clarification, change or Administrative Action is made known, which amendment, clarification, change or Administrative Action is effective, or which pronouncement or decision is announced, on or after the Issue Date and which on the Issue Date is not expected by the Issuer to come into effect, there is more than an insubstantial risk which the Directors determine (having received all approvals they consider in their absolute discretion to be necessary (including from APRA)) at their absolute discretion to be unacceptable that:

- (i) any Distribution would not be a frankable dividend or distribution within the meaning of Division 202 of the Tax Legislation; or

- (ii) the Issuer would be exposed to more than a de minimis adverse tax consequence (including without limitation through the imposition of any taxes, duties, assessments or other charges) in relation to Capital Notes.

Tax Legislation means:

- (a) the Income Tax Assessment Act 1936 (Cth) or the Income Tax Assessment Act 1997 (Cth) as the case may be (and a reference to any section of the Income Tax Assessment Act 1936 includes a reference to that section as rewritten in the Income Tax Assessment 1997);
- (b) any other law setting the rate of income tax payable; and
- (c) any regulation made under such laws.

Tax Rate (expressed as a decimal) means the Australian corporate tax rate applicable to the franking account of the Issuer at the relevant Distribution Payment Date.

Tier 1 Capital means the tier 1 capital of the ME Level 1 Group or the ME Level 2 Group as defined by APRA from time to time.

Terms means, in relation to a Capital Note, these terms and conditions amended, supplemented, modified or replaced by the Pricing Supplement and references to a particular numbered Term shall be construed accordingly.

Tranche means an issue of Capital Notes specified as such in a Pricing Supplement issued on the same Issue Date and on the same Terms.

Write-off Date has the meaning given in clause 5.2(a)(i).

Written-off has the meaning given in clause 5.4 and **Write-off** has corresponding meanings.

12.3 Terms defined in Pricing Supplement

Terms which are defined in the Pricing Supplement have the same meaning when used in these Terms but if the Pricing Supplement gives no meaning or specifies that the definition is "Not Applicable", then that definition is not applicable to the Capital Notes.

Schedule 2 – Meetings Provisions

The following are the Meeting Provisions which are applicable to the convening of meetings of Holders and the passing of resolutions by them.

1 Convening a meeting

1.1 Who can convene a meeting?

The Issuer may convene a meeting whenever it thinks fit.

The Issuer must convene a meeting if it is asked to do so in writing:

- (a) by the Registrar; or
- (b) by Holders who alone or together hold 10% or more of the aggregate Face Value of all Capital Notes outstanding,

so long as the Issuer is indemnified to its satisfaction against all costs and expenses incurred in convening the meeting.

1.2 Venue

A meeting may be held at two or more venues using any technology that gives the Holders as a whole a reasonable opportunity to participate.

2 Notice of meeting

2.1 Period of notice

Unless otherwise agreed in writing by each Holder, at least 10 Business Days' notice (15 Business Days' notice for a Special Resolution) of a meeting must be given to each Holder and the Registrar.

2.2 Contents of notice

The notice must:

- (a) specify the date, time and place of the meeting;
- (b) specify the resolutions to be proposed; and
- (c) explain how Holders may appoint Proxies and state that Proxies may be appointed until 48 hours before the meeting but not after that time.

2.3 Effect of failure to give notice

A meeting is duly convened and proceedings at it are valid, notwithstanding:

- (a) the accidental omission to give notice of a meeting to, or the non-receipt of notice by, any person entitled to receive notice; or
- (b) the omission to give notice (or any amending or supplementary notice) to a Holder whose country of residence (as shown in the Register) is outside Australia and where the giving of notice to such Holder is not permitted by applicable law, or applicable only after compliance with conditions which the Issuer in its discretion considers unduly onerous.

2.4 Notices to be given in accordance with Terms

Clause 11.6 of the Terms (“Notices”) applies to these provisions as if it were fully set out in these provisions.

2.5 Calculation of period of notice

If a notice must be given within a certain period of days, the day on which the notice is given, and the day on which the meeting is to be held, are not to be counted in calculating that period.

Holders who are registered as Holders of Capital Notes less than the relevant period specified in paragraph 2.1 before a meeting will not receive notice of that meeting.

2.6 Amendment of notice

The convenor of the meeting may amend or supplement the notice of meeting by any further information or materials it considers appropriate by further notice given in accordance with this paragraph at least 7 days prior to the time fixed for the meeting.

3 Chairperson

3.1 Nomination of chairperson

The Issuer must nominate in writing a person as the chairperson of a meeting.

The chairperson of a meeting may, but need not, be a Holder.

3.2 Absence of chairperson

If a meeting is held and:

- (a) a chairperson has not been nominated; or
- (b) the person nominated as chairperson is not present within 15 minutes after the time appointed for the holding of the meeting, or is unable or unwilling to act,

the Holders or Proxies present may appoint a chairperson.

3.3 Chairperson of adjourned meeting

The chairperson of an adjourned meeting need not be the same person as was the chairperson of the meeting from which the adjournment took place.

4 Quorum

4.1 Number for a quorum

The quorum for any meeting is any two Holders or Proxies present only if they alone or together hold (or in the case of Proxies, represent Holders who hold) Capital Notes which represent at least 25% of the aggregate Face Value of the Capital Notes outstanding when the meeting begins.

In determining how many Holders are present, each individual attending as a Proxy is to be counted, except that:

- (a) where a Holder has appointed more than one Proxy, only one is to be counted; and
- (b) where an individual is attending both as a Holder and as a Proxy, that individual is to be counted only once.

4.2 Requirement for a quorum

An item of business (other than the choosing of a chairperson) may not be transacted at a meeting unless a quorum is present when the meeting proceeds to consider it. If a quorum is present at the time the first item of business is transacted, it is taken to be present when the meeting proceeds to consider each subsequent item of business unless the chairperson of the meeting (on the chairperson's own motion or at the request of a Holder or Proxy who is present) declares otherwise.

4.3 If quorum not present

If within 30 minutes after the time appointed for a meeting a quorum is not present, the meeting:

- (a) if convened on the requisition of Holders, is dissolved; and
- (b) in any other case, is adjourned until a date, time and place the chairperson appoints. The date of the adjourned meeting must be no earlier than 14 days, and no later than 42 days after, the date of the meeting from which the adjournment took place. At such adjourned meeting Holders present and entitled to vote which represent at least 25% of the aggregate Face Value of the Capital Notes outstanding when the meeting begins are a quorum for the transaction of business.

5 Adjournment of a meeting

5.1 When a meeting may be adjourned

The chairperson of a meeting may with the consent of a Holder Resolution (and must if directed by a Holder Resolution on a poll) adjourn the meeting or any business, motion, question, resolution, debate or discussion being considered or remaining to be considered by the meeting either to a later time at the same meeting or to an adjourned meeting at any time and any place.

5.2 Business at adjourned meeting

Only business which might validly (but for the lack of required quorum) have been transacted at the original meeting may be transacted at the adjourned meeting.

5.3 Notice of adjourned meeting

It is not necessary to give notice of an adjournment unless the meeting is adjourned because of a lack of a quorum. In that case, unless otherwise agreed in writing by each Holder, the Issuer must give 10 Business Days' notice of the adjourned meeting to each person entitled to receive notice of a meeting under these provisions.

6 Voting

6.1 Voting on a show of hands

Every resolution put to a vote at a meeting must be decided on a show of hands unless a poll is properly demanded and not withdrawn.

A declaration by the chairperson that a resolution has been carried, or carried by a particular majority, or lost or not carried by any particular majority, is conclusive evidence of the fact. Neither the chairperson nor the minutes need state, and it is not necessary to prove, the number or proportion of the votes recorded in favour of or against the resolution.

6.2 When is a poll properly demanded

A poll may be demanded by:

- (a) the chairperson;
- (b) the Issuer; or
- (c) one or more persons who alone or together hold (or represent Holders who hold) Capital Notes representing at least 5% of the outstanding aggregate Face Value of the Capital Notes outstanding.

The poll may be demanded before a vote is taken or before or immediately after the voting results on a show of hands are declared.

6.3 Poll

If a poll is properly demanded, it must be taken in the manner and at the date and time directed by the chairperson. The result of the poll is a resolution of the meeting at which the poll was demanded.

A poll demanded on the election of a chairperson or on a question of adjournment must be taken immediately.

A demand for a poll may be withdrawn.

The demand for a poll does not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll was demanded.

6.4 Equality of votes - chairperson's casting vote

If there is an equality of votes either on a show of hands or on a poll, the chairperson of the meeting has a casting vote in addition to any votes to which the chairperson is entitled as a Holder or Proxy.

6.5 Entitlement to vote

A Holder may be present and vote in person at any meeting in respect of the Capital Note or be represented by Proxy.

Except where these provisions otherwise provide, at any meeting:

- (a) on a show of hands, each Holder present in person and each other person present as a Proxy has one vote; and

- (b) on a poll each Holder or Proxy present has one vote in respect of each Capital Note registered in that person's name or in respect of which that person is a Proxy.

Without affecting the obligations of the Proxies named in any Form of Proxy, any person entitled to more than one vote need not use all votes (or cast all the votes) to which it is entitled in the same way.

6.6 Entitlement to attend

The Issuer, the Registrar, the Holders and the chairperson and their respective financial and legal advisers may attend and speak at any meeting.

6.7 Objections to right to vote

A challenge to a right to vote at a meeting of Holders:

- (a) may only be made at the meeting; and
- (b) must be determined by the chairperson, whose decision is final.

7 Proxies

7.1 Appointment of Proxy

A Holder entitled to attend and vote at a meeting may appoint a Proxy to attend and act on that Holder's behalf in connection with any meeting by a Form of Proxy signed by the Holder. If the Holder is a corporation, the Form of Proxy must be executed in accordance with the Corporations Act.

7.2 Validity of Forms of Proxy

Forms of Proxy are valid for so long as the Capital Notes to which they relate are registered in the name of the appointor but not otherwise.

7.3 Who may be a Proxy?

A Proxy:

- (a) need not be a Holder; and
- (b) may be an attorney, officer, employee, contractor, agent, representative of, or otherwise connected with, the Issuer.

7.4 Form of Proxy must be lodged with the Issuer

A Form of Proxy will not be treated as valid unless it is (together with any power of attorney or other authority under which it is signed, or a copy of that power or authority certified in the manner as the Issuer may require) received by the Issuer (or a person appointed to act on behalf of the Issuer as specified in the notice of meeting) at the office specified in the notice of meeting no later than 48 hours before the meeting at which the Form of Proxy is to be used.

7.5 Revocation and amendment

Any vote given in accordance with the terms of a Form of Proxy is valid even if, before the Proxy votes, the relevant Holder:

- (a) revokes or amends the Form of Proxy or any instructions in relation to it; or
- (b) transfers the Capital Notes in respect of which the Proxy was given,

unless notice of that revocation, amendment or transfer is received from the Holder who signed that Form of Proxy by the Issuer (or a person appointed to act on behalf of the Issuer specified in the notice of meeting) at the office specified in the notice of meeting no later than 24 hours before the commencement of the meeting at which the Form of Proxy is used.

8 Single Holder

If there is only one Holder, the Holder may pass a resolution by recording it and signing the record.

9 Matters requiring a Special Resolution

The following matters require an approval of the Holders to be obtained by a Special Resolution:

- (a) an amendment of a provision of this deed, the Terms or a right created under them, except for an amendment which may be made without the consent of Holders under the Terms;
- (b) a waiver of any breach or other non-performance of obligations by the Issuer in connection with this deed or the Terms or an authorisation of any proposed breach or non-performance;
- (c) to authorise any person to do anything necessary to give effect to a Special Resolution;
- (d) the exercise of any right, power or discretion under this deed or the Terms that expressly requires a Special Resolution;
- (e) to appoint any committee (which need not consist of Holders) to represent the interests of the Holders and to confer on the committee any powers or discretions which the Holders may exercise by a Special Resolution;
- (f) any proposal for any compromise of the rights of the Holders against the Issuer whether those rights arise under this deed, the Terms or otherwise;
- (g) the exchange or substitution of the Capital Notes for, or the conversion of the Capital Notes into, shares, bonds or other obligations or securities of the Issuer or any other body corporate which is not expressly permitted under the Terms;
- (h) a change to the majority required to pass a Special Resolution; and
- (i) a change to the quorum required for a meeting under these Meeting Provisions.

A reference in this paragraph to “**amend**” includes modify, cancel, alter, waive or add to, and “**amendment**” has a corresponding meaning.

An action which may affect the eligibility of the Capital Notes for inclusion as Additional Tier 1 Capital of the Issuer is subject to the prior written consent of APRA.

10 Circulating Resolutions

The Holders may without a meeting being held:

- (a) pass a Holder Resolution, if within one month after the Notification Date, Holders holding (either alone or together) Capital Notes which represent at least 50% of the aggregate Face Value of the Capital Notes outstanding as at the Notification Date sign a document stating that they are in favour of the resolution set out in the document; or
- (b) pass a Special Resolution, if within one month after the Notification Date, Holders holding (either alone or together) Capital Notes which represent at least 75% of the aggregate Face Value of the Capital Notes outstanding as at the Notification Date sign a document containing a statement that they are in favour of the resolution set out in the document.

Separate copies of a document may be used for signing by Holders if the wording of the resolution and statement is identical in each copy.

The resolution is passed when the last Holder signs it.

The accidental omission to give a copy of a Circulating Resolution to, or the non-receipt of a copy by, any Holder does not invalidate the Circulating Resolution.

11 APRA consent

- (a) Prior to any amendment to this deed or the Terms, the Issuer must obtain any consent needed to the amendment. In particular, the Issuer must obtain the prior written consent of APRA to any amendment which may affect the eligibility of the Capital Notes for inclusion as Additional Tier 1 Capital of the Issuer.
- (b) Nothing in this paragraph shall be taken to require the consent of any Senior Creditor to any alteration of this deed or the Terms.

12 Effect and notice of resolution

12.1 Resolutions are binding

A resolution passed at a meeting duly convened and held (or by a Circulating Resolution duly sent) in accordance with these provisions is binding on all Holders, whether or not they were present, or voted, at the meeting (or signed the Circulating Resolution).

12.2 Notice of resolutions

The Issuer must give notice to the Holders and the Registrar of the result of the voting on a resolution within 14 days of the result being known. However, a failure to do so does not invalidate the resolution.

13 Minutes

13.1 Minute books

The Issuer must keep minute books in which it records:

- (a) proceedings and resolutions of meetings; and
- (b) Circulating Resolutions.

13.2 Minutes and Circulating Resolutions must be signed

The Issuer must ensure that:

- (a) minutes of a meeting are signed by the chairperson of the meeting or by the chairperson of the next meeting; and
- (b) Circulating Resolutions are signed by a director or secretary of the Issuer.

13.3 Minutes and Circulating Resolutions conclusive

A minute or Circulating Resolution that is recorded and signed in accordance with these provisions is, unless the contrary is proved, conclusive evidence:

- (a) of the matters contained in it;
- (b) that the meeting has been duly convened and held (or copies of the proposed Circulating Resolution have been duly sent); and
- (c) that all resolutions have been duly passed.

14 Further procedures

The Issuer may prescribe further regulations for the holding of, attendance and voting at meetings as are necessary or desirable and do not adversely affect the interests of the Holders.

15 Notes of more than one Series

15.1 Application

This paragraph 15 applies whenever there are outstanding Capital Notes which do not form a single Series.

15.2 Resolutions affecting one Series

A resolution which affects one Series of Capital Notes only is taken to have been duly passed if passed at a meeting, or by a Circulating Resolution, of the Holders of that Series.

15.3 Resolutions affecting more than one Series

A resolution which affects more than one Series of Capital Notes but does not give rise to a conflict of interest between the Holders of any of the Series so affected is taken to have been duly passed if passed at a single meeting, or by a Circulating Resolution, of the Holders of all Series so affected (and, for the

purposes of determining the requisite quorum and required proportions of holdings for determining if a resolution has been passed at such a meeting, all Series shall be aggregated as if they formed a single Series).

A resolution which affects more than one Series and gives or may give rise to a conflict of interest between the Holders of any of the Series so affected is taken to have been duly passed if passed at separate meetings, or by separate Circulating Resolutions, of the Holders of each Series so affected.

15.4 Legal opinions

The Issuer may rely on, and the Holders are bound by, a legal opinion from independent legal advisers of recognised standing in Australia to the effect that a resolution:

- (a) affects one Series only; or
- (b) if it affects more than one Series of Notes, does not give rise to a conflict of interest, for the purposes of determining the meeting or meetings which need to be held for the purposes of this paragraph 15.

16 Interpretation

16.1 Incorporation of other defined terms

Terms which are defined in the Capital Notes Terms have the same meaning when used in these provisions unless the same term is also defined in these provisions, in which case the definition in these provisions prevails. Subject to this, the remaining "Interpretation" provisions of the Capital Notes Terms apply to these provisions.

16.2 Definitions

These meanings apply unless the contrary intention appears.

- (a) **Circulating Resolution** means a written resolution of Holders made in accordance with paragraph 10.
- (b) **Form of Proxy** means a notice in writing in the form available from the Registrar.
- (c) **Proxy** means a person so appointed under a Form of Proxy.
- (d) **Notification Date** means the date stated in the copies of a Circulating Resolution sent to Holders, which must be no later than the date on which that resolution is first notified to Holders.
- (e) **Terms or Capital Notes Terms** means the terms and conditions applicable to the Capital Notes set out in Schedule 1 to this deed and references to a particular numbered Term shall be construed accordingly.

16.3 Holders at a specified time

The time and date for determining the identity of a Holder who may be counted for the purposes of determining a quorum or attend and vote at a meeting, or sign a Circulating Resolution, is at the close of business in the place where the Register is kept on the date which is seven days before the date of the meeting or, for a Circulating Resolution, the Notification Date.

16.4 Capital Notes held by Issuer and its Related Entities

In determining whether the provisions relating to quorum, meeting and voting procedures are complied with, any Capital Notes held in the name of the Issuer or any of its Related Entities (as defined in the Corporations Act) must be disregarded.

