

International
New Issue

Series 2000-1E SWAN Trust

Ratings

US\$210,000,000 Class A-1	
Mortgage-Backed	
Floating-Rate Notes.....	AAA
US\$290,000,000 Class A-2	
Mortgage-Backed	
Floating-Rate Notes.....	AAA
US\$140,000,000 Class A-3	
Mortgage-Backed	
Floating-Rate Notes.....	AAA
A\$29,400,000 Class B	
Mortgage-Backed Floating-Rate	
Subordinated Notes	AA

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■ Summary

Series 2000-1E SWAN Trust's US\$210 million class A-1, US\$290 million class A-2, US\$140 million class A-3 (class A notes), and Australian dollars (A\$) 29.4 million class B mortgage-backed, pass-through floating-rate notes are rated as listed at left. This is the inaugural issue of notes backed by a pool of residential mortgages originated by Bank of Western Australia Ltd. (BankWest) and the first to be issued by it into the European markets. The notes are issued by Perpetual Trustee Co. Ltd. (the trustee and issuer) in its capacity as trustee of the Series 2000-1E SWAN Trust. The Series 2000-1E SWAN Trust is a legally distinct trust established pursuant to a master trust deed between the issuer and BW Securitisation Management Ltd. (the manager).

The 'AAA' rating assigned to the three tranches of US dollar class A notes is based on: the quality of the mortgage loan collateral; the 2.8% credit enhancement provided by the subordination of the class B subordinated notes; 100% mortgage insurance coverage provided by PMI Mortgage Insurance Ltd. (PMI, rated 'AA' by Fitch IBCA); the liquidity provision representing 2.5% of the total principal balance; the currency swap provided by Morgan Guaranty Trust Company of New York (Morgan Guaranty, rated 'AA' by Fitch IBCA); the basis and fixed-rate swap provided by BankWest; the standby swap provided by UBS Australia Ltd. (UBSAL), guaranteed by UBS A.G., rated 'AAA' by Fitch IBCA; BankWest's mortgage underwriting and servicing capabilities; and a sound legal structure.

The 'AA' rating assigned to the Australian dollar class B mortgage-backed, floating-rate subordinated notes is based on the credit enhancements provided to the class A notes, excluding the credit enhancement provided by the subordination of the class B subordinated notes.

■ Collateral

As of 12 Feb. 2000, the pool serving as collateral for the notes consisted of 10,368 mortgage loans with a total outstanding balance of approximately A\$1,048 million. All the mortgages have been originated by BankWest in the ordinary course of business, and all loans have the benefit of mortgage insurance (*see Credit Enhancement, page 4*).

The pool of eligible mortgage loans, sourced from BankWest's portfolio of residential housing loans, are amortising principal and interest loans having a maximum term of 30 years and include variable- and fixed-rate loans. As of 12 Feb. 2000, 37.22% of the loans in the pool (by dollar amount) were fixed-rate loans. At the expiration of the fixed-rate period (a maximum of five years from origination), unless the borrower selects to fix for a further term at a mutually agreed rate and term, the loan will revert to the standard variable-rate amortising loan. The general features of the eligible mortgage pool are listed on page 6.

Key Information

Issuer: Perpetual Trustee Co. Ltd. as trustee of the Series 2000-1E SWAN Trust

Originator/Seller/Service: Bank of Western Australia Ltd. (BankWest)

Mortgage Insurance Providers: PMI Mortgage Insurance Ltd.

Western Lenders Mortgage Insurance Company Ltd.

Collection Account Holder: BankWest

Currency Swap Provider: Morgan Guaranty Trust Company of New York

Interest Rate Swap Provider: BankWest

Standby Swap Provider: UBS Australia Ltd. (fixed-rate swap only)

Manager: BW Securitisation Management Ltd.

Security Trustee: P.T. Ltd.

Note Trustee: The Bank of New York

Custodian: Perpetual Trustee Co. Ltd.

Interest Payments: Quarterly in arrears

Interest Rate: Three-month London Interbank Offered Rate plus a margin

Legal Maturity: 12 May 2031

Clean-Up Offer: The payment date falling on or after the earlier of the date on which the outstanding principal balance of the notes is less than 10% of the original issue size or the payment date in May 2006

Cut-Off Date: 12 Feb. 2000

Collateral: First lien residential mortgage loans secured by properties in Australia

As of 12 Feb. 2000, the average principal loan balance was A\$101,086, with a weighted average scheduled balance loan-to-value ratio (LVR) of 70.71%. The weighted average current LVR was 67.51%. Approximately 74.07% of the properties by balance were owner occupied, while 77.31% of the loans were advanced for the purpose of purchasing existing properties.

All mortgages in the pool benefit from a mortgage insurance policy provided by PMI or Western Lenders Mortgage Insurance Company Ltd. (WLMIC) (guaranteed by PMI) covering, subject to certain exclusions and deductions, 100% of the loss suffered on enforcement.

In terms of geographic concentration, the highest state concentration by value was in Western Australia

(66.84%). Of the properties, 61.44% are located in Perth and its surrounding suburbs.

Collateral Analysis

To assess the credit risk of the underlying portfolio of mortgage loans, Fitch IBCA analysed the collateral under various stress scenarios using its default model geared specifically for the Australian mortgage market (see *Fitch IBCA Research on "Australian Residential Mortgage Default Model 1999,"* dated 17 Feb. 1999, available on Fitch IBCA's web site at www.fitchibca.com).

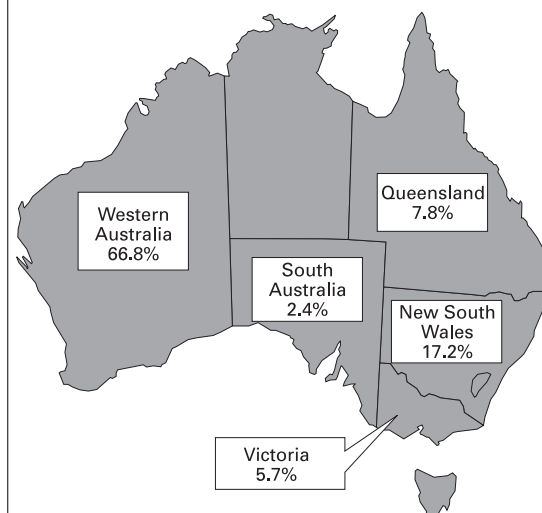
Default Probability

Fitch IBCA's Australian mortgage default model calculates credit losses for mortgage-backed securities based on the probability of borrower default and loss severity. The model focuses on the interaction of three primary determinants of default for each mortgage:

- Borrower's equity in its home (LVR).
- Borrower's financial resilience.
- Potential effect of an unexpected decline in financial standing due to events such as unemployment or divorce.

Fitch IBCA also considered unique social, economic, and cultural features in developing its model. In Australia, there is a significant social status to home ownership. Approximately 70% of Australian households live in dwellings that they own or are purchasing. For most Australians, the purchase of a home for owner-occupation is one of the largest and

Geographic Concentration (As of 12 Feb. 2000)



Note: Numbers do not add to 100% due to rounding.

Default Probability Matrix

LVR	'AAA' Probability (%)
≤ 40.00	5
40.01–50.00	6
50.01–60.00	7
60.01–70.00	10
70.01–80.00	14
80.01–85.00	17
85.01–90.00	22
90.01–95.00	27
95.01–98.00	33
98.01–100.00	40
≥ 100.00	*

*Analysed on an individual basis. LVR – Loan-to-value ratio.

most important purchases made during their lifetime. In addition, Australian home loans are typically recourse to the borrower. This exposes all the borrower's assets in the event of a mortgage default and serves as a very strong deterrent to default. As a result, the likelihood of borrower default is slightly lower than it is for other countries.

Fitch IBCA then adjusts the base default rates on a loan-by-loan basis to account for individual loan characteristics of the collateral at each rating level. Default rates may be adjusted to reflect product type, loan purpose, second home/investment property, borrower profile, seasoning, and arrears status. For Series 2000-1E SWAN Trust, Fitch IBCA made the following adjustments:

Interest Type: The loans in the portfolio may be variable rate, fixed rate for up to five years converting to variable rate, or split (fixed/variable). While variable-rate loans can experience payment shock due to underlying index volatility, this risk has already been incorporated into the baseline default analysis. The mortgage pool at the cut-off date included fixed-rate loans converting to variable rate (37.22% of the total pool). Fitch IBCA makes an adjustment to the base default rate for these fixed-rate loans, as it believes there is a chance of a shock to the borrower when the fixed rate converts to a variable rate. The default probability assumption will typically be increased up to 10% for these loan types.

Honeymoon Rates: The pool contains loans that have an introductory 12-month fixed rate converting to variable (flexi-fixed loans). Fitch IBCA considers loans such as these, where a "teaser" rate is offered, as having a higher default probability and increases the default probability for these loans by 25%.

Loan Purpose: Approximately 77.21% of the loans have been advanced to fund the purchase of a home, while 15.31% have been made to refinance existing

loans. Fitch IBCA does not penalise mortgage loans advanced for these purposes. Approximately 25.93% of the loans are for investment properties. Fitch IBCA considers investment loan borrowers more likely to default than borrowers on a primary residence or even second home. Accordingly, the base default rate was increased by 30% for these properties.

Borrower Profile: In analysing the pool data, Fitch IBCA considers borrower profile and distinguishes between borrowers who earn a fixed annual salary from those who are self-employed. Fitch IBCA believes that a borrower who earns a fixed annual salary is more likely to make monthly mortgage payments than a self-employed borrower who generates income from a business. For this reason, Fitch IBCA increases default probabilities on loans to self-employed borrowers by up to 30%. BankWest did not provide data on the employment status of borrowers in the pool. For the purpose of modelling the transaction, Fitch IBCA assumed 30% of all borrowers in the pool were self-employed.

Arrears: When rating a portfolio combining current and arrears mortgages, Fitch IBCA increases base default rates for mortgages in arrears up to 90 days by 25%–75%. As of the cut-off date, the eligibility criteria requires that no mortgages in the pool be in arrears more than 30 consecutive days.

Loss Severity

Loss severity is determined by considering regional market value trends, the costs involved once a borrower has defaulted (such as carrying costs and legal expenses), and LVR. Fitch IBCA's market value assumptions are based not only on traditional determinants such as regional economic stability but also on historical home price volatility by region and projected steady state sustainable growth. The market value projections are then adjusted by loan and property attributes, including property size and ownership.

Market value decline (MVD) assumptions also reflect the comparatively lower levels of volatility in Australian home prices. Nevertheless, because Australia has not experienced a severe housing recession in recent history, Fitch IBCA has been conservative in formulating MVD assumptions.

Fitch IBCA divided Australia into eight regions to carry out its home price analysis, as shown in the table at the bottom of page 4. Fitch IBCA analysed home price movements in each region since 1978, on the basis of data compiled by the Real Estate Institute

Adjustment Factors for High-Value Properties

Property Value (A\$)	Sydney/ Melbourne (x)	Other Capital Cities (x)	Other (x)
400,000–600,000	1.00	1.10	1.25
600,001–900,000	1.10	1.25	1.50
> 900,000	1.25	1.40	2.00

of Australia and the Australian Bureau of Statistics. To determine worst-case price movements and volatility for each region, Fitch IBCA focused on each region individually and evaluated historical data. The worst cases were increasingly stressed to determine base MVDs ranging from ‘BBB’ to ‘AAA’.

Fitch IBCA adjusts the base market value assumptions on an individual loan basis for such characteristics as loan size and property ownership status. Homes with relatively high market values are generally subject to greater MVDs in a deteriorating market than homes with average or below average values due to limited demand for such properties. Imprecise pricing data, caused by the lack of comparable benchmarks, also influence the magnitude of price volatility during a market downturn. Additionally, Fitch IBCA recognises that relative and absolute home prices may vary by region. Base MVD assumptions are increased to account for this risk, as detailed in the table below.

■ Credit Enhancement

Mortgage Insurance

The primary source of credit enhancement available to noteholders is the mortgage insurance policies in respect of each individual loan. Of the loans in the pool, 29.0% by balance at cut-off have a pre-existing individual primary mortgage insurance policy from WLMIC. WLMIC is a captive lenders mortgage insurer owned jointly by PMI (50.1% equity holder) and BankWest (49.9% equity holder). PMI, WLMIC, the seller, and the issuer have entered into a guarantee deed whereby PMI guarantees the obligations of WLMIC under the WLMIC policies.

The remainder of the loans in the pool (71.0%) are insured through a mortgage insurance policy provided by PMI (rated ‘AA’ by Fitch IBCA).

The two insurance policies and the guarantee provided by PMI in relation to the obligations of WLMIC insure each individual loan for 100% loss against each loan balance (including interest) plus costs with respect to enforcing a housing loan (*see chart on page 6 for a breakdown of the pool by insurer*). There is no maximum aggregate claim amount under the insurance. The mortgage insurance policies do not provide timely cash flow coverage.

The mortgage policies are subject to several conditions and exclusions and do not cover: losses resulting from any war or warlike activities; nuclear contamination; the existence or escape of any pollution or environmental hazardous material; the fact that the purchased mortgage or any collateral security is void or unenforceable; or where consumer credit legislation applies, any failure of the purchased mortgage or collateral security to comply with the requirements of the legislation (*for more information on mortgage insurance, see Fitch IBCA Research on “Mortgage Insurance in Australia,” dated 26 March 1999, available on Fitch IBCA’s web site at www.fitchibca.com*).

Excess Income

The second source of credit enhancement for the class A and class B noteholders is excess income. On each quarterly payment date, the excess available income, after meeting specified fees and interest payments of the trust, will be available to cover principal chargeoffs before they are distributed to the seller.

In addition, should the servicer anticipate a loss in a following payment period, the trustee may retain any excess income in the collection account for the current period. The retained amount will form a loss provision account and will be distributed in the following payment period as part of total investor revenues.

Market Value Declines

(%)

Region	‘BBB’	‘A’	‘AA’	‘AAA’
New South Wales	35	40	45	50
Victoria	25	30	35	40
Queensland	24	29	34	39
South Australia	21	26	31	36
Western Australia	30	35	40	45
Tasmania	20	25	30	35
Australian Capital Territory	23	28	33	38
Northern Territory	22	27	32	37

Transaction Collateral Requirements

- Maximum loan-to-value ratio is 95%.
- Maximum loan amount is A\$500,000.
- Must be a first ranking mortgage or a second ranking mortgage where the issuer is acquiring both mortgages.
- Must be secured by a mortgage over residential property.
- Must be advanced and payable in Australian dollars.
- Maximum loan term is 30 years.
- Loan cannot be more than 30 consecutive days in arrears at cut-off.
- All mortgages must be insured for 100% of the outstanding loan balance.

Subordination of Class B

The class A senior notes also benefit from the 2.8% subordination of the class B subordinated notes. The class B subordinated notes will be subordinate to the class A senior notes in the event of security being enforced and with respect to interest at all times. Class B notes may receive principal payments prior to class A notes being paid out completely, provided certain step-down tests are satisfied (*see Paydown Method, page 8*). Should losses deplete total available funds, losses would be allocated to the class B notes until that class is reduced to zero.

■ Collections

As servicer, BankWest will receive monthly collections of moneys due by the borrowers under the terms of their housing loans on behalf of the trustee. Under the terms of the transaction, Fitch IBCA requires the collections account to be held with an 'F1+' rated financial institution, except where such account is held by BankWest. Should BankWest (the servicer) cease to be the collections account holder, or should its short-term rating fall below 'F1', the trustee must immediately transfer the collections account to an 'F1+' rated financial institution.

Where the collections account is not permitted to be maintained with the servicer, the servicer is required to remit all collections it receives within two business days of receipt. Collections are not permitted to be maintained with the servicer if it does not have a short-term credit rating of at least 'F1+' (except where the servicer is BankWest and it has a short-term rating of at least 'F1'), or its obligations under the collections account are not supported by an entity that has a rating of 'F1+'.

Initially, the collections account will be held with BankWest. Fitch IBCA does not publicly rate BankWest; however, for the purposes of this transaction, Fitch IBCA has done an internal private evaluation. The private internal rating of BankWest is sufficient for BankWest to be allowed to be the collections account holder.

■ Liquidity Facility

Where the available collections on any determination date are insufficient to meet total payments of the trust for that quarter, liquidity support is required to ensure trust obligations are met in a timely fashion.

Liquidity support is provided from two sources: principal collections and, to the extent that the principal collections are insufficient to cover a liquidity shortfall, the liquidity facility provided by BankWest. The maximum amount of the liquidity facility is A\$26.2 million.

The liquidity facility has been sized by Fitch IBCA under various stress testing scenarios in which liquidity will be drawn. Such scenarios include shortfalls resulting from defaults, delinquencies, and payment holidays. In reviewing the liquidity provisions for the transaction, Fitch IBCA factored in the use of principal collections for liquidity. Furthermore, in sizing the amount of liquidity required, Fitch IBCA factored in the absence of cash flow coverage under the mortgage insurance policies.

Where the liquidity facility provider is rated below 'F1+', it must cash collateralise its obligations. Currently, BankWest's obligations under the liquidity facility are cash collateralised.

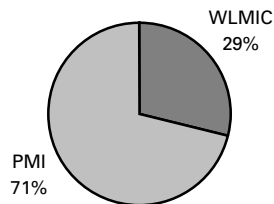
■ Redraw Facility

Under the terms of certain of the eligible mortgage loans in the pool, the borrower may, at any time during the life of the loan, access (redraw) previous repayments made in excess of scheduled repayments. Borrowers can only draw back up to the point where their scheduled amortisation balance would have been if they had been making the minimum scheduled payments throughout the life of the loan.

Redraws will be funded initially out of principal collections held in the collection account and, to the extent these funds are insufficient, from the redraw facility provided by BankWest (the seller). The maximum amount of the redraw facility is 1% of the outstanding principal balance of the notes. To the extent that the redraw facility is fully utilised and there are insufficient principal collections to reimburse

Mortgage Insurance Concentration

(As of 12 Feb. 2000)



redraws made by the seller during a quarterly period, the seller will fund redraws on an unsecured basis.

As this redraw feature does not increase the LVR of the mortgage and because Fitch IBCA used the scheduled balance LVR when determining the base probability of default, a redraw would not increase the credit risk associated with the loan.

■ Clean-Up Call Option

The trustee holds the right to call the remaining bonds on issue at any payment date on or after the earlier of the date on which the outstanding principal balance of the notes is less than the 10% of the original issue size or the payment date in May 2006.

Should the call option not be exercised, the class A noteholders will receive compensation through an increased margin (the step-up class margin). The step-up margin for each of the class A-1 notes, class A-2 notes, and class A-3 notes is 30 basis points.

■ Authorised Investments

Under the transaction documents, all authorised investments must be denominated in Australian dollars and may include:

- Bonds, debentures, stock, or treasury bills issued by the Commonwealth of Australia, the government of any state or territory of the commonwealth or any public statutory body constituted under the laws of the Commonwealth of Australia, or any state or territory of the commonwealth where the repayment of principal is guaranteed by the commonwealth, state, or territory.
- Deposits with, or certificates of deposit issued by, a bank.
- Bills of exchange accepted, drawn on, or endorsed by a bank with a maturity at the time of purchase of less than 200 days.
- Mortgage-backed securities.

Fitch IBCA requires that all authorised investments have a short-term credit rating from Fitch IBCA of 'F1+', except where the authorised short-term investments are overnight deposits with a financial institution rated 'F1' and where the trustee holds such investments for a maximum of 90 days.

■ Home Loan Features

The home loans in the underlying pool supporting the Series 2000-1E SWAN Trust carry the following features:

Interest Rate

The mortgage pool is composed of housing loans that carry either a variable or fixed rate of interest or a combination of the two as follows:

- **Variable Rate** — The majority of the loans in the pool currently carry or will carry the standard variable rate. This rate is set at the discretion of BankWest through its pricing committee.
- **Fixed Rate** — Housing loans can carry a fixed rate of interest for terms of one to five years. Unless the borrower elects to fix the rate again at an agreed rate and term, the rate will convert to the variable rate at the end of the fixed term.
- **Concessional Introductory Rates** — From time to time, BankWest offers introductory or teaser rates that fix the loan at a low rate for a period of one year. Loans at introductory rates then automatically revert to the variable rate at the conclusion of that period.
- **Split Rate** — Allows a borrower to split a housing loan into fixed and variable components.
- **Switching** — Borrowers have the ability to switch from variable to fixed at any time or from fixed to variable at the expiration of any fixed term.

Redraw

Borrowers in the Series 2000-1E SWAN Trust pool carrying a variable rate have the benefit of a redraw facility that enables the borrower to access previous repayments made in excess of scheduled repayments (*see Redraw Facility, page 5*). Minimum withdrawal amounts and fees may apply in some cases.

BankWest also offers customers what is called an "expressway" loan. The expressway facility allows the borrower to make redraws of surplus balances electronically via automatic teller machine card access without prior notice to the bank.

Further Advances

Further advances can be made only for an amount not exceeding the scheduled balance of the housing loan (at the time) by more than one monthly instalment

(treated as a redraw). If BankWest (as seller) makes an advance for an amount that exceeds this, the mortgage loan ceases to be eligible and must be taken out of the pool.

Payment Holiday

A borrower may make payments under a housing loan in excess of the scheduled instalment amounts. While borrowers have made payments in excess of the scheduled instalment amount, BankWest permits those borrowers to cease making repayments up until the time that the current balance of the loan equals the scheduled balance (a payment holiday). Housing loans are not considered to be delinquent during a payment holiday. Drawings under a payment holiday are funded from principal collections, followed by the redraw facility. Fitch IBCA views a payment holiday as a form of redraw and has taken the operations of such payment holidays into account when sizing the liquidity facility required for the transaction.

Interest Off-Set

BankWest offers a mortgage interest off-set facility that allows borrowers to off-set the interest earned on a deposit account they maintain with the bank against the interest payable on their mortgage loan on a monthly basis. The maximum offset amount is the amount of interest otherwise payable. No interest is actually paid to the borrower on the interest offset account.

If the trustee's title to a mortgage loan is perfected, BankWest will no longer be able to offer the interest offset arrangement.

Under the mortgage documentation, borrowers have waived their right of set-off against all deposits held with BankWest.

Substitution of Security

To accommodate the portability of a housing loan, a borrower may be permitted to substitute a mortgage for an existing mortgage, to release an existing mortgage, or to add a further mortgage as security for a loan. Any such substitution is done under the BankWest lending guidelines that require, among other things, that the mortgage insurer approve any such substitution.

Upon the creation of such substituted or additional mortgage, the seller's interest in such mortgage is assigned to the issuer in equity and the issuer's interest in any existing mortgage that has been substituted will be either discharged or extinguished in favour of the seller. Where the timing of a substitution and discharge

is not simultaneous, the discharge will be treated as full repayment of the loan.

Financial Structure

With respect to each quarterly period, all collections received during a quarterly period are allocated and paid in accordance with the order of priority set out in the terms of the series supplement. Collections will include quarterly interest and other fees received and any principal repayments, prepayments, recoveries, damages, proceeds from repurchased mortgages, and insurance proceeds. On each determination date, the manager will calculate total available funds from collections. The manager must then determine the payments or allocations the trustee must make out of total investor revenues and out of total principal collections, respectively. Under the transaction documents, interest and principal are paid as follows.

On each quarterly determination date, the trustee makes interest component (total investor revenues) payments or allocations in the following order of priority:

- In payment of the series trust expenses (includes manager, trustee custodian, and servicer fees).
- Pari passu and ratably toward net amounts (if any) payable by the trustee to interest rate swap providers and any liquidity fees and interest due on any payment date.
- Repayments to liquidity facility.
- Pari passu and ratably to the currency swap provider the Australian dollars class A interest amount plus the Australian dollars class A unpaid interest amount on that payment date, as well as fees and interest under the redraw facility with respect to the current period plus any previously unpaid fees and interest.
- Pari passu and ratably toward the class B coupon for current period plus any unpaid coupons from previous periods.
- Toward the repayment of principal used for interest purposes (late interest draws).
- Pari passu and ratably between any Australian dollars class A defaulted amount and any redraw defaulted amount.
- Pari passu and ratably toward the Australian dollars equivalent of any unreimbursed class A chargeoffs and unreimbursed redraw chargeoffs.
- Toward any class B defaulted amount.
- Toward any unreimbursed class B chargeoffs.
- To a loss provision reserve to be retained in the collection account to account for any anticipated losses.
- The remainder will be paid to seller (income beneficiary).

On each determination date, following determination by the manager of the payments or allocations, the trustee will pay or allocate total principal collections in the following order of priority:

- Repayments to seller for any redraws provided that were not previously reimbursed.
- Repayments to redraw facility for all redraws outstanding.
- Repayment of principal with respect to the class A notes. The repayments made to class A noteholders amount will be the US dollars equivalent (as per the currency swap) of the sum of the pro rata share of the available principal to pay bondholders and a percentage of the class B pro rata share depending on the step-down test (see *Paydown Method below*).
- Repayment of principal with respect to the class B notes. The repayments paid to class B noteholders will be the pro rata share of the principal available to pay bondholders less the percentage of class B principal paid to class A noteholders.

■ Paydown Method

The transaction's paydown structure is inherently parallel, allowing class B noteholders to receive principal while class A notes remain outstanding provided certain criteria are met.

The stepdown criteria include:

- The initial subordination level must double and either:
 1. The arrears ratio does not exceed 2% and defaulted amounts do not exceed 30% of the initial class B amount; or
 2. The arrears ratio does not exceed 4% and the defaulted amounts do not exceed 10% of the initial class B amount.
- Outstanding invested amount must be greater than 10% of the initial invested amount.
- Class B notes must be a minimum of 0.25% of the initial invested amount.

The step-down test will only allow the class B notes to be paid a maximum of 50% of their pro rata share of principal collections during the first three years of the transaction. After this period should the test be satisfied, the class B notes would receive 100% of their pro rata share.

Within the class A notes, the paydown structure is sequential with all principal payments going first to pay down the class A-1 notes and then, when they are reduced to zero, to pay down the class A-2 notes and finally to pay down the class A-3 notes.

■ Interest Rate and Currency Risk Management

The issuer trustee enters into one or more swap transactions to the extent necessary to effect an exchange of cash flows that will result in the cash flows from the mortgages satisfying the payment obligations under each issued note.

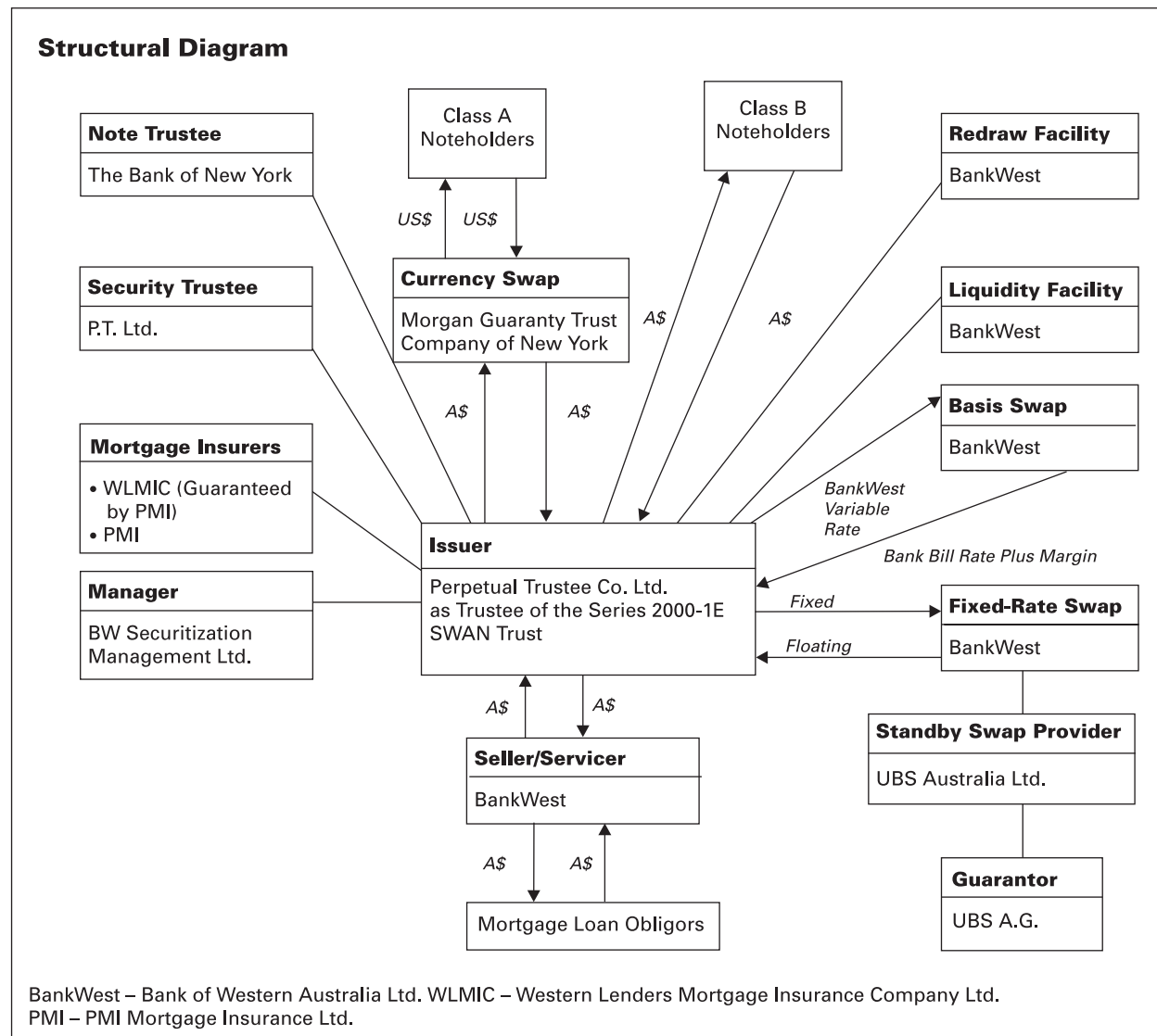
Basis Swap

The issuer trustee will enter into a basis swap with BankWest to hedge the basis risk between the discretionary variable rate on the underlying mortgages and the floating-rate obligations of the trust to the noteholders. Under the basis swap, on each quarterly payment date, the issuer trustee will pay BankWest the applicable variable rate on the mortgages (the variable finance charges) for the relevant quarterly period and receive the three-month bank bill rate plus a fixed margin.

BankWest is required to prepay its obligations under the basis swap to the trustee on a quarterly basis, in circumstances where its short-term rating is not 'F1+' and if the weighted average variable rate on the housing loans is less than the threshold mortgage rate. The prepayment amount will be equal to the difference between the current weighted average variable rate and the threshold mortgage rate for the relevant quarterly period. BankWest must otherwise ensure that the variable rate on the housing loans is at least equal to the threshold mortgage rate or enter into other such arrangements satisfactory to Fitch IBCA as not to warrant downgrade or withdrawal of ratings of notes.

Fixed- and Floating-Rate Swap

The issuer trustee will enter into a fixed- and floating-rate swap with BankWest (subject to the standby arrangements) to hedge the interest rate mismatch risk between the fixed rate charged on some of the underlying mortgages and the floating-rate obligations of the trust to the noteholders. Under the fixed- and floating-rate swap, on each quarterly payment date, the issuer trustee will pay to BankWest the aggregate of all fixed-rate interest collections on the mortgages (the fixed finance charges) for the relevant quarterly period and receive the three-month bank bill rate plus a fixed margin. UBSAL has agreed to serve as standby swap provider. If BankWest is not rated 'F1+' and UBSAL were downgraded below 'F1+', Fitch IBCA would require that, within seven days following such downgrade, UBSAL be replaced by another appropriate swap provider or that it cash collateralise its swap obligations.



If, at any time, the standby swap arrangements terminate and BankWest is not rated at least 'F1+', Fitch IBCA would require that, within seven business days, it be replaced as the swap provider by another appropriately rated swap provider or replace the standby swap provider with another appropriately rated standby swap provider, or that it cash collateralise its obligations under the swap.

Threshold Mortgage Rate

The threshold mortgage rate is the minimum rate of interest that must be charged on the underlying mortgages to ensure that the trustee will have sufficient collections to make trust payments when due. If, at any time, the basis swap is terminated, the servicer must either, on the earlier of three business days following the termination date or at the earliest

possible date after the termination date permitted by law, ensure that the weighted average of the variable rate of interest is at least equal to the threshold mortgage rate; or, within three business days, enter into a replacement swap or other such arrangements as are acceptable by Fitch IBCA.

Currency Swap

Collections under the mortgages and from the interest rate swap providers will be denominated in Australian dollars, but the payment obligations under the class A notes are denominated in US dollars. To hedge the currency swap exposure, the issuer will enter into a currency swap with Morgan Guaranty.

To take the rating of the class A notes above the sovereign ceiling of Australia (rated 'AA' by Fitch

IBCA), Morgan Guaranty has assumed the risks of currency convertibility and transferability. Should the rating of Morgan Guaranty be downgraded below 'AA-' by Fitch IBCA, the swap provider is required to either be replaced with a suitably rated counterparty or to provide cash collateral sufficient to maintain the rating of the notes. The class B notes are issued in Australian dollars and do not require a currency swap.

■ Bank of Western Australia

BankWest was established by the government of Western Australia in 1895 as the Agricultural Bank of Western Australia. In 1945, it became a trading bank and changed its name to the Rural and Industries Bank of Western Australia. In 1994, in preparation for privatisation, the bank changed its name to Bank of Western Australia and adopted the name BankWest. In December 1995, the state government sold BankWest to Bank of Scotland with an agreement that Bank of Scotland would subsequently offer 49% of the shares in BankWest to the public. This partial float occurred in February 1996. Currently, Bank of Scotland holds approximately 55% of the equity in BankWest.

BankWest is a full-service bank based in Perth, Western Australia. It is active in all market segments, and its lending is diversified among the business, rural, housing, and personal markets. In its home state, BankWest is a market leader, with about 25% of all bank advances and deposits. In the interstate markets, BankWest has promoted a selected range of products using third-party distribution channels, including finance brokers and affinity partnerships. The interstate expansion is supported by offices in Adelaide, Brisbane, Melbourne, and Sydney. The interstate markets account for about 30% of BankWest's total lending.

At 28 Feb. 1999, BankWest's total assets amounted to A\$16.0 billion. In terms of the sectoral lending mix, 46% of loans are for housing, 47% commercial, and 7% consumer. Approximately 69% of BankWest's loans are to entities in the State of Western Australia. For the year ended 28 Feb. 1999, BankWest showed operating profit after tax of A\$116.1 million.

BankWest is currently rated on a private basis by Fitch IBCA and is rated sufficiently to allow BankWest to be the collections account holder.

■ Mortgage Originations and Servicing

As part of its rating process, Fitch IBCA performed a review of BankWest's originations and servicing operations in Perth.

BankWest originates approximately 2,100 loans per month through various in-house and third-party channels, including bank branches, finance brokers, affinity partnerships, and direct telephone centres. Housing loan applications follow a uniform application form and are required to comply with the bank's credit policy and procedures. An applicant must demonstrate an acceptable credit history and satisfy a minimum debt service coverage ratio that includes the increase in debt from the proposed housing loan with an allowance for interest rate increases. Once these conditions are met, approval will be granted by an authorised lending officer.

BankWest centrally manages credit and delegates its authority to officers at the branch level. Delegations to branch staff are commensurate with the position and experience of that delegate. Any loan outside a particular delegation is referred to a higher level of delegation or ultimately to the head office credit unit and, if need be, the credit committee or bank board for approval. Higher levels of authority are required for larger mortgage loans, loans with higher LVRs, and loans with respect to self-employed borrowers.

BankWest undertakes to service the housing loans and related securities in accordance with its servicing guidelines and the standards of a prudent lender.

BankWest uses an automated collection system. Where a housing loan is in arrears for more than 10 days, the system automatically generates and sends a reminder statement to the borrower. Should the arrears not be corrected, a further automated statement reminder is issued after 28 days. Should the arrears not have been rectified after 39 days, the loan is referred to the arrears recoveries section in the Loan Management Unit (LMU).

The arrears recoveries officer takes direct action with the borrower or confers with the relationship manager to ascertain why the loan has gone into arrears and attempt to rectify the loan arrears in a manner in accordance with the bank's collections guidelines. Should the loan remain in arrears for more than 90 days, the loan transfers to the "recoveries" section of the LMU. The recoveries officers are authorised to take direct action with the borrower to rectify loan arrears, including making revised payment arrangements, deferring payments pending confirmed funds, and legal or enforcement action.

The LMU is responsible for managing all of BankWest's arrears cases. The LMU is composed of 16 staff members, four of which are arrears recoveries officers, nine are recoveries officers, and three are legal officers.

All arrears recovery officers process residential transactions, as do four of the nine recoveries officers.

The appropriate action on a loan is taken based on several factors, including arrears history and equity in the property. The LMU works toward a resolution of an arrears position; however, where no resolution can be achieved, legal notices are issued and recovery action is commenced.

■ Quality Control

On a regular basis, BankWest reviews originations by looking at rejection rates, arrears, and defaults by originator, loan officer, and geography. Any trends identified are investigated fully. BankWest has audited all loan packets in the securitised pool to ensure completeness and the compliance with the bank's guidelines and the Uniform Consumer Credit Code.

■ Document Custody

BankWest will be the initial custodian of the loan documents. Under the transaction documents, should BankWest's credit rating (as assigned by Fitch IBCA on a public or private basis) be below 'BBB', BankWest will be required to transfer custody to an entity acceptable to the rating agencies.

■ Legal Structure

Series 2000-1E SWAN Trust is a bankruptcy-remote trust created pursuant to a master trust deed entered into between the trustee and the manager and a series supplement entered into among the trustee, the manager, and BankWest (as servicer/seller).

The master trust deed provides for the creation of an unlimited number of series trusts. Each is separate

and distinct from any other trust established under the master trust deed, and its assets are only available to meet its related liabilities. The class A notes, class A note trust deed, subscription agreement, and agency agreement are governed by English law. The class B notes and the balance of the transaction documents are governed by the laws of New South Wales. The issuer and the trust manager have submitted to the non-exclusive jurisdiction of the courts of England to settle any disputes arising out of or in connection with the English law governed documents.

The issuer, a special purpose bankruptcy-remote trust, will issue notes to fund the acquisition of eligible receivables from the seller. Upon closing, BankWest will equitably assign its interest in the mortgages to the trustee. To enable the issuer trustee to perfect its title to the mortgages, following a title perfection event, BankWest, as seller, has granted power of attorney to the trustee.

Under the security trust deed, the issuer has granted a first ranking floating charge over all assets of the trust in favour of the security trustee to secure the issuer's obligations to creditors of the trust, including noteholders, liquidity facility provider, and swap providers. In the event of default, the security trustee will take possession of the assets of Series 2000-1E SWAN Trust to protect the trusts secured creditors.

■ Surveillance

Fitch IBCA will maintain ongoing surveillance of this transaction by reviewing the ongoing underlying collateral, as well as the credit enhancements, mortgage insurers, and liquidity provisions. Fitch IBCA will publish the results of its surveillance on an annual basis, or more frequently if necessary.

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