- If you have a St.George Margin Lending facility with a diversified feature, we may amend the criteria for a diversified portfolio. This may result in a reduction in your borrowing limit.
- We can vary the interest rate applicable to your margin loan at any time (except on any amount for which you prepaid interest or have entered into a fixed interest rate). If the interest rate rises, your interest repayments may be more than your investment returns, and you may not be able to meet your interest payments. This may result in a margin call.
- You could lose any other assets you have provided as security for your margin loan.
- Dividends and other payments you anticipate receiving from your investments may not be paid, available or otherwise correspond with interest payments that must be made on your margin loan. In such circumstances, you may need to rely on an alternative source of funds to meet interest payments.
- If a default event occurs under the terms of your margin loan you may be required to repay all or part of your margin loan or we may sell or otherwise deal with any securities or other assets mortgaged to us.
- Your liability in relation to your margin loan (including your obligation to pay us amounts outstanding) is not limited to the proceeds received from the sale of the mortgaged property. If we don't recover all money owing to us through such a sale we may recover the balance from you personally.
- There are a number of uncertainties including tax laws (and the administrative treatment of tax laws) that may change in the future. If this happens, it may have an adverse impact on your tax position and this may negatively affect your financial position. You should seek advice from an independent tax adviser on the tax consequences of entering into a St.George Margin Loan.

We have only included here the main risks that may occur.

You should read the important information about the risks associated with margin lending before making a decision. Go to stgeorgemarginlending.com.au/sgbrisk

The material relating to the risks associated with margin lending may change between the time when you read it and the day when you sign the application form.

For more information about margin loans, go to the FIDO website at fido.gov.au/fido/fido.nsf/byheadline/Margin%20loans?opendocument

6. The costs

Interest

We offer both fixed and variable interest rates. Variable interest will be calculated daily on the outstanding amount and is payable monthly in arrears. In the event of a default you may also need to pay a higher interest rate.

Fees, costs and charges

There are no application fees, establishment fees or account fees payable unless you're applying as a company or a trustee. We may charge fees for additional account services requested by you. Under your loan facility terms, these fees may be changed. Your financial adviser and stockbroker may also charge fees for advice and share transactions.

Adviser payments outside the Adviser Service Fee Facility

To the extent permitted by law, we may make payments to your financial adviser when the margin loan is initiated and for the period that it's maintained. If you invest in a fund recommended by your financial adviser, they may also receive a payment from the fund manager. For further information on such payments see the Statement of Advice provided to you by your financial adviser.

This costs section doesn't show any dollar amounts or percentages for the costs – interest rates can change on a daily basis, fees depend on the services you use and adviser payments may depend on what you agree directly with your adviser.

You should read the important information about the interest rates (including a list of the current rates) that may apply to your St.George Margin Loan before making a decision. Go to stgeorgemarginlending.com.au/sgbrates

You should read the important information about the fees and costs that may be applied to your St.George Margin Loan before making a decision. Go to stgeorgemarginlending.com.au/sgbfees

The material relating to the current interest rates and other information about the fees and costs that may be applied may change between the time when you read this statement and the day when you sign the application form.

7. How to apply

You should read the important information about margin lending as contained in St.George Margin Lending's Financial Services Guide, the St.George Margin Lending Facility Agreement and other disclosure documents before making a decision. Go to stgeorgemarginlending.com.au/sgbforms

The material relating to margin lending may change between the time when you read this statement and the day when you sign the application form.

To be eligible you must be:

- an individual or joint individuals who are over 18 years of age and an Australian resident for tax purposes;
- an Australian company; or
- an Australian company or individual trustee of a family, discretionary or testamentary trust.

A St.George Margin Loan is not available to superannuation funds.

You may apply for a St.George Margin Loan either directly or through a financial adviser.

To apply directly, you can request at no charge an application pack by calling us on 1300 304 065 between 8.00am and 6.00pm (Sydney time) Monday to Friday or download the St.George Margin Lending Application form online at stgeorgemarginlending.com.au/sgbforms

8. Our complaints policy

Complaints resolution is a priority for us. If you have a concern or complaint with the financial products or services we provide, please contact us and we'll do our best to resolve it quickly and fairly. As a first step, please contact us by calling St George Margin Lending on 1300 304 065 (between 8:00am and 6:30pm (Sydney time) Monday to Friday) or write to our Complaints Officer at Reply Paid 1467, Royal Exchange, NSW 1224.

If you're still not satisfied, you may be able to lodge a complaint:

(a) with the Financial Ombudsman Service **if lodged before 1 November 2018**:
Online: www.fos.org.au
Email: info@fos.org.au
Phone: 1800 367 287
Mail: Financial Ombudsman Service Limited GPO Box 3 Melbourne VIC 3001; or

(b) with the Australian Financial Complaints Authority **if lodged on or after 1 November 2018**:
Online: www.afca.org.au
Email: info@afca.org.au
Phone: 1800 931 678
Mail: Australian Financial Complaints Authority GPO Box 3 Melbourne VIC 3001.

You should read the important information about our complaints and dispute resolution processes before making a decision. Go to stgeorge.com.au/about-us/customer-relations

The material relating to our complaints policy may change between the time when you read this statement and the day when you sign the application form.

You should read the important information about our complaints and dispute resolution processes before making a decision. Go to stgeorge.com.au/about-us/customer-relations

The material relating to our complaints policy may change between the time when you read this statement and the day when you sign the application form.

Contact us

St.George Margin Lending
Reply Paid 1467
Royal Exchange NSW 1224
Telephone: 1300 304 065
Facsimile: 1300 179 540
Email: marginlending@stgeorge.com.au
Website: stgeorgemarginlending.com.au

Neither Westpac Banking Corporation (ABN 33 007 457 141) nor any of its respective directors, officers, employees, associates or its subsidiaries guarantee or give any assurance in relation to the capital value, income return or performance of any shares and managed funds acquired through or in relation to a St.George Margin Loan.

St.George Bank – A Division of Westpac Banking Corporation ABN 33 007 457 141 AFSL and Australian credit licence 233714.
ST21015 0918

St.George Margin Lending

Margin Loan Product Disclosure Statement

Issued by St.George Bank –
A Division of Westpac Banking Corporation
ABN 33 007 457 141 AFSL No. 233714.

31 October 2018

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This Product Disclosure Statement contains the following information:

1. About St.George Margin Lending and a St.George Margin Loan
2. Benefits of a St.George Margin Loan
3. How a St.George Margin Loan works
4. What is a margin call?
5. The risk of losing money
6. The costs
7. How to apply
8. Our complaints policy

Use the references marked with a ! to see important disclosure about this product online. The information relating to such disclosure may change between the time when you read it and the day when you sign the application form.

This Product Disclosure Statement is only a summary of significant information and contains a number of references to important information, each of which forms part of the disclosure under this document (together, the Statement).

You should consider that information before making a decision about this product.

The information provided in the Statement is general information only and does not take account of your personal objectives, financial situation or needs.

You should obtain financial advice about your personal circumstances from your financial adviser.

1. About St.George Margin Lending and a St.George Margin Loan

St.George Bank – a Division of Westpac Banking Corporation (ABN 33 007 457 141) (Westpac) is the issuer of your St.George Margin Loan and trades under the registered business name "St.George Margin Lending". Westpac has been delivering banking and other financial services to Australians since 1817.

A St.George Margin Loan allows you to borrow money to invest in shares and managed funds, using your own money or your existing portfolio as security. This helps you to increase the size and diversity of your investment portfolio.

Borrowing money to invest can potentially result in higher returns from your investments. However, it can also magnify your losses if the value of your investments falls. You have to pay interest on your margin loan and you must repay the money you borrow. You may be required to repay all or part of your margin loan in the event of a margin call or default.

Managing your margin loan

Before issuing a margin loan, we are required to assess whether a margin loan is unsuitable for you. If your margin loan is approved, we will send you a copy of our assessment on request.

You should regularly monitor your investments so that you can take steps to avoid a margin call or quickly respond to and reduce potential losses in relation to your margin loan portfolio. You also need to be aware of any changes to interest rates, loan-to-value ratios (LVR) or other changes to the terms of your margin loan.

You may be required, at short notice, to pay an additional amount into your margin loan or sell some of the investments which form your margin loan portfolio.

We have the right to sell all, or part, of your margin loan portfolio in certain circumstances. We may not be required under the terms of your margin loan to provide you with prior notice of this.

In some situations, the sale of your margin loan portfolio may not cover the costs of repayment of your margin loan. In these situations, you'll still need to repay your outstanding margin loan balance from other sources. If you have provided us with other assets as security for your margin loan, we may have to sell them to repay your margin loan.

2. Benefits of a St.George Margin Loan

A St.George Margin Loan provides the following benefits:

- Borrowing money to invest gives you access to a larger amount of capital to invest and may create higher and accelerated returns in a shorter period of time.
- With more money to invest, you can build a more diversified portfolio across different types of investments. By investing in additional shares and managed funds, you can spread your investment risk across different sectors of the economy and different parts of the world. This can help you to better manage the risk that poor performance in one investment will reduce your total return.
- You're able to borrow against an existing portfolio of eligible shares and managed funds. This allows you to increase the size of your investment without having to sell your existing portfolio and potentially create a capital gains tax event.
- You may be entitled to a tax deduction for interest expenses that you incur under the St.George Margin Loan. The tax consequences will depend on your circumstances. You should seek advice on these from an independent tax adviser.

! You should read the important information about the benefits of a St.George Margin Loan before making a decision. Go to stgeorgemarginlending.com.au/sgbbenefits

The material relating to the benefits of a St.George Margin Loan may change between the time when you read this statement and the day when you sign the application form.

3. How a St.George Margin Loan works

How much can you borrow?

The maximum amount of money that we may lend you depends on:

- The credit limit we provide to you following our assessment of your current financial position.
- How much money and/or securities you contribute.
- Which shares, managed funds or other securities you want to invest in.
- The LVR we apply to those investments. We lend different amounts for different investments and the LVR is the percentage of the value of each of the acceptable securities in your margin loan portfolio. We determine what the LVR is for each security, and may change it at any time, including reducing it to zero.
- Any additional borrowing limit we provide to you if you have a St.George Margin Lending facility with a diversified feature.

Example: If we assign an LVR of 70% to a security, you could use a St.George Margin Loan to borrow up to 70% of that security's value. This means that you could borrow up to $70,000 towards a purchase of $100,000 worth of those securities.

What can you invest in?

The financial products that you may invest in using your margin loan include:

- certain shares and other securities listed on the Australian Securities Exchange.
- certain managed funds.

We have an extensive Acceptable Securities List which specifies which securities you may invest in together with their LVR. For a full list of the current eligible investments go to stgeorgemarginlending.com.au/sgbasl

! You should read the important information about the Acceptable Securities List before making a decision. Go to stgeorgemarginlending.com.au/sgbasl

The material relating to the Acceptable Securities List may change between the time when you read this statement and the day when you sign the application form.

You are the beneficial owner of the securities in your margin loan portfolio. However, as they will be used as security for your margin loan, we may sell them to satisfy a margin call or repay your margin loan.

What are your obligations?

We recommend that you read the section entitled "St.George Margin Lending Facility Agreement" contained in your St.George Margin Lending Application. This includes the agreement between us and you. It details your rights and obligations in relation to your margin loan.

A copy of this agreement can also be sent to you free of charge by calling us on 1300 304 065 between 8.00am and 6.00pm (Sydney time) Monday to Friday.

ASIC has a margin lending online calculator to help show you how a borrowed amount can affect your potential gains and losses and assesses your risk of a margin call.

! You should read the important information about this calculator before making a decision. Go to asic.gov.au/fido/fido.nsf/byheadline/Margin+loan+calculator?openDocument

The material relating to this calculator may change between the time when you read this statement and the day when you sign the application form.

What is the Adviser Service Fee Facility?

You may request to use the "Adviser Service Fee Facility" as a simple way to pay fees to your financial adviser. Under the Adviser Service Fee Facility, you appoint us and the nominee as your agents to pay to your adviser on your behalf your specified Adviser Service Fee amount. We do not keep any portion of the Adviser Service Fee.

! You should read the important information about the Adviser Service Fee Facility before making a decision. Go to stgeorgemarginlending.com.au

4. What is a margin call?

A margin call occurs if your margin loan balance exceeds the sum of your borrowing limit and the buffer at any time. Your borrowing limit is the sum of the market value of each security in your portfolio multiplied by the LVR we have assigned to those securities.

A margin call may occur if:

- The market value of your portfolio falls.
- We reduce the LVR assigned to a security.
- There's an increase in your margin loan balance.
- You don't make required interest payments.
- We reduce the buffer.
- We remove a security from the Acceptable Securities List.
- You have taken advantage of the diversified feature and we change the requirements for what constitutes a diversified portfolio (e.g. the minimum number of securities or the maximum percentage holding of an acceptable security in your security portfolio) such that it no longer qualifies, resulting in a reduction of the maximum borrowing limit.
- You operate a St.George Margin Lending facility in a way that causes it to lose its diversified status.
- Any combination of the above.

What is the buffer?

To ensure that small fluctuations in the market value of a security do not result in a margin call, a buffer is applied to the market value of each acceptable security. The buffer amount is usually 10% of the market value of each security, although we may change it at any time, including reducing it to zero.

How can you satisfy a margin call?

When your margin loan is in margin call, you'll need to promptly ensure that the loan balance is reduced to the borrowing limit amount or below.

A margin call can be satisfied by taking any of the following actions:

- Repaying part or all of the outstanding margin loan balance.
- Lodging additional securities from the Acceptable Securities List.
- Selling acceptable securities held on the margin loan facility as collateral.
- Any combination of the above.

Example: If you have a portfolio with a market value of $100,000, and a margin loan of $65,000, your gearing level will be 65% ($65,000/$100,000).

Assume the LVR of the shares in your portfolio is 70% with a buffer of 10%. You could borrow up to $70,000 (borrowing limit) with an additional buffer of $10,000.

If the total value of your shares falls to $80,000, the new borrowing limit would be $56,000 (70% of $80,000) with a buffer of $8,000 (10% of $80,000). A margin call will occur if your loan balance exceeds $64,000 (i.e. $56,000 + $8,000).

In this example, the loan balance ($65,000) is above the borrowing limit and the buffer ($64,000). Hence the account would be in margin call and you would be asked to reduce your gearing level by either paying money into your loan account, adding acceptable shares and/or managed funds to your portfolio, or selling some or all of your shares and/or managed funds.

If a margin call occurs we'll contact you and/or contact your financial adviser if you have authorised your financial adviser to receive margin calls on your behalf. You, or anyone so authorised, must remain contactable at all times.

If you don't satisfy the margin call as required, we can sell some or all of your securities to satisfy the margin call.

5. The risk of losing money

All investments are subject to risk. Some of the main risks associated with taking out a margin loan include:

- In a volatile market, the value of your margin loan portfolio may fall to a level where it no longer provides adequate security for your margin loan. If this happens, there may be a margin call and you'll have to find an alternative source of funds to repay the margin loan.
- If you borrowed money from another source to provide equity for your margin loan, this will increase your overall gearing level. The higher the overall gearing level, the greater the effect that a fall in the value of your securities will have on your financial situation.
- We may reduce the LVR or the buffer that applies to some or all of your securities at any time (including reducing them to zero). This may result in a margin call.
- We may change the requirements for a facility to be treated as a diversified facility. This may result in a margin call.