Foreign Exchange Swap

Product Disclosure Statement

Issued by Westpac Banking Corporation (offered through its St.George division) Australian Financial Services Licence 233714 ABN 33 007 457 141

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Important Information

A Product Disclosure Statement (PDS) is an information document. Its purpose is to provide you with enough information so that you can decide if the product will meet your needs. A PDS is also a tool for comparing the features of other products you may be considering. If you have any questions about this product, please contact us on any of the numbers listed at the back of this PDS.

This PDS relates to Foreign Exchange Swaps (FX Swaps) issued by Westpac Banking Corporation and offered through its St.George division ("St.George, we, us, our"). An FX Swap is a sophisticated financial product requiring a good understanding of the way foreign exchange contracts and markets work.

You should read and consider all sections of this PDS carefully before making a decision about the suitability of this product for you. You may also wish to obtain independent expert advice.

If you decide to enter into an FX Swap, you should keep a copy of this PDS and any associated documentation. You should also promptly tell us if at any time you experience any financial difficulty.

The meaning of some terms in this PDS (indicated by using a capital letter at the beginning of the term) is included in the Glossary on page 14.

The information set out in this PDS is general in nature. It has been prepared without taking into account your objectives, financial situation or needs. Because of this, you should consider its appropriateness having regard to your objectives, financial situation and needs. By providing this PDS, St.George does not intend to provide financial advice or any financial recommendations.

Information relating to FX Swaps that is not materially adverse may change from time to time.

The information in this PDS may be updated and made available to you on our website at www.stgeorge.com.au. We will provide you with a paper copy of any updated information posted on our website on request without charge. If there is a change to information relating to FX Swaps that is materially adverse, we will (depending on the nature of the change or event) notify you within three months of the change or event and will issue a replacement or supplementary PDS where required.

This PDS, and any invitation to apply for an FX Swap that this PDS relates to, is intended for retail clients in Australia only. Distribution of it in jurisdictions outside Australia may be restricted by law and persons who come into possession of it, who are not in Australia, should seek advice. If you are in Australia and have received it electronically, we will give you a paper copy on request, without charge. To obtain a copy, refer to the contact details listed at the back of this PDS.

Foreign Exchange (FX) Swap Summary

Issuer	**Westpac Banking Corporation (offered through its St.George division) AFSL 233714 ABN 33 007 457 141.**
Purpose	An FX Swap is an agreement to exchange one currency for another at an agreed rate on an agreed date and to re-exchange those two currencies at a later date at an agreed rate. It may help you to manage a currency risk you are exposed to.
Suitability	An FX Swap may be suitable if you have a good understanding of foreign exchange markets and have a genuine commercial need to manage currency risk associated with a particular Currency Pair. It should not be used for trading or speculative purposes.
Costs	There are no direct fees. See "What are the costs?" on page 7 for more information.
Key Benefits	**Protection** – An FX Swap can help you fund your foreign exchange requirements while providing you with protection against unfavourable exchange rate movements. **Coverage** – FX Swaps are available for a wide range of currencies. Please contact us to confirm whether your desired currency is covered. Our contact details are set out on the back page. **Cash flow certainty** – An FX Swap allows you to exchange one currency for another at an agreed rate on an agreed date and to re-exchange those currencies at an agreed rate on a later date. **Flexibility** – Key variables, including the Value Dates and the Contract Amount, can be tailored to meet your particular needs. See the section titled "Key Benefits" on page 7 for more information.
Key Risks	**Opportunity loss** – You will not receive the benefit of any favourable exchange rate movements that occur on either leg of the FX Swap. **Variation / Early termination** – You can vary or terminate an FX Swap early but there may be a cost if you do so. **No cooling off period** – There is no cooling off period. **Counterparty and operational risk** – St.George has performance obligations under an FX Swap. You need to form a judgment of our ability to meet those obligations. **Currency restrictions** – Some currencies may be subject to legal and regulatory obligations. **Use of agent and correspondent banks** – St.George may use agents and correspondent banks to deliver some currencies (other than Australian dollars). See the section titled "Key Risks" on page 7 and the section titled "Can I terminate an FX Swap before a Value Date?" on page 6 for more information.
Term	1 day to 2 years after the Trade Date. (a Value Date later than 2 years after the Trade Date may be available on request)
Minimum Transaction Amount	There is no minimum transaction amount.
How to Apply	Contact your existing St. George representative. Alternatively, you can contact us at the details listed at the back of this PDS.

Foreign Exchange (FX) Swap

What is an FX Swap?

An FX Swap is an agreement between you and St.George to exchange one currency for another at an agreed exchange rate on an agreed date and to re-exchange those two currencies on a later date at an agreed rate. It can help you fund your foreign exchange requirements while providing you with protection against unfavourable exchange rate movements.

An FX Swap may be useful in managing the currency risk associated with exporting or importing goods denominated in foreign currency, investing or borrowing overseas, repatriating profits, converting foreign currency denominated dividends, or settling other foreign currency contractual arrangements.

How do FX Swaps work?

When you enter into an FX Swap, you will nominate the two currencies to be exchanged. These currencies are known as the Currency Pair and must be acceptable to St.George.

You will also nominate the Contract Amounts that will apply to each leg of the swap, the Value Date for the First Leg of the FX Swap, on which the initial exchange of the two currencies takes place, and the Value Date for the Second Leg of the swap, on which the re-exchange takes place. St.George will then determine the respective Rates of Exchange that will be applied to each leg of the FX Swap based on details provided by you.

On each Value Date, the Contract Amount must be exchanged with St.George at the agreed Rate of Exchange, irrespective of what the Foreign Exchange Rate is at that time.

In most cases the Contract Amount for one of the currencies will be the same across each leg of an FX Swap. It is, however, possible to request that different Contract Amounts be used in each leg to better match an underlying exposure that you have. These amounts must be agreed up front.

In effect, an FX Swap is simply two FX transactions packaged together, albeit with different value dates, rates of exchange and potentially contract amounts.

How does St.George determine the Rates of Exchange that will be applied?

Each Rate of Exchange is an agreed exchange rate at which the Currency Pair will be exchanged on the relevant Value Date for the agreed Contract Amount. St.George determines the Rate of Exchange for a Value Date taking several factors into account, including:

- the Currency Pair and the time zone you choose to trade in;
- the Value Date;
- Global Foreign Exchange Rates;
- the Contract Amount, and St.George's inability to trade small amounts in the Global Market;
- market volatility;
- market interest rates of the countries of the Currency Pair; and
- St.George's profit margins.

The Rate of Exchange for the First Leg of an FX Swap will depend on when settlement is to occur. If it occurs two business days after the Trade Date a Spot Exchange Rate will be applied. For all other dates an adjusted spot rate will be agreed with you.

The difference between the Rate of Exchange on the First Leg of the FX Swap and the Rate of Exchange on the Second Leg of the FX Swap is referred to as the Swap Margin. It will reflect the difference in inter-bank interest rates between the currencies that make up the Currency Pair.

The Swap Margin does not represent a forecast that St.George has made for the term of the FX Swap contract, nor does it infer what future exchange rates will be.

A Swap Margin can be either a positive or a negative number. When a Swap Margin is a positive number, it is added to the Rate of Exchange applied to the First Leg of the FX Swap in order to determine the Rate of Exchange that wil be applied to the Second Leg; when it is a negative number, it is subtracted from the Rate of Exchange applied to the First Leg.

In specific situations you may request us to set the Rate of Exchange that is applied to either the First Leg or the Second Leg of an FX Swap at a particular rate so that it matches the Rate of Exchange on an existing FX transaction that you have in place. If we agree to your request we will provide you with a Swap Margin based on the agreed Rate of Exchange. We will not always agree to do this and as part of this process may require you to sign our Historical rate rollover (HRR) documentation - see "Are there any credit requirements before dealing?" on page 6 and "What documentation is required?" on page 8.

What happens on a Value Date?

Depending on the terms of your FX Swap, on the Value Date you may need to provide St.George with either foreign currency or Australian dollars (AUD). You can provide foreign currency either by telegraphic transfer or by transferring funds from a foreign currency account/deposit. You must provide AUD in Clear Funds. On receipt of the funds, St.George will deposit amounts owing to you into a St.George bank account (in your name), denominated in the relevant currency. Alternative arrangements can be made with St.George's agreement.

If you fail to provide St.George with the agreed foreign currency or Australian dollars on the Value Date, this may constitute an event of default under the agreement entered into between us. You should refer to the relevant agreement (including any master dealing agreement) for further information.

Can I terminate an FX Swap before a Value Date?

You may ask us to terminate either or both legs of an FX Swap at any time prior to settlement occurring on a Value Date. We may then provide you with a termination quote. There will be a cost or a gain arising as a result of termination. If you accept the termination quote, we may terminate the FX Swap.

Our quote will incorporate the same variables used when pricing the original FX Swap. These will be adjusted for the prevailing market conditions in respect of the remaining term of the FX Swap. We will also need to consider the cost of reversing or offsetting your original transaction. When doing this we take into account the current market rates that apply to any offsetting transactions.

Are there any St.George credit requirements before dealing?

Before entering into an FX Swap, St.George will assess your financial position to determine whether or not your situation satisfies our normal credit requirements. St.George will advise you of the outcome of its review as soon as practicable.

If your application is successful, you will need to sign St.George's standard finance documentation. This documentation sets out the terms of the credit approval and other matters relevant to your application.

Please note that even if you satisfy our normal credit requirements, St.George is not bound to accept your application and may reject your application at the sole discretion of St.George.

Costs, Benefits and Risks

What are the costs?

There are no direct fees for entering into an FX Swap.

While there are no up-front out of pocket costs with establishing an FX Swap, St.George derives financial benefit by incorporating a margin into each Rate of Exchange. This means that these rates may be different to the market rates prevailing at that time. In effect, you pay for the FX Swap by accepting the Rates of Exchange quoted by St.George for the agreed terms of the contract.

Key Benefits

Protection

An FX Swap provides you with protection against unfavourable foreign exchange movements on each leg between the time you enter into the transaction and the corresponding Value Date. This can assist you in managing your foreign currency exposures. On the Value Date, you will be protected at the Rate of Exchange for the specified Contract Amount.

Coverage

FX Swaps are available for a wide range of currencies. Please contact us to confirm whether your desired currency is covered. Our contact details are set out on the back page.

Cash flow certainty.

FX Swaps allow you to exchange one currency for another at an agreed rate on an agreed date. This may assist you in settling contractual arrangements denominated in foreign currency.

Flexibility.

FX Swaps are flexible. Key variables, including the Value Dates and Contract Amounts, can be tailored to meet your particular needs. Also, you may be able to further tailor your FX Swap by setting one of the Rates of Exchange to match the Rate of Exchange on an exisiting FX transaction that you are looking to shift the maturity date of.

Key Risks

Variation/Early termination.

Terminations may result in a cost to you – see the section titled “Can I terminate an FX Swap before a Value Date?” on page 6.

No cooling off period.

There is no cooling off period. This means that, in most circumstances, once you enter into an FX Swap, you cannot terminate or vary the FX Swap without our consent. See “Variation / Early termination” section above.

Opportunity loss

You will not receive the benefit of favourable exchange rate movement between the time you enter into an FX Swap and each Value Date.

The rate achieved with an FX Swap for each leg may not be as favourable as the rate you could have achieved if you had not entered into any contract at all.

Counterparty and operational risk.

As is the case with most financial markets products we enter into, we have performance obligations under an FX Swap. If we are unable to perform our obligations under your FX Swap, you would be exposed to market exchange rate fluctuations as if you had not entered into an FX Swap.

Our ability to fulfil our obligations is linked to our financial wellbeing and to the effectiveness of our internal systems, processes and procedures. The First type of risk (our financial wellbeing) is commonly referred to as **credit or counterparty risk**. The Second type of risk (the effectiveness of our internal systems, processes and procedures) is commonly referred to as **operational risk**.

You must make your own assessment of our ability to meet our obligations. However, as a regulated Australian bank, we are subject to prudential regulation which is intended to reduce the risk of us failing to perform our obligations.

More information about Westpac Banking Corporation, including copies of our recent financial statements, is available on our website at www.westpac.com.au.

Currency restrictions.

Delivery of some currencies may be governed by, or subject to certain legal and regulatory requirements and obligations. It is your responsibility to ensure that these laws and regulations are complied with and we suggest you seek and obtain your own independent, expert advice in relation to such matters.

Use of agent and correspondent banks.

To deliver some currencies (other than AUD), we may use agents and correspondent banks. We will use reasonable care in the selection of such agents and correspondent banks.

If the agent or correspondent bank fails to deliver the required currency when due, we will work with the agent or correspondent bank to effect delivery. If after such action delivery cannot be made, we will promptly return your funds or make alternative arrangements with you.

To the extent allowed by law, St.George will not be liable for any direct or indirect losses, claims, actions or expenses incurred by you as a result of the failure by an agent or correspondent bank to deliver the required currency.

Documentation and Confirmation

What documentation is required?

Master dealing agreement

You will usually need to sign a master dealing agreement if you want to enter into an FX Swap. This will either be an agreement with us or an industry standard master dealing agreement

We will advise you which master dealing agreement you need to sign.

The master dealing agreement governs the dealing relationship between you and us and sets out the terms and conditions that will apply to all transactions that we enter into with you that are covered by the agreement. In particular, they document the situations where those transactions can be terminated and the way the amount to be paid following termination is calculated.

You will be provided with a copy of the relevant master dealing agreement and we strongly recommend that you fully consider its terms before signing. You should obtain independent advice if you do not understand any aspect of the document.

Documentation for certain restricted currencies

Other documentation may be required for FX Swaps involving certain currencies. Where possible, we will attempt to inform you of any specific requirements; however you are responsible for complying with any legal or regulatory obligations. We suggest that you seek and obtain your own independent, expert advice in relation to such matters.

Email or facsimile authority and indemnity

If you would like to provide us with email or facsimile instructions in relation to FX Swaps, we will require you to complete an email or facsimile authority and indemnity. The purpose of the email or facsimile authority and indemnity is to protect us against the consequences of acting upon instructions which may not represent your genuine wishes, but which appear to us to be genuine.

Historical Rate rollover (HRR).

If you wish to set the Rate of Exchange that is applied to one of the legs of an FX Swap you may be required to sign our standard HRR documentation. This document sets out a number of requirements that you will need to satisfy before we will consider your request to do this. It does not guarantee that we will always agree to do this. That decision will be subject to our credit approval process. A copy of our HRR documentation is available on request.

You should make your own assessment and obtain your own advice regarding the risks associated with using FX Swaps to effectively vary the maturity date of an exisitng FX transaction where you are looking to manage cashflow outcomes.

Other documentation.

You may be requested to complete additional documentation before you enter into an FX Swap, depending on the outcome of St.George's assessment of your creditworthiness. We will inform you if any further documentation is required at that time.

What about Confirmations?

The commercial terms of a particular FX Swap will be agreed at the time of dealing. This may occur verbally over the phone, in writing or by any other means (including electronic means). Once we reach an agreement, both you and St.George are bound by the terms of the FX Swap.

Shortly after entering into an FX Swap, St.George will send you a Confirmation outlining the commercial terms of the transaction. You will need to sign this Confirmation and return it to St.George as soon as possible. This Confirmation evidences the transaction you entered into with us.

The Confirmation will include:

- the Contract Amounts for each leg e.g., the underlying currency amounts being transacted on each leg;
- the Rate of Exchange for each Leg; and
- the Value Dates on which each leg of the transaction is settled.

It is extremely important that you check the Confirmation to make sure that it accurately records the terms of the transaction. If there is a discrepancy between your understanding and the Confirmation, you will need to raise it with your St. George representative as a matter of urgency.

Examples

The examples below are illustrative only and use rates and figures selected to demonstrate how the product works. In order to assess the merits of any FX Swap, you would need to use the actual rates and figures quoted to you at the time. Note that the calculations below include rounding of decimal places.

Scenario 1 - Foreign Currency payment in two days' time with Foreign Currency receipt in one month.

You are an Australian based importer due to pay 100,000 United States dollars (USD) in two days' time for raw materials you have bought overseas. At that time, you need to convert your AUD into USD.

You also have a contract to sell finished goods in one months' time for which you will be paid USD 100,000 on delivery.

While your net USD position in one months' time is netted to zero there is a timing difference in your cash flows. In one month's time you will need to convert the USD that you receive back into AUD.

You are therefore exposed to exchange rate movements between two business days and one month.

Assume the AUD/USD Spot Exchange Rate (i.e. for delivery in two business days' time) is 0.8800.

If I do nothing, what exchange rate risks do I face?

If you do nothing, the amount of AUD you will need in two days' time to obtain the USD you are due to pay will depend on the Value Today Exchange Rate applicable at that time.

If the AUD/USD exchange rate goes up, the USD will become less valuable and as a consequence, you will need less AUD when it is time to obtain the USD. Assume in this example that the AUD/USD Value Today Exchange Rate rises to 0.8850, then you will pay:

AUD 112,994.35
(= USD 100,000 / 0.8850)

If the AUD/USD Value Today Exchange Rate goes down, the opposite occurs and you will need more AUD. Assume the AUD/USD Value Today Exchange Rate falls to 0.8750, then you will pay:

AUD 114,285.71
(= USD 100,000 / 0.8750)

Similarly, with respect to the conversion of your USD receipt in one month's time the amount of AUD you will receive will depend on the exchange rate quoted on that day. In this case directional moves in the exchange rate will have the opposite effect.

If the AUD/USD exchange rate goes up, the USD will become less valuable and as a consequence, you will receive less AUD when it is time to convert your USD receipt into AUD. Assume in this example that the AUD/USD Value Today Exchange Rate rises to 0.8850, then you will receive:

AUD 112,994.35
(= USD 100,000 / 0.8850)

Conversely, if the If the AUD/USD Value Today Exchange Rate goes down, the opposite occurs and you will receive more AUD. Assume the AUD/USD Value Today Exchange Rate falls to 0.8750, then you will receive:

AUD 114,285.71
(= USD 100,000 / 0.8750)

How will an FX swap change this?

Assume that you are unsure about the direction of the AUD against the USD and that you wish to protect yourself against adverse exchange rate movements on both dates. You enter into an FX Swap with St.George where you will buy USD 100,00 against the AUD in two days' time and sell USD 100,000 against the AUD in one months' time.

We agree to use the current Spot Exchange Rate of 0.8800 as the Rate of Exchange for the First Leg of the FX Swap and St.George determines the Swap Margin to be -0.0010. You accept the quoted price. Accordingly, the Rate of Exchange for the Second Leg of the swap becomes 0.8790

In two days' time, regardless of whether the AUD/USD exchange rate rises or falls, you will purchase USD 100,000 at 0.8800.You will pay:

AUD 113,363.36
(= USD 100,000 / 0.8800)

By entering into an FX Swap you have removed the uncertainty of exchange rate fluctuations over the next two days. However, in exchange for this cash-flow certainty you have also lost the opportunity to take advantage of any favourable movements.

In one months' time, regardless of whether the AUD/USD exchange rate rises or falls, you will sell USD 100,000 at 0.8790. You will receive:

AUD 113.765.64
(= USD 100,000 / 0.8790)

By entering into an FX Swap you have removed the uncertainty of exchange rate fluctuations over the next month. However, in exchange for this cash-flow certainty you have also lost the opportunity to take advantage of any favourable movements.

Scenario 2 – FX Swap used to extend (roll forward) an existing FX transaction.

You are an Australian based exporter with a Forward Exchange Contract in place with St.George to sell 100,000 USD against the AUD in one week's time at a Rate of Exchange of 0.8800. You have just been notified that your shipment of goods has been delayed and you will not receive payment for your goods for another two months.

In the absence of the delay you were required to exchange the Contract Amount at the Rate of Exchange in one week's time. At that time you were due to receive:

AUD 113,636.36
(= USD 100,000 / 0.8800)

With the delay you will not have USDs to sell in one week's time. You will now have them to sell two months later than you originally expected.

You contact St.George and request an FX Swap where you will Buy USD 100,000 against the AUD in one week's time and Sell USD 100,000 against the AUD two months later. You further request that the First Leg of the FX Swap be based off a Rate of Exchange of 0.8800. After assessing your request St.George agrees to provide you with an FX Swap price.

Based off the requested Rate of Exchange for the First Leg of the FX Swap of 0.8800, the Contract Amounts required, the current Spot Exchange Rate and the relevant market interest rates available for the term required, St.George calculates the Swap Margin to be -0.0020. You accept this quote and enter into an FX Swap with St.George.

In one week's time, on the First Leg of the FX Swap you will buy USD 100,000 against the AUD at 0.8800. On the same day under your existing FX transaction you will be required to sell USD 100,000 against the AUD at 0.8800. As both these contracts are the same exchange rate for the same USD amount all cash flows net off.

On the Second Leg of the FX Swap, two months later, when you now receive your USD, you will exchange your USD at a Rate of Exchange of 0.8780, regardless of whether AUD/USD rises or falls. You will receive:

AUD 113,895.22
(= USD 100,000 / 0.8780)

By entering into an FX Swap you have ensured that you will have an FX contract in place that will allow you to sell USD and buy AUD on the day that you now expect to receive payment for your goods. Effectively, you have extended your exchange rate protection for an additional month. However, as with the original FX Transaction, by removing the uncertainty of exchange rate fluctuations you have lost the opportunity to take advantage of any favourable movements that occur prior to the settlement of the Second Leg of the FX Swap.

In this case, for the purpose of this example, we have assumed that Australian interest rates are above US interest rates. As you are essentially not selling the USDs you are due to receive for a further two months the amount of AUD you will receive through the Second Leg of the FX Swap will be greater than what you would have received through the settlement of your original FX transaction. If we assumed that US interest rates were higher than Australian interest rates the opposite would hold true and you would receive less.

Scenario 3 – FX Swap used to pre-deliver (bring forward) an existing FX transaction.

You are an Australian based importer with a Forward Exchange Contract in place with St.George to buy 100,000 USD against the AUD in three months' time at a Rate of Exchange of 0.8830. You have just been notified that your shipment of goods has been brought forward two months and you will be required to pay for your goods at that time.

In the absence of the earlier shipment, you were required to exchange the Contract Amount at the Rate of Exchange in three months' time. At that time you were due to pay:

AUD 113,250.28
(= USD 100,000 / 0.8830)

With the earlier shipment you now need your USD in one month's time.

You contact St.George and request an FX Swap where you will buy USD 100,000 in one month's time (your new payment date) and where you will sell USD 100,000 in three months' time (the Value Date of your existing FX transaction).

Based off the current Spot Exchange Rate (0.8800) and the relevant market interest rates for the required term, St.George calculates the Rate of Exchange for the First Leg of the FX Swap to be 0.8790 and the Swap Margin to be minus 0.0020. Accordingly the Rate of Exchange for the Second Leg of the FX Swap will be 0.8770.

You accept this quote and enter into an FX Swap with St.George.

In one month's time, on the First Leg of the swap you will buy USD 100,000 at a Rate of Exchange of 0.8790. You will pay:

AUD 113,765.64
(= USD 100,000 / 0.8790)

You will note that the amount you will pay here is slightly more (AUD 515.36) than the AUD amount you were due to pay under your original FX transaction in three months' time . This is because the AUD has fallen against the USD over the period to date. However, you will be compensated for this difference on the Second Leg of the FX Swap as the Rate of Exchange you will be selling USD and buying AUD at under the FX Swap (0.8770) is less than the Rate of Exchange you will be buying USD and selling AUD under your original FX Transaction (0.8830).

The net cash flow you will receive on the tran corresponding to the Second Leg of the FX swap and the settlement date of your FX transaction will be:

AUD 774.81
[= (USD 100,000 / 0.8770) – (USD 100,000 / 0.8830)

If the AUD had risen over the period prior to establishing the FX Swap the opposite would occur, i.e. you would pay less AUD in one month's time for your goods but you would be required to pay St.George a net cash amount when the two fx transactions were effectively netted on the Second Leg Value Date.

By entering into an FX Swap you have ensured that you will have an FX contract in place that will allow you to buy USD and sell AUD on the day that you must make payment for your goods. Effectively, you have aligned your exchange rate protection for an additional month with your actual exposure. However, as with the original FX Transaction, by removing the uncertainty of exchange rate fluctuations you have lost the opportunity to take advantage of any favourable movements that occur prior to the settlement of the First Leg of the FX Swap.

In this case, for the purpose of this exampe, we have assumed that Australian interest rates are above US interest rates. As you are buying USDs earlier now you will effectively pay less AUDs for your shipment of goods. On the First Leg of the FX swap you have paid AUD 515.36 more to buy the required USD amount (than you would have under your original FX transaction) but on the Second Leg of the FX Swap when the contract is netted off with your existing FX Transaction you will receive a pyament of AUD 774.81. If we assumed that US interest rates were higher than Australian interest rates the opposite would hold true and you would have to pay more overall.

General Information

What information we need from you

In order to enter into an FX Swap with you, we'll need some important details from you. Depending on the legal nature of your business (company, partnership etc.) you will be required to provide certain documents and information to us.

Under the Anti-Money Laundering and Counter Terrorism Financing Act 2006 (AML/CTF Laws) it is a requirement that the account holder and all signatories to the account must be identified. So if you're opening an account for the first time this applies to you. It also applies to any account holder or signatory who is not an existing customer.

The identification requirements can be met by completing the St.George identification procedure which involves providing identity documentation to St.George. For information on documents required please contact any branch or refer to our website – www.stgeorge.com.au.

If the account holder or any of the signatories to an account are not identified in terms of the AML/CTF Laws, the account will be blocked for all withdrawals, until they are identified.

If you are an existing customer, an account signatory (or any other cardholder), identification requirements may have previously been satisfied so you don't need to provide it again, unless you are asked to do so by us.

Banking Code of Practice

We have adopted the Banking Code of Practice 2019 (Banking Code). The Banking Code sets out the standards of practice and service for Australian banks to follow when dealing with certain customers.

If you are an 'individual' or a 'small business' (each term as defined in the Banking Code), the relevant provisions of the Banking Code will apply to the banking service described in this PDS and prevail to the extent of any inconsistency with these terms and conditions.

You can obtain a copy of the Banking Code from our website or any of our branches. Please let us know if you would like to discuss whether or not the Banking Code will apply to you. Our contact details are set out on the back page.

Financial crimes monitoring

St. George is bound by laws that impose regulatory and compliance obligations, including obligations in relation to the prevention of money laundering and the financing of terrorism, which are the AML/CTF Laws. In order for St. George to meet its regulatory and compliance obligations, we perform certain control and monitoring activities.

Upon entering into any FX Swap with St. George, you agree and provide the following undertakings and agree to indemnify St. George against any potential loss arising from any breach by you of such undertakings that:

- you are not and will not enter into any agreement with St. George under an assumed name;
- any funds used by you to enter into an agreement with St. George have not been derived from or related to any criminal activities;
- any payments received from St. George will not be used in relation to any criminal activities;
- if we ask, you will provide us with additional information we reasonably require from you for the purposes of meeting our regulatory and compliance obligations, including the obligations under AML/CTF Laws (including information about the source of funds used to settle an FX Swap; and
- you and your FX Swap with St. George will not initiate, engage or effect a transaction that may be in breach of Australian law or sanctions (or the law or sanctions of any other country).

You should be aware that:

- we may obtain information about you or any beneficial owner of an interest in an agreement with St. George from third parties if we believe this is necessary to comply with our regulatory and compliance obligations, including AML/CTF Laws;
- transactions may be delayed, blocked, frozen or refused where we have reasonable grounds to believe that they breach Australian law or sanctions or the law or sanctions of any other country;
- where transactions are delayed, blocked, frozen or refused, St. George and other members of the Westpac Group are not liable for any loss you suffer (including consequential loss) in connection with an FX Swap; and
- where legally obliged to do so, we may disclose information that we hold about you to our related bodies corporate or service providers, other banks, or relevant regulatory and/or law enforcement agencies (whether in or outside of Australia).

Foreign Tax Residents

We are required under domestic and international laws to collect and report financial and account information relating to individuals and organisations who are, or may be, foreign tax residents. We may ask you whether you or any shareholder, beneficiary, settlor or controlling person are a foreign tax resident from time to time, such as when you open an account with us, or if your circumstances change. If you do not provide this information to us we may be required to limit the services we provide to you.

Unless you tell us otherwise, by completing any application, you certify that any shareholder, named beneficiary, settlor or controlling person is not a foreign tax resident. You must tell us if you, or any shareholder, named beneficiary, settlor or controlling person is, or becomes, a foreign tax resident (unless an exemption applies, such as for shareholders of listed companies). Where there are no named beneficiaries (e.g. for beneficiaries identified only as a class) you must tell us if a beneficiary is a foreign tax resident immediately when any decision is made to identify and make a distribution to them. You may contact us to provide foreign tax residence information by calling 1300 725 863.

We cannot give tax advice, so please contact your independent tax advisor if you need help finding out whether any person is a foreign tax resident.

Telephone conversations

The terms of an FX Swap are usually agreed verbally over the phone, in writing or by any other means (including electronic means). Once we have reached an agreement, both you and St.George are bound by the terms of the FX Swap.

Conversations with our dealing room and settlement departments are recorded. This is standard market practice. We do this to make sure that we have complete records of the details of all transactions. Recorded conversations are retained for a limited period and are usually used where there is a dispute or for staff training and monitoring purposes.

You will need to advise our dealer if you do not wish to be recorded. However, we will not enter into any transaction over the telephone unless the conversation is recorded.

Taxation

Taxation law is complex and its application to this product will depend on your particular circumstances. We make no claim that this product will provide a beneficial or appropriate tax outcome for you. When determining whether this product is suitable for your circumstances, you should consider the impact it will have on your own taxation position and seek professional advice on the tax implications it may have for you.

This document has been produced for use by Australian tax residents only. If you are not a resident of Australia for tax purposes and have entered into an FX Swap, you may be required to withhold tax on payments you make. If you are required to withhold an amount of tax on any payments you make as a non-resident, you are liable to gross up that payment such that we receive all amounts clear of any tax.

Privacy

We collect personal information from you to process your application, provide you with your product or service, and manage your product or service. We may also use your information to comply with legislative or regulatory requirements in any jurisdiction, prevent fraud, crime or other activity that may cause harm in relation to our products or services and help us run our business. We may also use your information to tell you about products or services we think may interest you.

If you do not provide all the information we request, we may need to reject your application or we may no longer be able to provide a product or service to you.

We may disclose your personal information to other members of the Westpac Group, anyone we engage to do something on our behalf and other organisations that assist us with our business.

We may disclose your personal information to an entity which is located outside Australia. Details of the countries where the overseas recipients are likely to be located are in our privacy policy.

As a provider of financial services, we have obligations to disclose some personal information to government agencies and regulators in Australia, and in some cases offshore. We are not able to ensure that foreign government agencies or regulators will comply with Australian privacy laws, although they may have their own privacy laws. By using our products or services, you consent to these disclosures.

We are required or authorised to collect personal information from you by certain laws. Details of these laws are in our privacy policy.

Our privacy policy is available at www.stgeorge.com.au or by calling 13 33 30. It covers:

- how you can access the personal information we hold about you and ask for it to be corrected;
- how you may complain about a breach of the Australian Privacy Principles or a registered privacy code and how we will deal with your complaint; and
- how we collect, hold, use and disclose your personal information in more detail.

We will update our privacy policy from time to time.

Please call us on 13 33 30 or visit any of our branches if you do not wish to receive marketing communications from us.

Dispute resolution

Sometimes you may want to talk about problems you are having with us. Fixing these problems is very important to us.

We've put in place ways of dealing with your issues quickly and fairly.

Please talk to us first

We aim to resolve your complaint at your first point of contact with us. Our contact details are set out on the back page.

What to do if you are still unhappy

If you are not satisfied with our response, you may be able to lodge a complaint with the Australian Financial Complaints Authority (AFCA). AFCA's contact details are:

Online: www.afca.org.au

Email: info@afca.org.au

Phone: 1800 931 678 (free call)

Mail: Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001

You can also contact the Australian Securities & Investments Commission (**ASIC**) to make a complaint and to obtain further information about your rights. They have a freecall Infoline on 1300 300 630 or visit www.asic.gov.au.

Glossary

To help you to understand this PDS, the meanings of some words used in this PDS are set out below.

AUD means Australian dollars.

Clear Funds means funds that are immediately available on settlement.

Confirmation means a letter confirming the terms of a particular FX Swap.

Contract Amount means the agreed amount as set out as such in the Confirmation. It is the amount to be exchanged under the FX Swap on the relevant leg.

Currency Pair means the two currencies applying in respect of an FX Swap. The Currency Pair must be acceptable to St.George.

First Leg means the Value Date specified in the confirmation on which the initial exchange of currencies will take place. Also referred to as Front Leg or Near Leg.

Forward Exchange Contract means an FX Transaction where the Value Date is more than two business days after the Trade Date.

FX Swap or Foreign Exchange Swap means the product the subject of this PDS,

FX Transaction or Foreign Exchange Transaction means an agreement to exchange one currency for another at an agreed rate on an agreed date.

Global Foreign Exchange Rate means the exchange rate for the FX Transaction Currency Pair that is based on the price of one or more actual foreign exchange transactions in the Global Market involving the Currency Pair (or cross-rates constituting the Currency Pair). This rate will be determined by St.George in good faith and in a commercially reasonable manner.

Global Market means the global spot foreign exchange market, open continuously from 5.00 a.m. Sydney time on a Monday in any week to 5.00 p.m. New York time of the Friday of that week.

Historical Rate Rollover or HRR means the process by which the Value Date of an existing FX Transaction is effectively adjusted

Rate of Exchange means the agreed exchange rate at which the Currency Pair will be exchanged on the Value Date.

Second Leg means the Value Date specified in the confirmation on which the re-exchange of currencies will take place. Also referred to as Back Leg or Far Leg.

Spot Contract means an FX Transaction where the Value Date is two days after the Trade Date.

Spot Exchange Rate means the price of one currency in terms of another currency for delivery two business days after the Trade Date.

St. George, **we, our** or **us** means St. George Bank, a division of Westpac Banking Corporation (ABN 33 007 457 141, AFSL No 233714).

Swap Margin means the difference bewtween the Rate of Exchange on the First Leg of the FX Swap and the Rate of Exchange on the Second Leg of the FX Swap. It is a function of the interest rate differential between the two currencies that make up the selected Currency Pair for the specified period, as determined by St.George.

Trade Date means the date an FX Transaction is entered into.

USD means United States dollars.

Value Date means the date set out as such in the Confirmation for the First Leg and the Second Leg of the FX Swap. It is the date on which the Currency Pair will be exchanged.

Value Today Contract means an FX Transaction where the Value Date is the same day as the Trade Date.

Value Today Exchange Rate means the price of one currency in terms of another currency for delivery on the Trade Date.

Westpac Group means Westpac and its related bodies corporate.

you or **your** means the customer entering into an FX Transaction.

Contact Details

Financial Markets
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