

ISSUED BY: ST.GEORGE BANK
A DIVISION OF WESTPAC BANKING CORPORATION
ABN 33 007 457 141 AFSL 233714
EFFECTIVE DATE: 1 MARCH 2010

REWARD FORWARD (IMPORTER)

IMPORTANT NOTICE

Transactions involve various risks including movements in currency rates and interest rates. You can make losses and that is a risk you take. If you do not understand the risks or are not willing to accept the risks or make losses, you should not enter into these transactions with us.

The information set out in this document is general in nature and does not and is not intended to take into account your particular needs, objectives or financial situation. By providing it, St.George does not intend to provide financial advice or any financial recommendations. You should read this Product Disclosure Document carefully and consider whether this product is appropriate to your particular needs, objectives and financial situations. You may also seek independent expert advice before making a decision about whether or not this product is suitable for you.

PRODUCT DISCLOSURE STATEMENT



This PDS for Reward Forward (Importer) was prepared on 1st March 2010. However it is intended for use only for the financial products provided after the effective date shown on the cover.

Risk Overview

A Reward Forward (Importer) contract (**RF (Importer)**) is a product which may be used to protect yourself from unfavourable movements in a particular exchange rate beyond a certain level. In addition, an RF (Importer) provides you with the opportunity to participate in favourable exchange rate movements provided a certain level (the *trigger rate*) is reached during the life of the contract. However if the *market rate* does not reach the *trigger rate*, you will be required to exchange currencies at a rate which may be less favourable to you than the *market rate*.

This product is not suitable for speculative purposes.

Purpose

What is an RF (Importer) used for?

An RF (Importer) may be used by you if you have a need to exchange one currency for another currency at a future date and wish to:

- protect yourself against unfavourable movements in the relevant exchange rate below the *contract rate*; and
- obtain the ability to benefit from favourable movements in the relevant exchange rate providing a certain level is reached prior to the *expiration time*.

Suitability

Do you have sufficient knowledge about these products?

An RF (Importer) may be suitable if you would like to manage your currency exposure and have a good understanding of foreign exchange markets including forward exchange contracts and foreign exchange options.

If you are not confident about your understanding of these things, we strongly suggest you seek independent advice before making a decision about this product.

Description

What is an RF (Importer)?

An RF (Importer) is a foreign exchange product that has the effect of combining the exchange rate protection of a traditional forward exchange contract (FEC) with a foreign exchange option.

How does an RF (Importer) work?

Under an RF (Importer), you nominate the two currencies to be exchanged at the time of entering into the product. These currencies are known as the *currency pair*.

A *contract rate*, *trigger rate*, *contract amount*, and *transaction period* will also be set.

Once you have selected those variables, and they are accepted by St.George, the possible outcomes for you at the *expiration time* are as follows:

1. If the *market rate* is at or below the *trigger rate* at any point prior to the *expiration time*; and the *market rate* is above the *contract rate* at the *expiration time*, we have no further obligations to each other in respect of the RF (Importer). You may however, exchange the *contract amount* in full at the prevailing *market rate* as a separate foreign exchange transaction. This will provide you with a more favourable outcome compared to exchanging at the *contract rate*.; or
2. If the *market rate* is at or below the *trigger rate* at any point prior to the *expiration time*; and the *market rate* is at or below the *contract rate* at the *expiration time*, you retain the right (but not obligation) to exchange the *contract amount* in full, at the *contract rate*. This component of the transaction provides protection against decreases below the *contract rate* in the *currency pair* exchange rate. ; or
3. If the *market rate* is never at or below the *trigger rate* at any point prior to the *expiration time*, you will be obliged to exchange the *contract amount* in full, at the *contract rate*.

Monitoring your obligations

We will monitor the relevant foreign exchange markets to determine your obligations at the expiration time and will advise you as soon as practicable.

Are there any St.George credit requirements prior to dealing?

Before entering into an RF (Importer), St.George will assess your financial position to determine whether or not your situation satisfies our normal credit requirements. We will advise you of the outcome of our review as soon as possible.

If your application is successful, you may be required to sign St.George standard finance documentation. That documentation will set out the terms of the credit approval and other matters relevant to your application.

Our assessment of your financial position is made only to determine your creditworthiness. By doing this, we are not making any assessment of the suitability of this product to your financial situation.

Cost of Product

Generally, St.George adjusts the *contract rate* and the *trigger rate* so that you will not be required to pay any *premium*. When setting these levels, St.George takes into account a variety of factors including:

- the *contract amount* and *transaction period* of the RF (Importer);
- inter-bank *market rates* prevailing at the time;
- market volatility; and
- current market interest rates of the countries of the *currency pair*.

If you wish to nominate a different *contract rate* and/or *trigger rate*, an up-front non-refundable *premium* may be payable. St.George will determine the amount of the *premium* and you will be advised of the amount prior to entering into the transaction.

When calculating any *premium* payable, we take into account various factors, which may include:

- the *contract amount*, the *transaction period*, the *contract rate* and *trigger rate* selected;
- current market interest rates and exchange rates; and
- market volatility.

Premiums must be paid in cleared funds within two business days of entering into the transaction.

St.George will derive a financial benefit out of each RF (Importer). When you exchange currencies at either the applicable *contract rate* or the *market rate*, St.George will benefit by incorporating a margin into the *contract rate*, *trigger rate* or *market rate*.

The margin is the difference between the wholesale exchange rate we are able to obtain and the exchange rate we then offer to you. The margin may be described as an 'indirect cost' to you because you pay for the RF (Importer) by accepting the applicable *contract rate*, *trigger rate* and prevailing exchange rate quoted by St.George.

The exchange rates published in the media generally state those obtainable in the interbank wholesale market.

Advantages/Benefits

- An RF (Importer) provides you with a fixed *contract rate* for the *contract amount* if the market exchange rate at the *expiration time* is at or below the *contract rate*. The *contract rate* provides protection against decreases in the *currency pair* exchange rate.
- This product is flexible and can be tailored to meet your particular requirements.
- This product can be cancelled prior to expiration (however, there may be a cost to you in doing so – see Early Termination section for further details).

Disadvantages/Risks

- If the *market rate* is never at or below the *trigger rate* at any point prior to the *expiration time*, you must exchange the *contract amount* in full at the *contract rate*. If this coincides with a *market rate* above the *contract rate* at *expiration time*, it will be less favourable to you.
- There is no cooling off period.
- St.George, as the counterparty to an RF (Importer), must fulfil its contractual obligations to you in the manner set out in the relevant contract. If St.George is unable to fulfil those obligations, you will be exposed to market fluctuations as if you had not entered into an RF (Importer). However, as an Australian Authorised Deposit-Taking Institution, we are subject to prudential regulation which is intended to reduce the likelihood of St.George not being able to fulfil its contractual obligations.

Settlement

Foreign currency to be delivered to St.George can be provided by either telegraphic transfer or from a foreign currency account/deposit. Australian dollars must be provided in cleared funds. On receipt of the funds, St.George will satisfy its obligations by depositing amounts owing to you into a bank account (in your name) denominated in the relevant currency. Alternative arrangements can be made with St.George's prior approval.

Early Termination

You can request St.George to cancel an RF (Importer) at any time prior to the *expiration time*. At the time you make a request, we will calculate and quote a price where St.George would be willing to terminate the RF (Importer). St.George will take into account its normal considerations, including market conditions at the time when determining the price. The termination price will be a cost or benefit to you. If the termination quotation is acceptable to you, then the cost or benefit will be paid and the RF (Importer) will be terminated.

Documentation

You will be required to sign a dealing agreement with St.George. There are two types of agreements that are commonly used to document foreign exchange transactions:

- A facility agreement with St.George which incorporates either St.George's Standard Terms for Financial Markets Transactions or St.George's General Standard Terms (of which this product disclosure statement forms part); or
- An International Swaps and Derivatives Association Master Dealing Agreement (ISDA).

We will advise you which of these we will require, based on what is most suitable for you.

Each of the above documents governs the contractual relationship between you and us in relation to the RF (Importer). The terms of that document may also set out the terms and conditions that apply to other transactions that we enter into with you.

In particular, it documents the situations where those transactions can be terminated and the way the amount payable following termination is calculated. A copy of the agreement is available on request and we strongly recommend that you fully consider its terms prior to entering into any transaction. You should obtain independent advice if you do not understand any aspect of the document.

Confirmations

Shortly after entering into an RF (Importer), St.George will send you a *confirmation* outlining the commercial terms of the transaction. This *confirmation* will need to be signed by you and returned to St.George.

Warning

It is extremely important that you check the *confirmation* to make sure that it accurately records the terms of the transaction. In the case of a discrepancy, you will need to raise the matter with your St.George contact as a matter of urgency.

Example

The example below is indicative only and uses rates and figures selected by us to demonstrate how the product works. In order to assess the merits of any particular RF (Importer), you would need to use the actual rates and figures quoted to you at the relevant time.

Scenario

You are an Australian based importer with a requirement to pay USD100,000 in one month for goods bought overseas. Assume the current spot exchange rate is 0.6450 and that the 1 month forward exchange rate is 0.6430.

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

If you do nothing, the amount of AUD you will need to pay in 1 month in exchange for the USD 100,000 you need will depend on the exchange rate quoted for value that day.

If the AUD goes up, the USD will become less valuable and as a consequence, you will need less AUD when it comes time to pay for the USD. Assume in this example that the AUD rises to 0.6700, then you will pay:

AUD 149,253.73 (i.e. USD 100,000 / 0.6700)

If the AUD goes down, the opposite occurs and you will need more AUD. Assume the AUD falls to 0.6100, then you will pay:

AUD 163,934.43 (i.e. USD 100,000 / 0.6100)

How will an RF (Importer) change this?

Assume that you hold the view that the AUD may initially depreciate against the USD but then recover over the coming month. Furthermore, you believe the initial depreciation will be sufficient to reach a certain level (i.e. *trigger rate*). You wish to take advantage of such a move, however you also wish to protect yourself against the AUD remaining depreciated throughout the *transaction period*. You do not want to pay a *premium* for an option.

You enter into an RF (Importer) to buy USD 100,000 and sell AUD at a *contract rate* of 0.6380, with an *expiration time* in one month. You also set a *trigger rate* of 0.6300.

How will the RF (Importer) work?

If the *market rate* is at or below the *trigger rate* of 0.6300 at any point prior to the *expiration time*; and the *market rate* is above the *contract rate* of 0.6380 at the *expiration time*, you obtain the right (but not the obligation) to exchange the *contract amount* in full, at the prevailing *market rate*. If you choose to exercise this right, you will have the following outcome (assume *market rate* of 0.6600 at the *expiration time*):

- On the *delivery date*, you would exchange your AUD at the *market rate* of 0.6600

You would be required to pay AUD 151,515.15 (i.e. USD100,000 / 0.6600)

OR

If the *market rate* is at or below the *trigger rate* of 0.6300 at any point prior to the *expiration time*; and the *market rate* is at or below the *contract rate* of 0.6380 at the *expiration time*, you retain the right (but not obligation) to exchange the *contract amount* in full, at the *contract rate* of 0.6380. If you choose to exercise this right, you will have the following outcome:

- On the *delivery date*, you would exchange your AUD at the *contract rate* of 0.6380.

You would be required to pay AUD 156,739.81 (i.e. USD100,000 / 0.6380)

OR

If the *market rate* is never at or below the *trigger rate* of 0.6300 at any point prior to the *expiration time*, you will be obliged to exchange the *contract amount* in full, at the *contract rate* of 0.6380. Therefore, you will have the following outcome:

- On the *delivery date*, you would exchange your AUD at the *contract rate* of 0.6380

You would be required to pay AUD 156,739.81 (i.e. USD100,000 / 0.6380)

In what circumstances will an RF (Importer) benefit you?

At the *expiration time*, you will benefit where the prevailing exchange rate is below the *contract rate*. In this case, you will exchange currencies at the *contract rate* which is more favourable than the prevailing *market rate*.

In what circumstances will an RF (Importer) disadvantage you?

At the *expiration time*, you are disadvantaged where the *market rate* is never at or below the *trigger rate* at any point prior to *the expiration time* and the prevailing exchange rate is above the *contract rate*. In this case, you will be required to exchange currencies at the *contract rate* which is worse than the prevailing exchange rate.

Code of Banking Practice compliance

If you are an individual or a *small business*, the relevant provisions of the Code of Banking Practice will apply to this product.

This PDS contains the general descriptive information we are required to make available to customers and potential customers under the Code of Banking Practice and it is advisable that you inform us promptly when you are in financial difficulty

Significant taxation implications

Taxation law is complex and its application will depend on each person's individual circumstances. When determining whether or not his product is suitable for you, you should consider the impact it will have on your own taxation position and we encourage you to seek independent tax advice on the tax implications it may have for you.

Factors that may influence our advice

This document has been designed to help you choose the right product for you. When you ask for a recommendation, please be assured that our staff members will always explain your choices and point you to the product that best suits your needs.

Sometimes our staff may be eligible for incentives, including cash incentives, for achieving or exceeding sales targets.

Your privacy

- (a) When you apply for this product from us, the application form contains a privacy statement which sets out in more detail how we use and when we disclose your personal information in relation to the product.
- (b) We handle your personal information in accordance with the privacy statement in the application form for the product applied for or our privacy brochure, entitled "Protecting Your Privacy". You can obtain a copy of the brochure by asking at any branch or by calling 13 33 30. Our privacy policy is also available by visiting our website at stgeorge.com.au
- (c) We acknowledge that, as well as our duties under legislation, we owe a general duty of confidentiality to you. However, in some cases we may disclose your personal information if:
 - (i) disclosure is compelled or permitted by law; or
 - (ii) there is a duty to the public to disclose; or
 - (iii) our interests require disclosure; or
 - (iv) disclosure is made with your express or implied consent.

- (d) You agree that we may disclose to a *related entity*:
 - (i) information about you that is necessary to enable an assessment to be made of your total liabilities (present and future) to us and that *related entity*; and
 - (ii) any other information concerning you, if the *related entity* provides financial services related or ancillary to those provided by us, unless you tell us not to in writing.
- (e) We, or any *related entity* to whom we disclose information pursuant to paragraph (d), may disclose information about or provided by you to employees or outside contractors for the purpose of our or the *related entity's* businesses. Any outside contractor to whom we or a *related entity* disclose information will have access to that information only for the purpose of our or the *related entity's* business and will be strictly prohibited from using that information for any other purpose.
- (f) You agree that we may disclose information about you in those cases where the Privacy Act 1988 (Cth) permits disclosure of such information.
- (g) On a written request by you, we will provide you with our record of your address, occupation, marital status, age, sex, products or accounts you hold with us and statements relating to those products and accounts. We may charge you our reasonable costs of supplying this information. Any fee is shown in the "Fees and Charges and how to minimise them" booklet. You may request the correction of any of this information concerning you that we hold. We will deal with your request for access to information or correction of information within a reasonable time.
- (h) You must promptly inform us of any change of your name or address.
- (i) Unless you give us a written instruction not to do so, we may from time to time send you information concerning financial and other services offered by us or *related entities*.
- (j) You may from time to time be contacted by representatives of us or *related entities*. Those representatives may be either employees of, or contractors to us or the *related entity*. Any person who contacts you will have access to information about or provided by you only for the purpose of our or the *related entity's* business and will be strictly prohibited from using that information for any other purpose.

Appropriate use of our services

- (a) You warrant that your use of the services we provide will not breach any law of Australia or any other country.
- (b) Where we consider it necessary for us to meet our regulatory and compliance obligations:
 - (i) you must provide us with any information we reasonably request;
 - (ii) we will disclose information we hold to regulatory and law enforcement agencies, other financial institutions, third parties and members of the St George Group; and
 - (iii) we may delay, block or refuse to provide any of our services.

We will not be liable to you or any other person for any loss or damage of any kind that may be suffered as a result of us exercising our rights under this clause.

Problems, Disputes and Complaints

- (a) If you believe an error has been made, please notify us by contacting your nearest branch. We will, as soon as possible, correct any error that is found to be ours.
- (b) If you have a problem or complaint about a banking service, you should speak to our Customer Service personnel. You can do this by calling the General Customer Enquiries on 13 33 30.
- (c) To assist us in resolving your problem or complaint, you should:
 - (i) report it promptly;
 - (ii) state clearly the nature of the problem or your particular grievance; and
 - (iii) have available all documents and background information.

Disputes

- (d) If the matter is not resolved to your immediate satisfaction, you can follow the complaints procedures set out below. Please also refer to our “Customer Satisfaction” brochure for further information about disputes. It is available at any of our branches.

Complaints

- (e) You can lodge a complaint at any of our branches or telephone or write to the Senior Manager, Customer Relations at our head office in Sydney as follows:

Locked Bag 1
Kogarah NSW 1485
Telephone: (02) 9553 5173 (metropolitan) or
1800 804 728 (if outside metropolitan area)

- (f) If we do not immediately resolve your complaint to your satisfaction, we will advise you in writing of our procedures for investigating and handling complaints. We will notify you of the name and contact number of the person who is investigating your complaint.
- (g) If it is unclear whether you have contributed to any loss that is the subject of any complaint you make to us, we will consider all reasonable evidence, including all reasonable explanations for a transaction occurring.
- (h) Normally, we will complete the investigation of your complaint and inform you of the results of our investigation within 21 days of receiving a complaint. Unless there are exceptional circumstances, we will complete our investigation within 45 days.
- (i) Where an investigation continues beyond 45 days, we will inform you of the reasons for the delay, give you monthly updates on the progress of the investigation and a date when a decision can reasonably be expected. We will not do this if we have requested a response from you and we are waiting for that response.
- (j) The next available step is the Financial Ombudsman Service (FOS). This is a free, external and independent process for resolving disputes between banks and customers, provided the Financial Ombudsman Service has the power to deal with your dispute. In addition, if your complaint relates to the way we handle your personal information, then you have a right to complain to the Ombudsman. The contact details of the Financial Ombudsman Service are as follows:

GPO Box 3
Melbourne VIC 3001

Telephone: 1300 780 808
Facsimile: (03) 9613 6399

- (k) There are other external avenues for dealing with disputes. Your State or Territory Government has a consumer rights protection agency such as the Department of Consumer Affairs.

Electronic Communications

- (a) You will be requested to agree to us providing you with statements, notices and other information relating to your product either:
- (i) by e-mail; and /or
 - (ii) by making the statement, notice or information available at our website, provided:
 - (i) we alert you by e-mail of the availability of this information; and
 - (ii) we provide you with the ability to readily retrieve and retain the information.
- (b) If you do agree to receive paper copies of the relevant statements, notices and other information relating to your product by e-mail or other electronic form:
- you will not receive a paper copy of the relevant statements, notices and other information relating to your product,
 - you will need to regularly check to see if you have received any e-mails from us;
 - you will need to maintain and check your electronic equipment through which you will receive e-mail and your e-mail address regularly to ensure it is always capable of receiving an e-mail; and
 - you will be responsible for printing and saving important information- and we strongly recommend that you do so.
- (c) You may cancel your authorisation to receive statements, notices or other information relating to your product by e-mail at any time by contacting us.
- (d) We will send you all statements and other notices and information to the most recent e-mail address you have supplied to us. You must ensure you notify us of any change in your e-mail as soon as possible. You may do this by contacting us at our Treasury Departments on the telephone number (between 8.00 am and 5.00 pm Monday to Friday), on the fax number or the address listed on the back of this booklet.
- (e) You may request a paper copy of any statement, notice or other information relating to your product provided to you by e-mail or electronic form within 6 months from the date of receipt of a statement or electronic communication. We will not charge you a fee for this.

Glossary

The following definitions apply in this PDS.

confirmation means the record of commercial terms of the relevant contract between you and St.George to be prepared by St.George following entry into of a contract.

contract amount means the amount (expressed in the relevant currency) to be exchanged for another agreed currency and specified as such in the *confirmation*.

contract rate means the rate specified as such in the confirmation being the rate at which you will exchange the contract amount at the expiration time if, the market rate has reached the trigger rate at any time during the transaction period and if at the expiration time the market rate is below the contract rate

currency pair means the two currencies agreed to be exchanged.

delivery date means the date specified as such in the *confirmation* being the date on which you must deliver to St.George the currency you agree to exchange under the RF (Importer).

expiry date means the date on which you agree with St.George to exchange one currency for another currency on the terms set out in the relevant RF (Importer) agreement and specified as such in the *confirmation*.

expiration time means the time on the expiry date specified as such in the *confirmation*.

market rate means the rate (as determined by us in good faith) at which the currency pair may be exchanged in the direct foreign exchange interbank market for spot settlement.

trigger rate means the rate specified as such in the *confirmation* which if reached at any time during the transaction period will result in you being required to exchange currencies at the contract rate.

premium means the cost of an option (expressed in the relevant currency) payable by the option buyer to the option seller and specified as such in the *confirmation*.

related entity means a company owned by us.

small business means a business employing:

- (a) less than 100 full-time (or equivalent) people, if the business is or includes the manufacture of goods; or
- (b) in any other case, less than 20 full-time (or equivalent) people,

but does not include a business that obtains this product for use in connection with a business that does not meet the elements in (a) or (b) above.

transaction date means the date specified as such in the *confirmation*, being the date on which you and we enter into the RF (Importer).

transaction period means the period from and including the transaction date to and including the expiration time.

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Level 11, 55 Market Street
Sydney NSW 2000
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Facsimile: (02) 9320 5589

Melbourne:
Level 8,
530 Collins Street
Melbourne VIC 3000
Telephone: (03) 9640 8666
Facsimile: (03) 9640 8633

Perth:
Level 11,
152-158 St. Georges Tce
Perth WA 6000
Telephone: (08) 9265 7553
Facsimile: (08) 9265 7556

Brisbane:
Level 4,
345 Queen Street,
Brisbane QLD 4000
Telephone: (07) 3232 8841
Facsimile: (07) 3232 8838

Adelaide:
Level 3,
97 King William St,
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