FOREIGN EXCHANGE TRANSACTION

PRODUCT DISCLOSURE STATEMENT.

Issued by Bank of Melbourne –
A Division of Westpac Banking Corporation
ABN 33 007 457 141 AFSL and Australian
credit licence 233714.

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Bank of Melbourne

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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 (FX) Transactions issued by Bank of Melbourne (we or us), a division of Westpac Banking Corporation (ABN 33 007 457 141 AFSL 233714). We are the issuer of this PDS. An FX Transaction requires a good understanding of the way foreign exchange 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 Transaction, 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 15.

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, Bank of Melbourne does not intend to provide financial advice or any financial recommendations. Information relating to FX Transactions 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.bankofmelbourne.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 Transactions 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 Transaction 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) Transaction Summary

Issuer	Bank of Melbourne, a division of Westpac Banking Corporation (ABN 33 007 457 141 AFSL 233714).
Purpose	A FX Transaction is an agreement to exchange one currency for another at an agreed exchange rate on an agreed date. It may help you to manage a currency risk you are exposed to.
Suitability	A FX Transaction 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 costs?" on page 8 for more information.
Key Benefits	**Protection** – An FX Transaction can provide you with protection against unfavourable exchange rate movements. **Coverage** – FX Transactions 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 page 16. **Cash flow certainty** – An FX Transaction allows you to exchange one currency for another at an agreed rate on an agreed date. **Flexibility** – Key variables, including the Value Date and the Contract Amount, can be tailored to meet your particular needs. See the section titled "Key Benefits" on page 8 for more information.
Key Risks	**Opportunity loss** – You will not receive the benefit of any favourable exchange rate movements. **Variation / Early termination** – You can vary or terminate an FX Transaction 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** – Bank of Melbourne has performance obligations under an FX Transaction. 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** – Bank of Melbourne may use agents and correspondent banks to deliver some currencies (other than Australian dollars). See the section titled "Key Risks" on page 8 and the section titled "Can I terminate an FX Transaction before the Value Date?" on page 6 for more information.
Value Date	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 but a minimum amount of AUD 50,000 or its equivalent will apply if you choose to leave an order with us (see the section titled "Can I leave orders?" on page 7).
How to Apply	Visit any Bank of Melbourne branch or contact your existing Bank of Melbourne representative. Alternatively, you can contact us at the details listed at the back of this PDS.

Foreign Exchange Transaction

What is a Foreign Exchange Transaction?

A Foreign Exchange (FX) Transaction is an agreement between you and Bank of Melbourne to exchange one currency for another at an agreed exchange rate on an agreed date. It provides you with protection against unfavourable exchange rate movements.

An FX Transaction 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 does an FX Transaction work?

When you enter into an FX Transaction, you nominate the Contract Amount and the two currencies to be exchanged. These currencies are known as the Currency Pair and must be acceptable to Bank of Melbourne.

You also nominate the Value Date on which you want the exchange of currencies to take place. Bank of Melbourne will then determine the Rate of Exchange, also known as the Contract Rate, based on the Value Date and currencies nominated by you. The Contract Rate is the rate at which the Currency Pair will be exchanged on the Value Date.

On the Value Date, the Contract Amount must be exchanged with Bank of Melbourne at the Contract Rate, irrespective of what the Foreign Exchange Rate is at that time.

How does Bank of Melbourne determine my Contract Rate?

The Contract Rate is the agreed exchange rate at which the Currency Pair will be exchanged on the Value Date. Bank of Melbourne determines the Contract Rate 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 Bank of Melbourne's inability to trade small amounts in the Global Market;
- Market volatility;
- Market interest rates of the countries of the Currency Pair; and
- Bank of Melbourne's profit margins.

Contract Rates are quoted as **Spot Exchange Rates, Value Today Exchange Rates, Value Tomorrow Exchange Rates** or **Forward Exchange Rates**, depending on the Value Date nominated by you.

A **Spot Exchange Rate** refers to the exchange rate applicable to an FX Transaction where the Value Date is two business days after the Trade Date. Transactions for value spot (transactions with a Spot Exchange Rate) are commonly referred to as **Spot Contracts.**

A **Value Today Exchange Rate** refers to the exchange rate applicable to an FX Transaction where the Value Date is the same date as the Trade Date. Transactions for value today (transactions with a Value Today Exchange Rate) are commonly referred to as **Value Today Contracts**.

A **Value Tomorrow Exchange Rate** refers to the exchange rate applicable to an FX Transaction where the Value Date is the business day after the Trade Date. Transactions for value tomorrow (transactions with a Value Tomorrow Exchange Rate) are commonly referred to as **Value Tomorrow Contracts**.

A **Forward Exchange Rate** refers to the exchange rate applicable to an FX Transaction where the Value Date is more than two business days after the Trade Date. Transactions for all such Value Dates (transactions with a Forward Exchange Rate) are commonly referred to as **Forward Exchange Contracts.**

The rates used for Value Today Contracts, Value Tomorrow Contracts and Forward Exchange Contracts are determined by Bank of Melbourne by calculating an adjustment to the applicable Spot Exchange Rate. This adjustment is known as the Forward Margin.

How are Forward Margins determined?

Forward Margins (and therefore Value Today Exchange Rates, Value Tomorrow Exchange Rates or Forward Exchange Rates) do not represent forecasts that Bank of Melbourne has made, nor do they guarantee what future exchange rates will be.

Instead, a Forward Margin is derived by Bank of Melbourne taking into account a variety of factors including the difference in inter-bank interest rates between the currencies that make up the Currency Pair. The Forward Margin is expressed in exchange rate points.

A Forward Margin can be either a positive or a negative number. When a Forward Margin is a positive number, it is added to the Spot Exchange Rate. When it is a negative number, it is subtracted from the Spot Exchange Rate.

Can I extend the Value Date?

You may ask us to extend the Value Date of an FX Transaction at any time up to and including the Value Date, prior to settlement occurring (referred to as an extension or a Historical Rate Rollover (**HRR**)). We may then provide you with a Forward Margin. If you accept the Forward Margin, we may decide to extend the Value Date.

Our quote for the Forward Margin will incorporate your existing contract details, the Spot Exchange Rate and the relevant market interest rates available at that time.

For convenience, we may quote the Forward Margin as a margin to your existing Contract Rate. This margin will be expressed in exchange rate points and may be positive or negative. Where it is positive, it will be added to your existing Contract Rate. Where it is negative, it will be subtracted.

All extensions will be subject to Bank of Melbourne's credit approval process. They are not automatic. We will only allow extensions for genuine commercial reasons and not for speculative purposes. Even where this is the case, we will not always be willing to extend a contract. The decision to grant an extension will be made at Bank of Melbourne's absolute discretion. As part of the process we may require you to sign our HRR documentation – see "What documentation is required?" on page 9.

Can I shorten the Value Date?

You may ask Bank of Melbourne to shorten the Value Date of an FX Transaction at any time up to and including the Value Date, prior to settlement occurring (referred to as a pre-delivery). We may then provide you with a Forward Margin. If you accept the Forward Margin, we may decide to shorten the Value Date.

Our quote for the Forward Margin will take into account your existing contract details, the Spot Exchange Rate and the relevant market interest rates available at that time.

For convenience we will quote the Forward Margin as a margin to your existing Contract Rate. This margin will be expressed in exchange rate points and may be positive or negative. Where it is positive, it will be added to your existing Contract Rate. Where it is negative, it will be subtracted from your existing Contract Rate.

Can I pre-deliver part of my Contract Amount?

You may choose to only pre-deliver part of your original Contract Amount. In this case, the partial amount will be treated as a pre-delivery, as outlined above, and the balance of the original Contract Amount will be preserved at the original Contract Rate for the original Value Date.

What happens on the Value Date?

Depending on the terms of your FX Transaction, on the Value Date you may need to provide Bank of Melbourne 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, Bank of Melbourne will deposit amounts owing to you into a Bank of Melbourne bank account (in your name), denominated in the relevant currency. Alternative arrangements can be made with Bank of Melbourne's agreement.

If you fail to provide Bank of Melbourne 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 Transaction before the Value Date?

You may ask us to terminate a FX Transaction at any time up to and including the Value Date, prior to settlement occurring. We may then provide you with a termination quote. There will be a cost or gain arising as a result of termination. If you accept the termination quote, we may terminate the FX Transaction.

Our quote will incorporate the same variables used when pricing the original FX Transaction. These will be adjusted for the prevailing market conditions in respect of the remaining term of the FX Transaction. 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 Bank of Melbourne credit requirements before dealing?

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

If your application is successful, you will need to sign Bank of Melbourne'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, Bank of Melbourne is not bound to accept your application and may reject your application at the sole discretion of Bank of Melbourne.

Can I leave orders?

Bank of Melbourne may accept and execute orders on your behalf. However, we are not obliged to do so.

An order is a request that you leave with Bank of Melbourne to buy or sell a specified foreign currency amount, on your behalf, against another currency once a nominated exchange rate is reached. Requests for orders can be placed on any Sydney business day between 9 a.m. and 7 p.m. Sydney time.

The minimum amount for an order is AUD 50,000 or its equivalent in another currency acceptable to Bank of Melbourne, where AUD is not one of the currencies in the nominated Currency Pair. All requests for orders will be subject to our normal credit approval process.

Orders can only be placed for Spot Contracts. Where a different Value Date is required we will advise you of the current Forward Margin applicable so that you can take this margin into account when placing your Spot Contract order. However, as this Forward Margin is subject to change and it is unknown when the order will be filled, this will not guarantee that you achieve your desired rate for your specific Value Date. If the order is filled you can request us to extend your Spot Contract to your required Value Date – see “Can I extend the Value Date?” on page 6.

If the Spot Exchange Rate reaches the level nominated by you between the opening of the foreign exchange markets at 5.a.m. Sydney time on a Monday morning and their closing at 5.p.m. New York time on a Friday, we will attempt to fill your order. This will be on a best endeavours basis. It may not always be possible for us to complete your order at the nominated rate. This may be due to a large movement in the market price or a lack of liquidity in the nominated Currency Pair in the market at the time the level is reached. Similarly, this may result in your order being partly completed. Unless specified at the time the order is placed, orders may be partially completed if nominated levels are reached.

When requesting an order there are three choices of order to select from:

- **Take Profit**. A Take Profit order is an order you place to buy or sell currency when the market moves in a direction that results in you receiving a more advantageous rate than the market exchange rate available at the time the order is placed.
- **Stop Loss.** A Stop Loss order is an order you place to buy or sell currency to prevent any further losses to yourself due to the currency moving in an adverse direction to the level at which you need to transact.
- **One Cancels Other (OCO).** An OCO order is the simultaneous placement of both a Take Profit and a Stop Loss order. The orders remain linked together and should one of the orders be executed, the other order is automatically cancelled.

Orders will be in place until executed or until you advise us to cancel them. You will be advised as soon as practicable if an order is executed.

Costs, Benefits and Risks

What are the costs?

There are no direct fees.

While there are no up-front out of pocket costs with a FX Transaction Bank of Melbourne derives financial benefit by incorporating a margin into the Contract Rate. This means that this rate may be different to the market rate prevailing at that time. In effect, you pay for the FX Transaction by accepting the Contract Rate quoted by Bank of Melbourne.

Key Benefits

Protection

FX Transactions provide you with protection against unfavourable foreign exchange movements between the time you enter into an FX Transaction and the Value Date. This can assist you in managing your foreign currency exposures. On the Value Date, you will be protected at the Contract Rate for the Contract Amount.

Coverage

FX Transactions 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 page 16.

Cash flow certainty

FX Transactions 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 Transactions are flexible. Key variables, including the Value Date and the Contract Amount, can be tailored to meet your particular needs. Also, you may further tailor your FX Transaction to your needs by leaving Stop Loss, Take Profit or One Cancels Other orders with Bank of Melbourne.

Key Risks

Variation / Early termination

Terminations, extensions or pre-deliveries may result in a cost to you – see the sections titled “Can I terminate an FX Transaction before the Value Date?”, “Can I extend the Value Date?”, and “Can I shorten the Value Date?” on page 6 for more information.

No cooling off period

There is no cooling off period. This means that, in most circumstances, once you enter into an FX Transaction, you cannot terminate or vary the FX Transaction 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 Transaction and the Value Date.

The rate achieved with an FX Transaction 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 Transaction. If we are unable to perform our obligations under your FX Transaction, you would be exposed to market exchange rate fluctuations as if you had not entered into an FX Transaction.

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 Bank of Melbourne, including copies of our recent financial statements is available on our website at www.bankofmelbourne.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, Bank of Melbourne 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 a Forward Exchange Contract. This will either be an agreement with us or an industry standard master dealing agreement.

We will advise you which master dealing agreement you will 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 Transactions 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 Transactions, we may 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 extend the Value Date of your FX Transaction you will also 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 extensions to existing FX Transactions. It does not guarantee that we will always extend existing contracts. 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 extensions and their suitability for you.

Other documentation

You may be requested to complete additional documentation before you enter into an FX Transaction, depending on the outcome of Bank of Melbourne'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 Transaction 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 Bank of Melbourne are bound by the terms of the FX Transaction.

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

The Confirmation will include:

- the Contract Amount e.g., the underlying currency amounts being transacted;
- the Rate of Exchange; and
- the Value Date.

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

Examples

The examples below are indicative only and use rates and figures selected to demonstrate how the product works. In order to assess the merits of any FX Transaction, you would need to use the actual rates and figures quoted to you at the time.

Scenario 1 - Foreign Currency Payment – Value Date in Two Days

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

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

If you do nothing, what exchange rate risks do you 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)

How will an FX Transaction change this?

Assume that you are unsure about the direction of the AUD against the USD and wish to protect yourself against the AUD depreciating against the USD. You enter into a Spot Contract to buy USD 100,000 with AUD in two days' time at a Contract Rate of 0.8800.

Your Contract Rate in this scenario would be the Spot Exchange Rate = 0.8800

In two days' time, regardless of whether the AUD/USD exchange rate rises or falls, you will exchange the Contract Amount at the Contract Rate. You will pay:

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

By entering into an FX Transaction 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.

Scenario 2 - Foreign Currency Receipt – Value Date in Three Months

You are an Australian based exporter due to receive 100,000 United States dollars (USD) in three months' time for goods sold overseas. At that time, you need to convert the USD you will receive into AUD.

Assume the AUD/USD Spot Exchange Rate is 0.8800 and the three-month Forward Margin is - 0.0060.

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

If you do nothing, the amount of AUD you will receive in three months' time for your USD 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 receive less AUD when it comes time to exchange the USD. Assume in this example that the AUD/USD Value Today Exchange Rate rises to 0.9200, then you will receive:

AUD 108,695.65
(= USD 100,000 / 0.9200)

If the AUD/USD exchange rate goes down, the opposite occurs and you will receive more AUD. Assume the AUD/USD Value Today Exchange Rate falls to 0.8400, then you will receive:

AUD 119,047.62
(= USD 100,000 / 0.8400)

How will an FX Transaction change this?

Assume that you are unsure about the direction of the AUD against the USD and wish to protect yourself against the AUD appreciating against the USD. You enter into a Forward Exchange Contract to sell USD 100,000 for AUD in three months' time at a Contract Rate of 0.8740.

Your Contract Rate in this scenario would be the Forward Exchange Rate = Spot Exchange Rate plus Forward Margin

= 0.8800 + -0.0060
= 0.8740

In three months' time, regardless of whether the AUD/USD exchange rate rises or falls, you will exchange the Contract Amount at the Contract Rate. You will receive:

AUD 114,416.48
(= USD 100,000 / 0.8740)

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

Scenario 3 - Foreign Currency Receipt – Extension

You are an Australian based exporter with a Forward Exchange Contract in place with Bank of Melbourne to sell 100,000 USD against the AUD in one week's time at a Contract Rate 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 month.

In the absence of the delay you were required to exchange the Contract Amount at the Contract Rate 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 USD to sell in one week's time. You will now have them to sell one month later than you originally expected.

You contact Bank of Melbourne and request to have your original Value Date extended for one month. After assessing your request Bank of Melbourne agrees to the extension.

Based off your existing Forward Exchange Contract details, the Spot Exchange Rate and the relevant market interest rates available at that time, Bank of Melbourne calculates the Forward Margin to be -0.0020.

You accept this quote and the details of your Forward Exchange Contract are amended accordingly. Your new Contract Rate becomes 0.8780.

New Contract Rate	=	Old Contract Rate	+	Forward Margin
(0.8780)	=	(0.8800)	+	(-0.0020)

On the new Value Date, regardless of whether AUD/USD rises or falls, you must exchange the Contract Amount at the new Contract Rate. You will receive:

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

By extending your FX Transaction you have aligned the Value Date of your Forward Exchange Contract with the date that you will receive payment for your shipment of goods. Effectively, you have retained 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.

Scenario 4 - Foreign Currency Payment – Pre-Delivery

You are an Australian based importer with a Forward Exchange Contract in place with Bank of Melbourne to buy 100,000 USD against the AUD in three months' time at a Contract Rate of 0.8700. 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 Contract Rate in three months' time. At that time you were due to pay:

AUD 114,942.53
(= USD 100,000 / 0.8700)

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

You contact Bank of Melbourne and request to have your original Value Date brought forward two months.

Based off your existing Forward Exchange Contract details, the Spot Exchange Rate and the relevant market interest rates available at that time, Bank of Melbourne calculates the Forward Margin to be + 0.0040.

You accept this quote and the details of your Forward Exchange Contract are amended accordingly. Your new Contract Rate becomes 0.8740.

New Contract Rate	=	Old Contract Rate	+	Forward Margin
(0.8740)	=	(0.8700)	+	(+0.0040)

On the new Value Date, regardless of whether AUD/USD rises or falls, you must exchange the Contract Amount at the new Contract Rate. You will pay:

AUD 114,416.48
(= USD 100,000 / 0.8740)

By shortening your FX Transaction you have aligned the Value Date of your Forward Exchange Contract with the date that you need to make payment for your shipment of goods. You have protection against unfavourable exchange rate movements for the period of your 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.

General Information

What information we need from you

In order to enter into an FX Transaction 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 Bank of Melbourne identification procedure which involves providing identity documentation to Bank of Melbourne. For information on documents required please contact any branch or refer to our website – www.bankofmelbourne.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 them again, unless you are asked to do so by us.

Code of Banking Practice

The Code of Banking Practice is a self-regulatory code adopted by us and other banks. Its purpose is to set standards of good banking practice for banks to follow when dealing with persons who are, or who may become, individual and small business customers and their guarantors.

If you are an individual or small business customer, each relevant provision of the Code applies to the product described in this PDS. The general descriptive information referred to in the Code (other than information in relation to bank cheques) are set out in this PDS. This includes information about:

- account opening procedures;
- our obligations regarding the confidentiality of your information;
- complaint handling procedures;
- the advisability of you informing us promptly when you are in financial difficulty; and
- the advisability of you reading the terms and conditions applying to an FX Transaction.

Please let us know if you would like to discuss whether or not the Code will apply to you. Our contact details are set out on page 16.

Financial crimes monitoring

Bank of Melbourne 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 Bank of Melbourne to meet its regulatory and compliance obligations, we perform certain control and monitoring activities.

Upon entering into any FX Transaction with Bank of Melbourne, you agree and provide the following undertakings and agree to indemnify Bank of Melbourne 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 Bank of Melbourne under an assumed name;
- any funds used by you to enter into an agreement with Bank of Melbourne have not been derived from or related to any criminal activities;
- any payments received from Bank of Melbourne 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 Transaction); and
- you and your FX Transaction with Bank of Melbourne 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 Bank of Melbourne 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, Bank of Melbourne and other members of the Bank of Melbourne Group are not liable for any loss you suffer (including consequential loss) in connection with an FX Transaction; 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).

Our reporting obligations under FATCA

We are required to identify certain US persons in order to meet account information reporting requirements under local and international laws.

If you or (where you are an entity) any office bearer (director of a company, partner in a partnership, trustee of a trust, chairman, secretary or treasurer of an association or co-operative) of the entity and/or any individual who holds an interest in the entity of more than 25% (a Controlling Person) are a US citizen or US tax resident, you must telephone 1300 667 156 at the time of entering into an FX Transaction. When you contact us you will be asked to provide additional information about your US tax status and/or the US tax status of any Controlling Person which will constitute certification of US tax status for the purposes of the application to which the FX Transaction relates.

Unless you notify us that you and/or any Controlling Person are a US citizen or US tax resident as specified above, entering into an FX Transaction with us constitutes certification that you and/or any Controlling Person are not a US citizen or US tax resident.

If at any time after entering into an FX Transaction, information in our possession suggests that you and/or any Controlling Person may be a US citizen or US tax resident, you may be contacted to provide further information on your US tax status and/or the US tax status of any Controlling Person. Failure to respond may lead to certain reporting requirements applying to the FX Transaction.

Telephone conversations

The terms of an FX Transaction 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 Bank of Melbourne are bound by the terms of the FX Transaction.

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 and 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 Transaction, 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.bankofmelbourne.com.au or by calling 13 22 66. 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.

We will use your personal information to contact you or send you information about other products and services offered by Bank of Melbourne or its preferred suppliers. Please call us on 13 22 66 or visit any of our branches if you do not wish to receive marketing communications from us.

In addition to our duties under legislation, we have a general duty of confidentiality towards you, except where disclosure is made in a manner consistent with this PDS.

Labour standards or environmental, social and ethical considerations

Bank of Melbourne does not take into account labour standards or environmental, social or ethical considerations when entering into an FX Transaction. To learn more about Bank of Melbourne's commitment to sustainability (including our latest Stakeholder Impact Report) go to www.bankofmelbourne.com.au.

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 **page 16**.

What to do if you are still unhappy

If we still haven't been able to deal with your issues to your satisfaction, there are a number of other bodies you can go to. Our external dispute resolution provider is the Financial Ombudsman Service, our membership number is 28531 and the contact details are:

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Phone: 1300 780 808
Fax: (03) 9613 6399

Internet: www.fos.org.au
Email: info@fos.org.au

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.

Bank of Melbourne, we or us means Bank of Melbourne, a division of Westpac Banking Corporation (ABN 33 007 457 141, AFSL No 233714)

Clear Funds means funds that are immediately available on settlement.

Code means the Code of Banking Practice adopted by us and other banks.

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

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

Contract Rate means the agreed exchange rate at which the Currency Pair will be exchanged on the Value Date. The Contract Rate is also known as the Rate of Exchange.

Currency Pair means the two currencies applying in respect of an FX Transaction. The Currency Pair must be acceptable to Bank of Melbourne.

FATCA means (a) sections 1471 to 1474 of the United States of America Internal Revenue Code of 1986 or any associated regulations or other official guidance; (b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the United States of America and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (a) above; or (c) any agreement under the implementation of paragraphs (a) or (b) above with the United States of America Internal Revenue Service, the United States of America government or any governmental or taxation authority in any other jurisdiction.

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

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

Forward Exchange Rate means the price of one currency in terms of another currency for delivery on a specified date in the future taking into account Bank of Melbourne's costs and profit margin. This is the rate that Bank of Melbourne would make available to you at the relevant time.

Forward Margin means the value of the interest rate differential for the selected Currency Pair expressed in exchange rate points for the specified period, as determined by Bank of Melbourne.

FX Transaction or Foreign Exchange Transaction means the product the subject of this PDS, including Value Tomorrow Contracts, Spot Contracts and Forward Exchange Contracts.

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 Bank of Melbourne 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 adjusted and the applicable Forward Margin is expressed as an adjustment to the existing Contract Rate.

Rate of Exchange is also known as the Contract Rate. It means the agreed exchange rate at which the Currency Pair will be exchanged on the Value Date.

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.

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. It is the date on which the Currency Pair will be exchanged under the FX Transaction.

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.

Value Tomorrow Contract means an FX Transaction where the Value Date is the business day after the Trade Date.

Value Tomorrow Exchange Rate means the price of one currency in terms of another currency for delivery one business day after the Trade Date.

Westpac Group means Westpac Banking Corporation and its related bodies corporate.

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

Contact Details

For more information, please contact.

- **Victoria**
  Level 8, 530 Collins Street
  Melbourne VIC 3000
  Telephone (03) 9629 9995

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