

Ratio Smart Forward Contract

Supplementary Product Disclosure Statement

28 September 2009

This Supplementary Product Disclosure Statement ('SPDS') is dated 28 September 2009 and is issued by Westpac Banking Corporation (ABN 33 007 457 141 AFSL No. 233714). It supplements the Ratio Smart Forward Contract Product Disclosure Statement dated 10 April 2007 ('Original PDS'). This SPDS should be read with the Original PDS – together they make up the Product Disclosure Statement ('PDS'). In particular, terms defined in the Original PDS have the same meaning in the SPDS, unless the context requires otherwise. For further information, please contact the relevant state dealing desk using the contact details listed in the Original PDS or visit www.westpac.com.au

From 28 September 2009 we have made the changes set out below to the Original PDS.

This SPDS amends the Original PDS by replacing the text in certain sections of the Original PDS as set out in the table below:

Relevant page number of the Original PDS	Relevant section title of the Original PDS	Replacement text
12	What to do if you have a problem or dispute	<p>The following text replaces the text under the section titled "What to do if you have a problem or dispute":</p> <p>Getting your complaint heard</p> <p>Sometimes you may want to talk about problems you are having with us. Fixing these problems is very important to us.</p> <p>We've put in place ways of dealing with your issues quickly and fairly.</p> <p>Please talk to us first</p> <p>We aim to resolve your complaint at your first point of contact with us in a timeframe agreed with you. This is our 'Ask Once' promise. So please raise your complaint with any of the people handling your banking. Alternatively, you can contact us by phone or in writing using the details listed at the back of this PDS.</p> <p>What to do if you are still unhappy</p> <p>If we 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 10999 and the contact details are:</p> <p>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</p> <p>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 and e-mail contact address at infoline@asic.gov.au</p>
13	Financial Crimes Monitoring	<p>The following text replaces the text under the section titled "Financial Crimes Monitoring":</p> <p>"Please be advised that in order for Westpac to meet its regulatory and compliance obligations relating to anti-money laundering and counter terrorism financing, we will be increasing the levels of control and monitoring we perform.</p> <p>You should be aware that:</p> <ul style="list-style-type: none"> • transactions may be delayed, blocked or refused where we have reasonable grounds to believe that they breach Australian law or the law of any other country; • where legally obliged to do so, we may disclose the information gathered to regulatory

		<p>and/or law enforcement agencies.</p> <p>Upon entering into any Ratio Smart Forward Contract with Westpac, you agree:</p> <ul style="list-style-type: none">• you are not and will not enter into any agreement with Westpac under an assumed name;• any funds used by you to enter into an agreement with Westpac have not been derived from or related to any criminal activities;• any payments received from Westpac 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; and• we may obtain information about you or any beneficial owner of an interest in an agreement with Westpac from third parties if we believe this is necessary to comply.”
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Ratio Smart Forward Contract

Product Disclosure Statement

Issued by:

Westpac Banking Corporation ABN 33 007 457 141
Australian Financial Services Licence Number: 233714
Dated 10 April 07



Westpac
Institutional Bank

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Important information about this Product Disclosure Statement (PDS)

A 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.

This PDS relates to Ratio Smart Forward Contracts (RSFC). A RSFC is a sophisticated financial product requiring a good understanding of the way foreign exchange contracts and markets work. It includes a ratio component which, depending on the contract ratio and contract amount selected, could leave you with a residual currency risk or expose you to additional currency exchange obligations. 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 about this, and seek particular advice regarding the operation of the contract ratio on your currency risks and obligations. If you have any questions about this product, please contact us on any of the numbers listed at the back of this PDS.

If you decide to enter into a RSFC, 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 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, Westpac does not intend to provide financial advice or any financial recommendations.

The information in this PDS is subject to change. Westpac will provide updated information by issuing a supplementary or replacement PDS (if this were required, such as if the change were materially adverse to you) or by posting the information on our web site. You can get a paper copy of any updated information without charge by calling us.

This PDS 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 on the back page of this PDS.

Ratio Smart Forward Contract Summary

Overview	A RSFC is a foreign exchange product designed to help you to manage a foreign exchange risk you are exposed to.
Costs	There are no up-front out of pocket costs with a RSFC. See “What are the costs?” on page 6.
Significant Benefits	A RSFC provides protection against unfavourable exchange rate movements while giving you some ability to participate in any favourable exchange rate movements as long as the trigger level is not reached during the term of the RSFC. See “What are the significant benefits of a RSFC?” on page 6.
Significant Disadvantages	<p>If the trigger level is reached at any time during the term of the RSFC you lose the right to participate in favourable exchange rate movements and you must exchange your currency at the contract rate. Also, because of the ratio component, where the trigger level is reached and the market foreign exchange rate is more favourable than the contract rate you must exchange at the contract rate an amount that is greater than the contract amount. See “What are the significant disadvantages of a RSFC?” on page 6.</p> <p>See also “What are the significant risks of a RSFC?” on page 6.</p>
Minimum Transaction Amount	Australian dollars 25,000 or the foreign currency equivalent.
Term	1 week to 2 years (longer terms may be available on request)
Early Termination	You can terminate a RSFC early but there may be a cost to you if you do. See “Can I terminate a RSFC before maturity?” on page 7.

What is a Ratio Smart Forward Contract (RSFC)?

A RSFC is an agreement with Westpac that provides protection against unfavourable exchange rate movements by setting a contract rate at which you can exchange one currency for another. At the same time it provides you with some ability to participate in any favourable exchange rate movements as long as the pre-agreed trigger level is not reached during the term of the RSFC. In certain situations, the amount of currency you need to deliver increases if the trigger level is reached.

A RSFC 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 a Ratio Smart Forward Contract work?

When you enter into a RSFC, you nominate the two currencies to be exchanged. These currencies are known as the currency pair and must be acceptable to Westpac. You will also nominate the **contract amount**, the **contract rate** and a **contract ratio**. Westpac will then determine a **trigger level** based on the details nominated by you.

The **contract rate** is your level of exchange rate protection. The **trigger level** is the nominated exchange rate which, if reached, triggers your obligation to exchange currencies at the contract rate on the maturity date. The **contract ratio** is used to calculate the amount of currency that must be exchanged at the contract rate if the trigger level is reached during the terms of the RSFC and the market foreign exchange rate is more favourable than the contract rate at the cut-off time on the maturity date.

If the trigger level is not reached you can benefit from any favourable exchange rate movements that occur. The extent of this benefit will depend on where the market foreign exchange rate is at the cut-off time on the maturity date.

On the maturity date the possible outcomes under a RSFC are:

- If the market foreign exchange rate at the cut-off time is the same as or less favourable than the **contract rate**, the contract amount must be exchanged with Westpac at the contract rate. This is the case whether or not the **trigger level** has been reached during the term of the RSFC

- If the global exchange rate does not reach the **trigger level** at any time during the term of the RSFC and the market foreign exchange rate at the cut-off time is more favourable than the contract rate, you have no obligation to exchange your currency. You can choose to exchange your currency at the prevailing market foreign exchange rate if you wish to do so
- If the global exchange rate reaches the **trigger level** at any time during the term of the RSFC and the market foreign exchange rate at the cut-off time is more favourable than the contract rate, a multiple of the contract amount must be exchanged with Westpac at the contract rate.

The amount to be exchanged is calculated by Westpac using the following formula:

[contract ratio multiplied by contract amount]

When setting the contract ratio and the contract amount you need to ensure that:

- If the contract amount you set is less than your foreign exchange exposure for the specified maturity date, you are comfortable with the risk on the unprotected amount
- If the contract amount multiplied by the contract ratio is greater than your exposure for the specified maturity date, you can apply the additional currency amount against future exposures.

How do we monitor the exchange rate?

We will monitor the relevant foreign exchange markets to determine whether the global exchange rate reaches the trigger level during the term of the RSFC. This may occur at any time before the cut-off time on the maturity date. We will advise you if it does as soon as practicable.

We will also monitor the relevant foreign exchange markets to determine your obligations as at the cut-off time on the maturity date. Once again, we will advise you of the outcomes as soon as practicable.

The cut-off time will be specified in the confirmation that outlines the commercial terms of the transaction.

Are there any Westpac credit requirements before dealing?

Before entering into a RSFC, Westpac will assess your financial position to determine whether or not your situation satisfies our normal credit requirements. This assessment is to determine your creditworthiness. We do not consider the suitability of this product for you as part of this process. Westpac will advise you of the outcome of its review as soon as possible.

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

What are the costs?

There are no up-front out of pocket costs with a RSFC. Once the contract amount, contract rate and contract ratio are set by you Westpac will determine the trigger level in order to create a zero cost structure. When determining that rate, Westpac takes several factors into account including:

- The contract amount, contract rate and contract ratio you set
- The size and term of the RSFC
- Inter-bank foreign exchange rates
- Market volatility
- Market interest rates of the countries of the currency pair.

While the transaction is structured on a zero cost basis, Westpac still derives a financial benefit. Westpac obtains that benefit by incorporating a margin into the contract rate, contract ratio and trigger level. This means that these rates will be different to the market foreign exchange rates prevailing at the time. In effect, you pay for the RSFC by accepting the contract rate, contract ratio and trigger level quoted by Westpac.

What are the significant benefits of a RSFC?

- RSFCs provide you with protection against unfavourable foreign exchange rate movements, while giving you some ability to participate in any favourable movements as long as the trigger level is not reached. This can assist you in managing your foreign currency exposures.
- RSFCs can provide a better contract rate for the contract amount compared to a forward foreign exchange contract.
- RSFCs allow you to obtain a better contract rate and/or trigger level compared to a standard Smart Forward Contract.

- RSFCs are flexible. They can be tailored to meet your particular requirements.

What are the significant disadvantages of a RSFC?

- If the trigger level is reached at any time during the term of the RSFC you lose the right to participate in any favourable exchange rate movements and you must exchange your currency at the contract rate.
- If the trigger level is reached and the market foreign exchange rate at the cut-off time on the maturity date is more favourable than the contract rate, you have to exchange a greater amount at the less favourable contract rate because of the ratio component of the RSFC.
- The overall exchange rate achieved using a RSFC (taking into account the effect of the ratio component) may not be as favourable as the rate you could have achieved with a forward foreign exchange contract or if you had not entered into any contract at all.
- While RSFCs can be cancelled, there may be a cost to you in doing so - see "Can I terminate a RSFC before maturity?" below for further details.
- There is no cooling off period.

What are the significant risks of a RSFC?

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

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.

What happens at maturity?

Depending on the terms of your RSFC, on the maturity date you may need to provide Westpac with either foreign currency or Australian dollars. You can provide foreign currency either by telegraphic transfer or by transferring funds from a foreign currency account/deposit. You must provide Australian dollars in clear funds. On receipt of the funds, Westpac will deposit amounts owing to you into a Westpac bank account (in your name), denominated in the relevant currency. Alternative arrangements can be made with Westpac's agreement.

Can I terminate a RSFC before maturity?

You may ask us to terminate the RSFC at any time up to the cut-off time on the maturity date. We will then provide you with a quote for cancelling the RSFC.

What will be the value of the RSFC on early termination?

Our quote will incorporate the same variables (the contract rate, the contract ratio, the trigger level, currency, term, amount and maturity date) used when pricing the original RSFC. These will be adjusted for the prevailing market rates over the remaining term of the RSFC. 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.

What happens if I accept?

If you accept the quote, we will cancel the RSFC. You should appreciate that there may be a cost to you if you terminate early.

What documentation is required?

You will need to sign an industry standard master dealing agreement if you want to enter into a RSFC. There are two types of master dealing agreements that we commonly use to document RSFCs:

- An Australian Financial Markets Association Agreement for Foreign Currency Transactions. This is a simple agreement and is used only for foreign exchange transactions
- An International Swaps and Derivatives Association Master Dealing Agreement. This is a more complicated agreement and is generally used where a person intends to enter into a variety of other derivative transactions as well as foreign exchange transactions.

We will advise you which of these you will need to sign.

Each of the above master dealing agreements 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 can ask for a copy of the above master dealing agreements and we strongly recommend that you fully consider their terms before signing. You should obtain independent advice if you do not understand any aspect of the document.

What about confirmations?

The commercial terms of a particular RSFC are agreed verbally over the phone. Once we reach an agreement, both you and Westpac are bound by the terms of the RSFC.

Shortly after entering into a RSFC, Westpac will send you a confirmation outlining the commercial terms of the transaction. You will need to sign this confirmation and return it to Westpac. This confirmation will form part of the master agreement you enter into with us.

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 Westpac 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 particular RSFC, 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

You are an Australian based importer due to pay 100,000 United States dollars (USD) in 3 months' time for goods bought overseas. At that time, you need to convert your Australian dollars (AUD) into USD. Assume the current market foreign exchange rate is 0.7800 and the 3-month forward exchange rate is 0.7760.

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

If you did nothing, the amount of AUD you will need in 3 months' time to obtain the USD you are due to pay will depend on the market foreign 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 market foreign exchange rate rises to 0.8200, then you will pay:

$$\begin{aligned} & \text{AUD } 121,951.22 \\ & (= \text{USD } 100,000 / 0.8200) \end{aligned}$$

If the AUD/USD market foreign exchange rate goes down, the opposite occurs and you will need more AUD. Assume the AUD/USD market foreign exchange rate falls to 0.7500, then you will pay:

$$\begin{aligned} & \text{AUD } 133,333.33 \\ & (= \text{USD } 100,000 / 0.7500) \end{aligned}$$

How will a RSFC change this?

Assume that you are unsure about the direction of the AUD against the USD but wish to not only protect yourself against the AUD depreciating against the USD, but also participate in any favourable movements in the AUD.

You enter into a RSFC to buy USD 66,666.67 with AUD in 3 months' time and set the contract rate at 0.7770. You also set the contract ratio at 1.5. This means that if the trigger level is reached during the term of the RSFC and the market foreign exchange rate is above the contract rate at the cut-off time, the maximum amount of foreign currency you will

be required to purchase is USD 100,000 (your total exposure amount).

Based on these details Westpac determines the trigger level to be 0.8120.

The possible outcomes at the cut-off time on the maturity date are:

- a) if the market foreign exchange rate is the same as or below the 0.7770 contract rate at the cut-off time, irrespective of whether or not the trigger level has been reached during the term of the RSFC, you must exchange the contract amount at the contract rate. You will pay:

$$\begin{aligned} & \text{USD } 66,666.67 / 0.7770 \\ & = \text{AUD } 85,800.09 \end{aligned}$$

You may choose to transact the remainder of your foreign exchange requirement (USD 33,333.33) at the prevailing market foreign exchange rate.

- b) if the trigger level has not been reached at any time during the term of the RSFC and the market foreign exchange rate is above the 0.7770 contract rate at the cut-off time, you have no obligation to exchange your AUD under the RSFC. However, you may choose to purchase your USD at the market foreign exchange rate. For example, if you choose to do this for the full amount (that is USD 100,000) and the AUD/USD market foreign exchange rate at the time is 0.8000 you will pay:

$$\begin{aligned} & \text{USD } 100,000 / 0.8000 \\ & = \text{AUD } 125,000 \end{aligned}$$

- c) if the trigger level has been reached at any time during the term of the RSFC, and the market foreign exchange rate is above the 0.7770 contract rate at the cut-off time, you must exchange a multiple of the contract amount at the contract rate.

The amount you must exchange at the contract rate is USD 100,000 - equal to the contract amount (USD 66,666.67) multiplied by the contract ratio (1.5). You will pay:

$$\begin{aligned} & \text{USD } 100,000 / 0.7770 \\ & = \text{AUD } 128,700.13 \end{aligned}$$

How can I change the range of outcomes?

You can change the range of possible outcomes by changing the contract rate and contract ratio and as a result the corresponding trigger level. Once the contract rate, contract ratio and trigger level are agreed the possible outcomes on the maturity date can be determined.

When setting the contract rate and contract ratio and agreeing to the trigger level you need to consider that:

- The contract rate is the maximum exchange rate that will apply in respect of the contract amount. Where the contract amount is less than your actual exposure you may end up transacting the difference at a less favourable rate
- Just under the trigger level is the most favourable exchange rate that you can possibly transact at. If the trigger level is reached you are obliged to transact at the contract rate
- A higher contract rate will reduce your exposure to a falling AUD-USD exchange rate. However, because of the zero cost structure, the trigger level will be set lower and/or the contract ratio will be higher. This will increase the likelihood of the trigger level being reached and/or the likelihood of you being required to purchase an amount of foreign currency in excess of the contract amount. Accordingly this will reduce the extent to which you can benefit from any favourable exchange rate movements that may occur
- A lower contract rate will increase your exposure to a falling AUD-USD exchange rate. However, because of the zero cost structure, the trigger level will be set higher and/or the contract ratio will be set lower. This will reduce the likelihood of the trigger level being reached and/or the likelihood of you being required to purchase an amount of foreign currency in excess of the contract amount. Accordingly, this will increase the extent to which you can benefit from any favourable exchange rate movements that may occur
- The contract ratio determines the multiple of the contract amount that you may be obliged to deliver at maturity. The higher the ratio the less guaranteed protection you will have where the contract ratio multiplied by the contract amount equals your exposure or, alternatively, the more excess foreign currency you may have to apply to future exposures where the contract amount equals your exposure. Because of the zero cost structure, however, a higher contract ratio will produce a higher contract rate and/or a higher trigger level. A higher trigger level will reduce the likelihood of you being obliged to transact at the contract rate and in an amount of foreign currency in excess of the contract amount.

Scenario 2 Foreign Currency Receipt

You are an Australian based exporter due to receive 100,000 United States dollars (USD) in 3 months' time for goods sold overseas. At that time, you need to convert the USD you will receive into Australian dollars (AUD). Assume the market foreign exchange rate is 0.7800 and the 3-month forward exchange rate is 0.7760.

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

If you did nothing, the amount of AUD you will receive in 3 months' time for your USD will depend on the market foreign 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 is time to exchange the USD. Assume in this example that the AUD/USD market foreign exchange rate rises to 0.8200, then you will receive:

AUD 121,951.22
(= USD 100,000 / 0.8200)

If the AUD/USD market foreign exchange rate goes down, the opposite occurs and you will receive more AUD. Assume the AUD/USD market foreign exchange rate falls to 0.7500, then you will receive:

AUD 133,333.33
(= USD 100,000 / 0.7500)

How will a RSFC change this?

Assume that you are unsure about the direction of the AUD against the USD but wish to not only protect yourself against the AUD depreciating against the USD, but also participate in any favourable movements in the AUD.

You enter into a RSFC to sell USD 66,666.67 for AUD in 3 months' time and set the contract rate at 0.7750. You also set the contract ratio at 1.5. This means that if the trigger level is reached during the term of the RSFC and the market foreign exchange rate is below the contract rate at the cut-off time, the maximum amount of foreign currency you will be required to deliver is USD 100,000 (your total exposure amount).

Based on these details Westpac determines the trigger level to be 0.7450

The possible outcomes at the cut-off time on the maturity date are:

- a) if the market foreign exchange rate is the same as or above the 0.7750 contract rate at the cut-off time, irrespective of whether or not the trigger level has been reached during the term of the RSFC, you must exchange the contract amount at the contract rate. You will receive:

$$\begin{aligned} & \text{USD } 66,666.67 / 0.7750. \\ & = \text{AUD } 86,021.51 \end{aligned}$$

You may choose to transact the remainder of your foreign exchange amount (USD 33,333.33) at the prevailing market foreign exchange rate.

- b) if the trigger level has not been reached at any time during the term of the RSFC and the market foreign exchange rate is below the 0.7750 contract rate at the cut-off time, you have no obligation to exchange your USD under the RSFC. However, you may choose to exchange your USD at the market foreign exchange rate. For example, if you choose to do this for the full amount (USD 100,000) and the AUD/USD market foreign exchange rate at the time is 0.7500 you will receive:

$$\begin{aligned} & \text{USD } 100,000 / 0.7500 \\ & = \text{AUD } 133,333.33 \end{aligned}$$

- c) if the trigger level has been reached at any time during the term of the RSFC, and the market foreign exchange rate is below the 0.7750 contract rate at the cut-off time, you must exchange a multiple of the contract amount at the contract rate.

The amount you must exchange at the contract rate is USD 100,000 - equal to the contract amount (USD 66,666.67) multiplied by the contract ratio (1.5). You will pay:

$$\begin{aligned} & \text{USD } 100,000 / 0.7750 \\ & = \text{AUD } 129,032.26 \end{aligned}$$

How can I change the range of outcomes?

You can change the range of possible outcomes by changing the contract rate and the contract ratio and as a result the corresponding trigger level. Once the contract rate, contract ratio and trigger level are agreed the possible outcomes on the maturity date can be determined.

When setting the contract rate and contract ratio and agreeing to the trigger level you need to consider that:

- The contract rate is the minimum exchange rate that will apply in respect of the contract amount. Where the contract amount is less than your actual exposure you may end up transacting the difference at a less favourable rate
- Just above the trigger level is the most favourable exchange rate that you can possibly transact at. If the trigger level is reached you are obliged to transact at the contract rate
- A lower contract rate will reduce your exposure to a rising AUD-USD exchange rate. However, because of the zero cost structure, the trigger level will be set higher and/or the contract ratio will be higher. This will increase the likelihood of the trigger level being reached and/or the likelihood of you being required to deliver an amount of foreign currency in excess of the contract amount. Accordingly this will reduce the extent to which you can benefit from any favourable exchange rate movements that may occur
- A higher contract rate will increase your exposure to a rising AUD-USD exchange rate. However, because of the zero cost structure, the trigger level will be set lower and/or the contract ratio will be set lower. This will reduce the likelihood of the trigger level being reached and/or the likelihood of you being required to deliver an amount of foreign currency in excess of the contract amount. Accordingly, this will increase the extent to which you can benefit from any favourable exchange rate movements that may occur
- The contract ratio determines the multiple of the contract amount that you may be obliged to deliver at maturity. The higher the ratio the less guaranteed protection you will have where the contract ratio multiplied by the contract amount equals your exposure or, alternatively, where the contract amount equals your exposure, you may need to purchase additional USD in the market to meet your greater foreign currency obligation. Because of the zero cost structure, however, a higher contract ratio will produce a lower contract rate and/or a lower trigger level. A lower trigger level will reduce the likelihood of you being obliged to transact at the contract rate and in an amount of foreign currency in excess of the contract amount.

Other things you should know

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 if needed. We note that the Australian government is currently in the process of reforming the taxation treatment of certain financial arrangements and therefore you should also consider how those reforms may impact your taxation treatment of this product in the future.

Telephone conversations

The terms of a RSFC are agreed verbally over the telephone. Once we have reached an agreement, both you and Westpac are bound by the terms of the RSFC.

Conversations with our dealing room and settlement departments are taped. This is standard market practice. We do this to make sure that we have complete records of the details of all transactions. Taped 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.

Factors that may influence our advice

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

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

Communications with you

From time to time, members of the Westpac Group may contact you with or send you information about other Westpac products and services that we feel might be of relevance or benefit. (Westpac Group refers to Westpac Banking Corporation and its related bodies corporate).

Although we encourage you to receive this information, it is not compulsory. If you do not wish to receive it, please advise us in one of these three ways:

- Call Telephone Banking on 132 032
- Write to us at GPO Box 3433, Sydney NSW 2001
- Visit any of our branches.

You don't need to do this if you have already told us you do not want to receive this sort of information.

Code of Banking Practice Compliance

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 and account opening procedures) is set out in this PDS. This includes information about:

- Our obligations regarding the confidentiality of your information
- Complaint handling procedures
- The advisability of you informing us promptly when you are in financial difficulty
- The advisability of you reading the terms and conditions applying to a RSFC.

If you would like to discuss whether or not the Code will apply to you, please contact us on the numbers set out at the back of this document.

Privacy and confidentiality compliance

Westpac's Privacy Policy explains our commitment to the protection of your personal information. You may obtain a copy of our Privacy Policy by:

- Calling Telephone Banking (on 132 032)
- Contacting any of our branches
- Visiting our web site at www.westpac.com.au

In addition to Westpac's duties under legislation, it has a general duty of confidentiality towards you, except:

- Where disclosure is compelled by law
- Where there is a duty to the public to disclose
- Where the interests of Westpac require disclosure
- Where disclosure is made with your express or implied consent.

What to do if you have a problem or dispute

Getting your complaint heard

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 in a timeframe agreed with you. This is our 'Ask Once' promise. So please raise your complaint with any of the people handling your banking.

You can contact us 24 hours a day, 7 days a week from anywhere in Australia, by:

Phone: 1300 130 467

Email: Go to our website - www.westpac.com.au and click on 'Contact Us'

Fax: 02 9220 4177

Mail: GPO Box 5265, Sydney NSW 2001.

Contact our National Customer Relations Unit

If we can't resolve your complaint at your first point of contact with us, we will escalate it to our National Customer Relations Unit. They will aim to resolve your complaint in a timeframe agreed with you.

You can also contact our National Customer Relations Unit:

Telephone: 1300 130 206

Email: Go to our website - www.westpac.com.au and click on 'Contact Us' and then click on 'Complaints and Compliments'

Fax: 02 9220 4177

Mail: NCRU, GPO Box 5265, Sydney NSW 2001.

Contact our Customer Advocate

If you feel we did not act fairly in the way we handled your complaint or in the way we resolved your complaint, you can ask our Customer Advocate to review the matter for you.

The Customer Advocate's role is to act as independently as possible to make sure that Westpac has treated you fairly.

You can contact our Customer Advocate on:

Telephone: 1300 301 977

Mail: Customer Advocate,
GPO Box 5265
Sydney NSW 2001

What to do if you are still unhappy

If we haven't been able to deal with your issues to your satisfaction, there are a number of other bodies you can go to. You may be able to refer your complaint to either of the external organisations listed below:

Financial Industry Complaints Service Limited
PO Box 579
Collins Street West
Melbourne VIC 8007
Phone 1300 780 808
Fax: (03) 9621 2291
Internet: www.fics.asn.au

Banking and Financial Services Ombudsman Limited
GPO Box 3, Melbourne VIC 3001.
Phone: 1300 780 808
Fax: (03) 9613 7345
Internet: www.bfso.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 also have a freecall Infoline - 1300 300 630 and e-mail contact address - infoline@asic.gov.au

Financial Crimes Monitoring

Please be advised that in order for Westpac to meet its regulatory and compliance obligations relating to anti-money laundering and counter financing of terrorism, we will be increasing the levels of control and monitoring we perform.

You should be aware that:

- Transactions may be delayed, blocked or refused where we have reasonable grounds to believe that they breach Australian law or the law of any other country
- We may from time to time require additional information from you to assist us in the above compliance process
- Where legally obliged to do so, we may disclose the information gathered to regulatory and/or law enforcement agencies.

You must not initiate or conduct a transaction that may be in breach of Australian law or the law of any other country.

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.

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

confirmation means a letter confirming the terms of a particular RSFC.

contract amount means the face value amount of the RSFC.

contract rate means the agreed exchange rate at which the currency pair may be exchanged.

contract ratio is the ratio used to calculate the amount of currency that must be exchanged at the contract rate if the trigger level is reached during the term of the RSFC and the market foreign exchange rate is more favourable than the contract rate at the cut-off time on the maturity date.

currency pair means the two currencies applying in respect of a RSFC. The currency pair must be acceptable to Westpac.

cut-off time means the time on the maturity date at which the outcome of the RSFC will be determined. The cut-off time will be set out in the confirmation.

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 Westpac's costs and its profit margin. This is the rate that Westpac would make available to you at the relevant time.

global exchange rate means the exchange rate for the RSFC 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). The global exchange rate will be determined by Westpac in good faith and in a commercially reasonable manner. The global exchange rate is the rate that Westpac uses to determine whether or not the trigger level is reached.

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

market foreign exchange rate means the price of one currency in terms of another currency for delivery on the same day after taking into account Westpac's costs and its profit margin. This is the rate that Westpac would make available to you at the relevant time.

maturity date means the date at which the outcome of the RSFC will be determined. It is also the date on which the currency pair may be exchanged under the RSFC.

RSFC and Ratio Smart Forward Contract means the product the subject of this PDS.

trigger level means the agreed exchange rate which triggers your obligation to transact at the contract rate.

USD means United State dollars.

Westpac, we or us means Westpac Banking Corporation.

you, your means the customer entering into a RSFC.

zero cost structure means a structure where the relevant foreign exchange rates are set so that there are no up-front out of pocket costs payable by you. The cost is effectively embedded in the foreign exchange rates applicable to the RSFC.

Contact Details

Queensland and Northern Territory:

Level 14, 260 Queen Street
Brisbane QLD 4000
Telephone (07) 3227 2155

Western Australia:

Level 16, 109 St Georges Terrace
Perth WA 6000
Telephone (08) 9426 2522

New South Wales and ACT:

Level 2, 275 Kent Street
Sydney NSW 2000
Telephone (02) 8204 2822

Victoria, South Australia and Tasmania:

Level 9, 360 Collins Street
Melbourne VIC 3000
Telephone (03) 9608 3950