

Non-Deliverable Forward Transactions

Product Disclosure Statement

Issued by Westpac Banking Corporation
Australian Financial Services Licence No. 233714
ABN 33 007 457 141
8 October 2009

Table of Contents

Important Information	3
Non-Deliverable Forward Transaction (NDF) Summary	4
Non-deliverable Forward Transactions	5
What is an NDF?	5
How do NDFs Work?	5
How does Westpac determine my contract rate?	5
How does Westpac determine my fixing rate?	5
How does Westpac determine the cash settlement amount?	6
What happens at maturity?	6
Can I terminate an NDF before maturity?	6
Can I bring the maturity date forward?	6
Can I extend the maturity date?	6
How do newly declared holidays affect my fixing date and maturity date?	7
Are there any Westpac credit requirements before dealing?	7
Costs, benefits and risks	8
What are the costs?	8
Key Benefits	8
Key Risks	8
Documentation and Confirmations	9
What documentation is required?	9
What about confirmations?	9
Examples	10
Scenario 1 - Foreign Currency Payment	10
Scenario 2 - Foreign Currency Receipt	11
Scenario 3 - Foreign Currency Receipt – Extending the Maturity Date	12
Scenario 4 - Foreign Currency Payment – Bringing the Maturity Date forward	12
General Information	13
Code of Banking Practice	13
Anti-Money Laundering	13
Telephone conversations	13
Labour standards or environmental, social and ethical considerations	13
Dispute resolution	13
Factors that may influence our advice	14
Privacy and confidentiality	14
Taxation	14
Appendix A	15
Glossary	16
Contact Details	17

Important Information

A Product Disclosure Statement ('PDS') is an information document. The purpose of a PDS is to provide you with enough information to allow you to make an informed decision about a product's suitability for your needs. A PDS is also a tool for comparing the features of other products you may be considering.

This PDS relates to Non-Deliverable Forward Transactions (NDFs). An NDF is a sophisticated financial product requiring a good understanding of the way foreign exchange contracts and markets work. You should read and consider all sections of this PDS carefully before making a decision about the suitability of this product for you. You may also wish to obtain independent expert advice about this. 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 an NDF, 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 (where any change is materially adverse to you) or by posting the information on our website. 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. 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.

Non-Deliverable Forward Transaction (NDF) Summary

Issuer	Westpac Banking Corporation (Westpac, we or us).
Purpose	An NDF is a cash settled foreign exchange transaction. It is designed to assist you in reducing your foreign exchange risk in situations when physical delivery of the underlying currencies is not required and/or in markets where physical delivery is not possible. It may help you to manage a currency risk you are exposed to.
Suitability	An NDF 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 up-front out of pocket costs with an NDF. See the section titled 'What are the costs?' on page 8 for more information.
Key Benefits	<ul style="list-style-type: none"> • Protection - An NDF provides you with protection against unfavourable exchange rate movements. • Coverage – NDFs are available for a wide range of currencies. • Managing Risk – Where exchange restrictions do not allow physical delivery of currency, NDFs provide a means of negating foreign exchange risk. • Flexibility – The maturity date and the contract amount can be tailored to meet your particular needs. <p>See the section titled 'Key Benefits' on page 8 for more information.</p>
Key Risks	<ul style="list-style-type: none"> • Opportunity loss - You will not receive the benefit of favourable exchange rate movements. • Variation / Early Termination – You can vary or terminate an NDF early but there will be a cost if you do so. • Cooling Off Period – There is no cooling off period. • Counterparty and operational risk – Westpac has performance obligations under an NDF. You need to form a judgment of our ability to meet those obligations. <p>See the section titled 'Key Risks' on page 8 and the section titled 'Can I terminate an NDF before maturity?' on page 6 for more information.</p>
Term	1 week to 1 year (other terms may be available on request)
Minimum Transaction Amount	The minimum transaction amount is AUD100,000 or the foreign currency equivalent.

Non-deliverable Forward Transactions

What is an NDF?

A Non Deliverable Forward Transaction (NDF) is an agreement between you and Westpac which protects you against unfavourable exchange rate movements. It is a cash settled transaction, meaning that there is no exchange of currencies at maturity as there is with a typical foreign exchange transaction. Rather, there is a single amount payable by either you or Westpac. A contract rate is agreed up-front, together with the fixing rate (and corresponding fixing date). The contract rate and fixing rate are used to calculate the amount payable on the nominated maturity date.

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

It is particularly useful where physical exchange is not required on the maturity date or in cases where a foreign central bank limits offshore access to its domestic cash markets.

An NDF should only be used where you 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.

How do NDFs Work?

When you enter into an NDF, you nominate the amount of the transaction (the **notional principal amount**) and the two currencies involved (the **settlement currency** and the **non-deliverable currency**). These currencies are known as the currency pair and must be acceptable to Westpac. The notional principal amount will be denominated in units of the non-deliverable currency.

You also nominate the **maturity date** on which you want cash settlement to occur. Westpac will then determine the **contract rate** and the **fixing rate** which will be used, depending on the maturity date you select. More information on how these rates are determined is set out below.

If you are concerned about the non-deliverable currency weakening against the settlement currency (i.e. you are effectively receiving the non-deliverable currency in the future), you will enter into an NDF where you elect to sell the non-deliverable currency and purchase the settlement currency on the maturity date.

Alternatively, if you are concerned about the non-deliverable currency strengthening against the settlement currency (i.e. you are effectively paying the non-deliverable currency in the future), you will enter into an NDF where you elect to purchase the non-deliverable currency and sell the settlement currency on the maturity date.

In each case, there are two possible outcomes at maturity:

- If the contract rate is more favourable for you than the fixing rate, Westpac will pay you the difference in the settlement currency.
- If the contract rate is less favourable for you than the fixing rate, you will pay Westpac the difference in the settlement currency.

How does Westpac determine my contract rate?

The contract rate is a nominal foreign exchange rate determined by Westpac. When determining the contract rate, Westpac takes several factors into account including:

- the currency pair and the time zone you choose to trade in;
- the maturity date set by you;
- inter-bank foreign exchange rates;
- the notional principal amount;
- market volatility;
- Westpac's margin; and
- inter-bank interest rates of the countries of the currency pair.

It is important to note that the contract rate does not represent a forecast that Westpac has made, nor is it a guarantee of future exchange rates.

How does Westpac determine my fixing rate?

The **fixing rate** for each particular currency is sourced from independent market rate sources used by the financial markets industry. Generally, these rates will be sourced from rates published on Reuter's reference pages. These pages generally provide fixing rates for the currency in question against the USD at given times during each business day.

The **fixing date** is the date that the fixing rate is determined. Appendix A provides examples of some of the different approaches to determining the fixing date for particular fixing rates.

You will notice that the fixing rates in Appendix A are all against USD. In situations where an NDF is required against AUD or NZD rather than USD, Westpac will determine the way the fixing rate will be determined based on the nominated currency pair.

How does Westpac determine the cash settlement amount?

Westpac calculates the cash settlement amount using the notional principal amount, the contract rate and the fixing rate.

The **cash settlement amount** will be the net difference between the **contract settlement currency amount** and the **fixing settlement currency amount**, where:

contract settlement currency amount = notional principal amount converted at the contract rate and,

fixing settlement currency amount = notional principal amount converted at the fixing rate

Depending on the terms of your NDF (in particular whether you are buying or selling the non-deliverable currency) the difference between these amounts will be payable by you to Westpac or by Westpac to you.

Where you are effectively selling the non-deliverable currency to Westpac on the maturity date:

- if the contract settlement currency amount is greater than the fixing settlement currency amount Westpac pays you the difference.
- if the contract settlement currency amount is less than the fixing settlement currency amount you pay Westpac the difference.

Where you are effectively buying the non-deliverable currency from Westpac on the maturity date:

- if the contract settlement currency amount is less than the fixing settlement currency amount Westpac will pay you the difference.
- if the contract settlement currency amount is greater than the fixing settlement currency amount you will pay Westpac the difference.

What happens at maturity?

NDFs are cash-settled. This means that at maturity, no actual currency exchange occurs. Instead as outlined above, one party pays the other a cash amount in the settlement currency.

These payments are due on the maturity date.

- If Westpac pays you, it will do so by depositing the funds into a Westpac account in your name.
- If you pay Westpac, you need to do so in clear Australian dollar funds. If the cash settlement amount is denominated in a foreign currency amount, you can pay us by telegraphic transfer or by transferring funds from a foreign currency account/deposit. Alternative arrangements can be made with Westpac's agreement.

Can I terminate an NDF before maturity?

You may ask us to terminate the NDF at any time up to and including the fixing date. We will then provide you with a termination quote. If you accept the termination quote, we will cancel the NDF.

Our termination quote will incorporate the same variables (the contract rate, currencies, term, notional principal amount, fixing rate and maturity date) used when pricing the original NDF.

These will be adjusted for the prevailing market rates over the remaining term of the NDF. 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.

Can I bring the maturity date forward?

At any time up to the fixing date, you may ask Westpac to bring the maturity date of your transaction forward.

Westpac will quote you a forward margin to do this, as an adjustment to your existing contract rate. Our quote will take into account your existing contract details, the exchange rate and the relevant market interest rates available at that time.

This forward 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.

If you accept the forward margin quote, we will send you an amended confirmation.

Can I extend the maturity date?

At any time up to the fixing date, you may ask Westpac to extend the maturity date of your transaction.

All extensions will be subject to Westpac's Credit Approval process. If Westpac agrees to extend your original maturity date, we will quote you a forward margin to do this as an adjustment to your existing contract rate. The extension quote takes into account your existing contract details, the exchange rate and the relevant market interest rates available at that time.

This forward 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.

If you accept the extension we will send you an amended confirmation.

How do newly declared holidays affect my fixing date and maturity date?

In many Asian countries, holidays are subject to change, especially those which are lunar based. If a new holiday is declared, the market adopts the following conventions:

- If the holiday falls on the maturity date, the date is moved forward to the next business day.
- If the holiday falls on the fixing date, or between the fixing and maturity dates, the maturity date remains the same and the fixing date is brought forward one business day.

In each case, you can request to keep the original dates, but your request may not always be granted.

Are there any Westpac credit requirements before dealing?

Before entering into an NDF, Westpac will assess your financial position to determine whether 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.

If your application is successful, you may 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.

Costs, benefits and risks

What are the costs?

There are no up-front out of pocket costs with an NDF. Once the non-deliverable currency, settlement currency and maturity date are nominated by you Westpac will determine the contract rate. When determining that rate Westpac takes several factors into account – see ‘How does Westpac determine my contract rate?’ on page 5 for more information.

While there are no up-front costs with NDFs, Westpac still derives a financial benefit by incorporating a margin into the contract rate. This means that this rate will be different to the market rate prevailing at that time. In effect you pay for the NDF by accepting the contract rate quoted by Westpac.

Key Benefits

Protection

NDFs provide you with protection against unfavourable foreign exchange movements between the time you enter into an NDF and the maturity date. This can assist you in managing your foreign currency exposures. You exchange the uncertainty of exchange rate fluctuations for the certainty of an agreed cash flow.

Coverage

NDFs are available for a wide range of currencies.

Managing Risk

Where exchange restrictions do not allow physical delivery of currency, NDFs provide a means of negating foreign exchange risk.

Flexibility

NDFs are flexible. The maturity date and the contract amount can be tailored to meet your particular requirements.

Key Risks

Opportunity loss

You will forego any benefit of a favourable exchange rate movement between the time you enter into an NDF and the maturity date.

Variation / Early termination

Cancellations or adjustments may result in a cost to you – see the sections titled ‘Can I terminate an NDF before maturity?’, ‘Can I bring the maturity date forward?’ and ‘Can I extend the maturity date?’ on page 6 for more information.

Cooling off period

There is no cooling off period.

Counterparty and operational risk

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

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.

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

Documentation and Confirmations

What documentation is required?

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

- An Australian Financial Markets Association Agreement for Foreign Currency 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 these master agreements govern the dealing relationship between you and us and set 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.

Where you require the capability to extend the maturity date of your NDFs you may also be required to sign our standard Historical Rate Rollover (HRR) documentation. This document sets out a number of requirements that you will need to satisfy before we will consider extensions to existing NDFs. 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 can ask for a copy of these master 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.

You should make your own assessment and obtain your own advice regarding the risks associated with extensions and their suitability for you.

What about confirmations?

The commercial terms of a particular NDF will be agreed at the time of dealing. This may occur over the phone or electronically. Once we reach an agreement, both you and Westpac are bound by the terms of the NDF.

Shortly after entering into an NDF, 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 evidences the transaction entered into under your master agreement with us.

This confirmation will include:

- the non-deliverable currency and the agreed notional principal amount
- the settlement currency
- the contract rate
- the basis for determining the fixing rate – the fixing rate source and the fixing date
- the maturity date

This confirmation will also specify that any cash payment to you will be settled under advice to you through your Westpac transactional account.

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.

In addition, Westpac will send you a **settlement advice** on the fixing date detailing the calculations of all cash settlement flows and advising you of any payments due to you or by you on the maturity date under your NDF.

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 NDF, you would need to use the actual rates and figures quoted to you at the time.

Scenario 1 - Foreign Currency Payment

You are an Australian based company importing goods from China. You are billed in Chinese Renminbi (**CNY**) but you are required to pay in US dollars (**USD**). Your supplier's latest invoice requires you to pay the USD equivalent of CNY 1 million in 3 month's time. Assume the current USD/CNY exchange rate for value spot is 6.84.

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

If you did nothing, the amount of USD you will be obliged to pay in 3 months' time will depend on the USD/CNY foreign exchange rates at that time.

For example, if the USD/CNY foreign exchange rate rises to 7.01, the USD amount you are required to pay will be:

USD 142,653.35
(= CNY 1,000,000 / 7.01)

Alternatively, if the USD/CNY market foreign exchange rate falls to 6.75, the USD amount you are required to pay will be:

USD 148,148.15
(= CNY 1,000,000 / 6.75)

How will an NDF change this?

You wish to protect yourself against the USD depreciating against the CNY, in order to limit the amount of USD you will have to pay in 3 months' time. You enter into a USD/CNY NDF and set a contract rate for 3 months' time.

You set the notional principal amount of your trade to be CNY 1,000,000. At the same time you also agree the fixing methodology (Reuters page SAEC for USD/CNY) and the fixing date (two days prior to the NDF's maturity date). Westpac gives you a contract rate of 6.87.

The possible outcomes on the maturity date are:

- a) if the fixing rate on the fixing date is less favourable to you than the contract rate Westpac will pay you the cash settlement amount in USD on the maturity date.

For example, if the fixing rate for USD/CNY is 6.75 the fixing settlement currency amount will be:

USD 148,148.15
(= CNY 1,000,000 / 6.75)

while, the contract settlement currency amount will be:

USD 145,560.41
(=CNY 1,000,000 / 6.87)

Accordingly, the difference (USD 2,587.74) will be payable by Westpac to you on the maturity date.

The cash settlement amount will compensate you for the higher USD amount you will need to pay for your goods. To purchase your goods, you would have had to pay USD 148,148.15. With the benefit of the USD cash settlement amount you receive under the NDF (USD 2,587.74), your total USD outlay will be reduced to USD 145,560.41 This is equivalent to a USD/CNY exchange rate of 6.87, i.e. the NDF contract rate.

- b) if the fixing rate on the fixing date is more favourable to you than the contract rate you will pay the cash settlement amount in USD to Westpac on the maturity date.

For example, if the fixing rate for USD/CNY is 7.01 the fixing settlement currency amount will be:

USD 142,653.35
(= CNY 1,000,000 / 7.01)

while, the contract settlement currency amount will be:

USD 145,560.41
(=CNY 1,000,000 / 6.87)

Accordingly, the difference (USD 2,907.06) will be payable by you to Westpac on the maturity date.

The cash settlement amount you pay Westpac will diminish the extent to which you would have benefited through the lower USD amount when you pay for your goods. To purchase your goods, you pay USD 142,653.35. Adding the cash settlement amount (USD 2,907.06) your total USD outlay will now be USD 145,560.41. This is equivalent to a USD/CNY exchange rate of 6.87, i.e. the NDF contract rate.

Entering into an NDF has effectively removed the uncertainty of fluctuations in the USD/CNY exchange rate on the USD amount you will pay for your goods. However, you should also note that as an Australian company while you have effectively fixed your USD requirement with an NDF you will still need to obtain the required USD amount to pay for your goods. Accordingly, you will need to decide how you manage this risk to the AUD/USD exchange rate over the 3 months. NDFs can be denominated in AUD or alternatively the AUD/USD risk can be managed separately.

Scenario 2 - Foreign Currency Receipt

You are an Australian based company exporting goods to Korea. You invoice your customer in Korean Won (**KRW**) but your customer pays you in AUD. Your latest invoice requires your customer to pay the AUD equivalent of KRW 120,000,000 in 3 months' time. Assume the current AUD/KRW market exchange rate for value spot is 998.00. (This is calculated with reference to the AUD/USD exchange rate and then the USD/KRW exchange rate).

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' will depend on the AUD/KRW exchange rate at that time.

If the AUD goes up, the KRW will become less valuable and as a consequence, you will receive fewer AUD.

For example, if the AUD/KRW foreign exchange rate rises to 1015.00, the AUD amount you receive will be:

AUD 118,226.60
(= KRW 120,000,000 / 1015.00)

Alternatively, if the AUD/KRW exchange rate goes down, the KRW will become more valuable and as a consequence, you will receive more.

For example, if the AUD/KRW market foreign exchange rate falls to 970.00, you will receive:

AUD 123,711.34
(= KRW 120,000,000 / 970.00)

How will an NDF change this?

If you wish to protect yourself against the AUD appreciating against the KRW, you can enter into an NDF with a maturity date in 3 months' time.

You set the notional principal amount of your trade to be KRW 120,000,000. At the same time you also agree the fixing rate and the fixing methodology (Reuters page RBA26 for AUD/USD and Reuters page KFTC18 for USD/KRW) and the fixing date for each currency (2 days prior to the maturity date). Westpac gives you a contract rate of 991.00.

The possible outcomes on the maturity date are:

- a) if the fixing rate on the fixing date is less favourable to you than the contract rate Westpac will pay you the cash settlement amount in AUD on the maturity date.

For example, if the fixing rate for AUD/KRW is 1017.869 (based on USD/KRW of 1583.00 and AUD/USD of 0.6430) the fixing settlement currency amount will be:

AUD 117,893.36
(= KRW 120,000,000 / 1017.869)

while the contract settlement currency amount will be:

AUD 121,089.81
(=KRW 120,000,000 / 991.00)

Accordingly, the difference (AUD 3,196.44) will be payable by Westpac to you on the maturity date.

The cash settlement amount will compensate you for the lower AUD amount you will receive for your goods. Your customer will pay you AUD 117,893.36. Adding to this the AUD cash settlement amount Westpac pays you (AUD 3,196.44), your total AUD receipt will be AUD 121,089.81. This is equivalent to an AUD/KRW exchange rate of 991.00, i.e. the NDF contract rate.

- b) if the fixing rate on the fixing date is more favourable to you than the contract rate you will pay the cash settlement amount to Westpac in AUD on the maturity date.

For example, if the fixing rate for AUD/KRW is 971.50 the fixing settlement currency amount will be:

AUD 123,520.33
(= KRW 120,000,000 / 971.50)

while the contract settlement currency amount will be:

AUD 121,089.81
(=KRW 120,000,000 / 991.00)

Accordingly, the difference (AUD 2,430.52) will be payable by you to Westpac on the maturity date.

The cash settlement amount you pay Westpac will diminish the extent to which you would have benefited through the higher AUD amount you receive for your goods. Your customer will pay you AUD 123,520.33. Subtracting the cash settlement amount (AUD 2,430.52) your total AUD receipt will be AUD 121,089.81. This is equivalent to an AUD/KRW exchange rate of 991.00, i.e. the NDF contract rate.

Entering into an NDF has effectively removed the uncertainty of fluctuations in the AUD/KRW exchange rate on the AUD amount you will receive for your goods. You have effectively fixed your conversion rate into AUD at 991.00.

Scenario 3 - Foreign Currency Receipt – Extending the Maturity Date

You are the Australian company in Scenario 2. You have just been notified that your shipment of goods has been delayed for one month and accordingly you extend the payment terms to your customer by one month as well.

You contact Westpac and request to have your original maturity date extended for one month. In this instance, Westpac agrees to the extension.

Based on your existing contract details, the relevant exchange rate and the relevant market interest rates available at that time, Westpac calculates the extension margin to be -2.90.

You accept this quote and the details of your NDF are amended accordingly. With the extended maturity date, your new contract rate becomes 988.10, calculated as follows:

$$\begin{array}{rclcl} \text{New} & & \text{Old} & & \\ \text{contract} & = & \text{contract} & + & \text{margin} \\ \text{rate} & & \text{rate} & & \end{array}$$

$$(988.10) = (991.00) + (-2.90)$$

By extending your NDF, you align the maturity date of your contract with the date you receive payment for your goods.

You have retained your exchange rate protection for an additional month. However, as with the original NDF, by removing the uncertainty of exchange rate fluctuations you have lost the opportunity to take advantage of any favourable movements that may occur.

Scenario 4 - Foreign Currency Payment – Bringing the Maturity Date forward

You are the Australian company in Scenario 1. You have just been notified that your shipment of goods has been brought forward and accordingly you will be required to pay for your goods one month earlier.

You contact Westpac and request to have your original maturity date brought forward one month.

Based on your existing contract details, the relevant exchange rate and the relevant market interest rates available at that time, Westpac calculates a margin to do this of -0.01.

You accept this quote and the details of your NDF are amended accordingly. With the new maturity date, your new contract rate becomes 6.83, calculated as follows:

$$\begin{array}{rclcl} \text{New} & & \text{Old} & & \\ \text{contract} & = & \text{contract} & + & \text{margin} \\ \text{rate} & & \text{rate} & & \\ (6.86) & = & (6.87) & + & (-0.01) \end{array}$$

By shortening your NDF, you align the maturity date of your contract with the date you pay for the goods.

You have retained your exchange rate protection. However, as with the original NDF, by removing the uncertainty of exchange rate fluctuations you have lost the opportunity to take advantage of any favourable movements that may occur.

General Information

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 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 NDFs 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; and
- the advisability of you reading the terms and conditions applying to an NDF.

If you would like to discuss whether or not the Code will apply to you, please contact us using the details listed at the back of this PDS.

Anti-Money Laundering

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;
- where legally obliged to do so, we may disclose the information gathered to regulatory and/or law enforcement agencies.

Upon entering into any NDF with Westpac, you agree:

- 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 has 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 with any law.

Telephone conversations

The terms of an NDF are agreed over the phone or electronically over an on-line system. Once we have reached an agreement, both you and Westpac are bound by the terms of the NDF.

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.

Labour standards or environmental, social and ethical considerations

Westpac does not take into account labour standards or environmental, social or ethical considerations when entering into an NDF. To learn more about Westpac's commitment to sustainability (including our latest Stakeholder Impact Report) go to www.westpac.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. 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.

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 10999 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 free call Infoline on 1300 300 630, and email contact address at infoline@asic.gov.au

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. For more information, please consider Westpac's Financial Services Guide, which is available:

- at www.westpac.com.au
- by writing to us at GPO Box 3433, Sydney NSW 2001
- from any of our branches.

Privacy and confidentiality

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 website 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.

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.

Appendix A

The table below sets out information relevant to the fixing rates and fixing dates for a number of currencies. All fixing page references listed are pages on Reuters.

Currency against USD	NDF fixing page	Fix time	Fixing date
AUD (Australian Dollar)	AUDFIX RBA26	9:45 a.m. local time 4 p.m. local time	2 days prior to value date 2 days prior to value date
CNY (Chinese Renminbi)	SAEC	9:15 a.m. local time	2 days prior to value date
INR (Indian Rupee)	RBIB	2:30 p.m. local time	2 days prior to value date
IDR (Indonesian Rupiah)	ABSIRFIX01	11 a.m. Singapore time (reported around 11:30 a.m.)	2 days prior to value date
KRW (Korean Won)	KFTC18	3 p.m. local time	2 days prior to value date
MYR (Malaysian Ringgit)	ABSIRFIX01	11 a.m. Singapore time (reported around 11:30 a.m.)	2 days prior to value date
PHP (Philippines Peso)	PDSPESO	11:30 a.m. local time	1 day prior to value date
TWD (Taiwan Dollar)	TAIFX1	11 a.m. local time	2 days prior to value date
VND (Vietnam Dong)	ABSIRFIX01	11 a.m. Singapore time (reported around 11:30 a.m.)	2 days prior to value date

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.

cash settlement amount means the amount payable by one of the parties on the maturity date, as determined by Westpac.

clear funds means funds that are immediately available on settlement.

CNY means Chinese Renminbi.

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

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

contract rate means the agreed exchange rate which will be used to calculate the cash settlement amount.

currency pair means the settlement currency and the non-deliverable currency applying in respect of an NDF. The currency pair must be acceptable to Westpac.

KRW means Korean Won.

fixing date means the date the fixing rate is determined and the cash settlement amount is calculated.

fixing rate means the rate displayed on the agreed rate source at the agreed time on the fixing date. The fixing rate is used to calculate the cash settlement amount.

foreign exchange rate means the price of one currency in terms of another currency for delivery on a specified date after taking into account Westpac's costs and its profit margin.

maturity date means the date the cash settlement amount is payable.

NDF and Non-Deliverable Forward Transaction mean the product the subject of this PDS.

notional principal amount means the face value amount of the NDF.

non-deliverable currency means the currency nominated as the non-deliverable currency which along with the settlement currency makes up the underlying currency pair of the NDF.

Reuters means Thomson Reuters.

settlement currency means the currency nominated as the settlement currency. This is the currency that the cash settlement amount must be paid in.

Westpac, we or us means Westpac Banking Corporation.

Westpac Group means Westpac and its related bodies corporate.

you or your means the customer entering into an NDF.

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