

Bendigo Foreign Exchange Contracts.

Product Disclosure Statement.

9 November 2023

About this document

This Product Disclosure Statement (**PDS**) is an important document. It provides you with information about certain types of Foreign Exchange Contracts (**FEC**) so that you can decide whether to acquire or enter into such contracts. You should read this document carefully before you decide whether or not to acquire or enter into the FECs to which this PDS applies. You should also keep this PDS for your future reference. If you have any questions, please contact us.

There are terms and conditions governing FECs and foreign currency in our Business Standard Terms – Terms and Conditions dated 9 November 2023 (and as amended from time to time). We will provide you with a copy of the Business Standard Terms – Terms and Conditions dated 9 November 2023 and they may also be accessed on our website at www.bendigobank.com.

The issuer of the products described in this PDS is Bendigo and Adelaide Bank Limited
ABN 11 068 049 178, AFSL No. 237879 (**Bendigo Bank**).

‘We’, ‘our’ or ‘us’ means Bendigo Bank

‘You’ or ‘your’ means the person who has a product with us. It can also include a partnership, trust, company or corporation. If more than one person has the product, ‘you’ includes all those people - singly and as a group. ‘Your’ is used in the same way. All reference to ‘you’ and ‘your’ include the successors, administrators or assigns of you or that person.

This PDS does not constitute a recommendation or opinion that an FEC is appropriate for you.

This PDS only applies where it is received by a person in Australia.

Information in this PDS may be subject to change from time to time.

We will advise you in writing of any changes that are in our reasonable opinion, materially adverse to you.

We will advise you in writing of any changes to this PDS.

A paper copy of any updated information will be given to you on request without charge.

This PDS can be accessed on the Bendigo Bank website at www.bendigobank.com.au.

Contact details

You can contact us at:

- Financial Markets
The Bendigo Centre
PO Box 480
Bendigo VIC 3552
Telephone 1800 061 783
www.bendigobank.com.au
Email: bendigofx@bendigoadelaide.com.au

Note: Telephone conversations with Bendigo and Adelaide Bank Financial Markets may be recorded for dispute resolution purposes.

Alternatively you can contact us via:

- Telephone 1300 236 344
From Overseas +61 3 5445 0666
- The Bendigo Bank website at www.bendigobank.com;
- The Customer Feedback Team
Telephone: 1300 361 911
8:30am – 5:00pm (AEST /AEDT)
Monday to Friday
Email: feedback@bendigoadelaide.com.au

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Foreign Exchange Contract product features

What is a Foreign Exchange Contract?

A Foreign Exchange Contract (**FEC**), is an agreement between two parties to exchange on a specific future date (the value date), a fixed amount of one currency for an amount of another currency calculated at a foreign exchange rate agreed on the day the agreement was entered into or booked (the trade date).

A foreign exchange rate is the price at which one currency (the base currency) is bought or sold, expressed in terms of another currency (the terms currency). For example, the exchange rate for AUD/USD of 0.8760, means one Australian dollar is equal to 87.60 US cents.

The base currency and the terms currency is referred to as the currency pair. The currencies forming the pair must be those acceptable to Bendigo and Adelaide Bank. The currencies which are acceptable to Bendigo and Adelaide Bank currently are:

| Currency | Code |
|-----------------------|------|
| Australian Dollars | AUD |
| United States Dollars | USD |
| Euro | EUR |
| British Pound | GBP |
| Japanese Yen | JPY |
| Singapore Dollar | SGD |
| New Zealand Dollar | NZD |
| Hong Kong Dollar | HKD |
| Canadian Dollar | CAD |
| Thai Baht | THB |
| Indonesian Rupiah | IDR |
| Swiss Franc | CHF |
| Fiji Dollar | FJD |
| Indian Rupee | INR |
| Philippine Peso | PHP |
| South African Rand | ZAR |
| Swedish Kroner | SEK |
| Norwegian Kroner | NOK |
| Danish Kroner | DKK |
| Chinese Yuan | CNY |

This PDS covers the following types of FECs:

- "Value Tomorrow" FEC: This is an FEC which has a value date which occurs on the business day after the trade date;
- "Spot" FEC: This is an FEC which has a value date which is two business days after the trade date; and
- "Forward" FEC: This is an FEC which has a value date which occurs later than two business days after the trade date.

How a Foreign Exchange Contract works

An FEC is commonly used as a hedging tool to fix current exchange rates for a value date.

The rate agreed for the contract remains fixed irrespective of movement in the foreign exchange rate subsequent to the trade date.

The rate that is quoted by us for a value date is not a prediction of where the exchange rate will be on the value date but is the "spot rate" (as explained below) plus a "forward margin". The forward margin represents the difference between the prevailing interest rates for the currency pair over the period from the spot value date to the value date (the interest rate differential) determined by us.

The spot rate is the foreign exchange rate applicable for a value date two business days after the trade date (the spot date) adjusted for a buy-sell spread that takes into account the following matters on the trade date:

- spot exchange rate in the inter-bank market (which is the market in which banks transact with each other);
- market conditions (for example, traded market liquidity and price volatility in the spot exchange rate and/or forward exchange rate in the inter-bank market);
- an allowance for our reasonable costs and risks; and
- the size of the transaction (that is the amounts of the relevant currency pair).

When transacting a foreign exchange contract it is important to identify:

- a) the name of the entity in which the contract is to be written (for example, the company name, which may require an FX limit established with us);
- b) the currency pair involved;
- c) the value date for the contract; and
- d) The direction of the transaction you wish to transact with us (for example, you wish to BUY Australian dollars and SELL US dollars).

Terms and conditions

An FEC is a legally binding bilateral obligation between you and us. Terms and conditions applicable are set out in the letter of offer if one has been sent to you by us; or set out in the Bendigo Foreign Exchange Terms and Conditions distributed with the Foreign Exchange Customer Service application form signed by you; and if one has been executed, the terms of a master agreement (such as the ISDA Master Agreement and Schedule), or other terms agreed on a case by case basis.

Delivery obligations

Delivery on the value date

Once agreed upon (on the trade date), the FEC defines an obligation of each party to deliver a fixed amount of a currency at the fixed rate on the value date. When you enter into an FEC with us you agree to deliver one currency in exchange for another currency, at a fixed rate on the value date. How much you pay is determined by the commercial terms of the FEC negotiated on the trade date.

How much you pay may be netted off against amounts payable to you by us under the FEC or another transaction between you and us such that the obligation may ultimately become an Australian Dollar difference payable by one of us to the other. The ability to net transactions may be governed by the master agreement between you and us (if one has been executed) or other terms agreed on a case by case basis.

Pre-deliveries

You can make arrangements for pre-deliveries. What this means is that, having booked an FEC for a specific value date, you may wish to utilise the FEC prior to the value date. In this instance, part of (or the whole of) the delivery obligations under the FEC can be brought forward to a specified date (the pre-delivery date), which will have the effect of reducing the amount of the payment obligations of both you and us on the original value date. The foreign exchange rate for the remaining balance is unchanged, however the foreign exchange rate applicable to the pre-delivered currencies will be based on the original foreign exchange rate adjusted by the interest rate differential determined by us between the two currencies for the period between the original value date and the pre-delivery date, and any funding implications for us (for example, additional costs) arising from the early delivery of the FEC.

Historic rate roll-overs

We will only allow historical rate roll-overs (that is the extension of the term of an FEC at a foreign exchange rate based on the foreign exchange rate applicable under the FEC) in limited circumstances if you are a Business customer of the bank. Instead, delays in the underlying currency exposure can be managed by you through a foreign exchange swap contract to meet your obligations under the FEC while maintaining the underlying hedge achieved by the FEC. This may crystallise an unexpected cash-flow and needs to be carefully considered for your particular circumstances. For details on foreign exchange swap contracts, please obtain a PDS relating to them from your foreign exchange dealer.

Dealing with Bendigo and Adelaide Bank

We offer FECs with value dates greater than spot value to customers who have a formal "FX limit" in place with us. Obtaining an "FX limit" will require some form of collateral or security which in some circumstances may be cash.

You can inform us that you wish to commence a FEC transaction by contacting our Financial Markets division by telephone or by using our Online FX electronic dealing system using the contact details provided at the front of this PDS.

We will send you by email a confirmation setting out all details of the transaction entered into between you and us within one business day of receiving your instruction. Within one business day of receiving the confirmation, you must either:

- a) notify us that you believe that the details of the transaction are not correctly set out in the confirmation; or
- b) acknowledge that the confirmation is correct by signing a copy and delivering that copy to us by scanning and emailing it to us.

The confirmation will be taken to contain correct details of the transaction unless you have notified us of any error you believe the confirmation contains and the confirmation does in fact contain that error.

Significant benefits and risks

Benefits

FECs are typically used to manage exchange rate risk associated with international trade activity, importing, exporting, and in anticipation of foreign currency accounts receivable and payable. An FEC may also be used to hedge risks under foreign currency loans and deposits. Occasionally, it may be used as an investment.

We do not allow FEC's to be used for speculative purposes.

An FEC guards against unexpected movements in exchange rates between the trade date and the value date, and provides greater certainty in cashflow management, accounting and budget forecasts.

The decision to utilise FECs may be driven by the benefits of certainty in pricing, rather than necessarily a view on where rates may move in the future. We do not provide any form of advice on the possible future direction of exchange rates, but rather general information regarding markets and economic conditions and indicators.

Examples:

a) Assume an Australian importer receives an invoice for USD 200,000 due for payment tomorrow. If the importer books a 'value tomorrow' FEC with us, the pricing is based on:

- i) the AUD/USD spot rate for example, 0.7126
- ii) the interest rate differential (also referred to as the 'value tomorrow points') for example, +0.00005
- iii) so the FEC contract rate in this example is 0.71265 (0.7126+0.00005)

In this example the cost in AUD (to be paid to Bendigo and Adelaide Bank tomorrow) is:

$$\text{USD}200,000 / 0.71265 = \text{AUD } 280,642.67$$

The contract obliges us to pay USD 200,000 tomorrow to the importer in exchange for AUD 280,642.67 (which the importer pays to us).

b) Assume an Australian exporter expects to receive EUR 50 000 in 32 days. If the exporter books a forward FEC to hedge this foreign currency receipt, the pricing is based on:

- i) the AUD/EUR spot rate for example, 0.6089
- ii) the interest rate differential (also referred to as the "forward points") for 32 days for example, -0.0014
- iii) so the forward exchange rate in this example is 0.6075

In this example the proceeds in AUD (to be paid by us in 32 days) is:

$$\text{EUR}50,000 / 0.6075 = \text{AUD } 82,304.53$$

The contract obliges us to pay AUD 82,304.53 in 32 days in exchange for EUR 50,000 (which the exporter pays to us).

Risks

Foreign exchange markets are inherently risky and unpredictable. Before you enter into FECs, you need to understand the mechanics of financial markets and the possible ramifications of movements (of rates which impact on foreign exchange rates) or other events which impact on the financial markets. These can have significant impact on your obligations under the FEC, including the amount payable by you to us.

Significant risks associated with an FEC include -

Credit or Counterparty Risk - the risk that a counterparty may not be able to meet their obligations;

Basis Risk - the risk that a transaction may not fully mitigate the inherent risk due to differences between the FEC and the underlying exposure;

Market Risk - the risk that movements in exchange rates may adversely affect the owner of the contract. (Normally an FEC will insure against unexpected movements, however should an underlying exposure such as, an account receivable be cancelled, unwanted risk may arise);

Interest Rate Risk - an FEC incorporates an interest rate differential between two currencies for the period between the spot value date and the value date: if a pre-delivery is required, fluctuations in FX and interest rates may adversely impact on the hedge.

It should be noted that an FEC may become "in the money" or "out of the money" depending on how markets move after the trade date. This does not change the obligation to exchange currency on the value date at the fixed rate agreed to on the trade date.

There is no cooling off period applicable to FECs.

Fees and commission

There are no fees or commissions payable with entering into or booking an FEC. We derive a financial benefit through the floating exchange rate applicable to each FEC.

However:

- a) There may be a discretionary fee applicable to establish a FX limit. If the fee applies to you, it will be advised when the limit is established
- b) There may also be fees associated with telegraphic transfers payable on the delivery dates (whether the value date or pre-delivery date).

You can obtain information about our current fees and charges (available upon request) by contacting your foreign exchange dealer or on our website at www.bendigobank.com.au

Privacy

This clause applies if you are an individual or if you are not an individual, to individuals about who we collect personal information in relation to your account. You agree to show this clause to all individuals who you have authorised to deal with us in relation to your account. In this clause "your" or "you" includes any such individual

We are committed to ensuring your privacy is protected and understand your concerns regarding the confidentiality and security of personal information you provide to us collect and use your personal information in order to provide you with products and services. To do that we may disclose your personal information to regulatory bodies or government agencies in order to verify your identity or to authenticate a document you provide to us.

We may also disclose your personal information to organisations that carry out functions on our behalf, such as mailing houses and information technology service providers. Confidentiality agreements with those entities ensure this information is only used to carry out functions on our behalf. We may also share personal information regarding any one or more of you with prospective or existing guarantors or indemnifiers of any obligations of you. This information may also be shared with Bendigo Bank's related entities and our joint venture partners so that you can be told about other products and services offered or distributed by us. In most cases you will be able to gain access to personal information held by us. We will take reasonable steps to amend or correct your personal information to keep it accurate and up to date. You can opt out of receiving marketing material from us about other products and services at any time. If you opt out, we will continue to make contact with you to provide information in relation to your existing contract only. If you wish to make a complaint regarding the handling of your personal information by us, please phone our Customer Feedback Team for assistance on 1300 361 911.

You can obtain more information about privacy in our Privacy Policy which is available upon request at any of our branches or on our website at www.bendigobank.com.au

Tax

The information in this section is general information only.

You should consult your own independent professional adviser regarding the tax consequences of acquiring, holding or disposing of FECs, to take into account your own personal circumstances.

Tax File Number withholding rules

The Tax File Number withholding rules only apply to certain investments (referred to in this paragraph as "Special Investments") as set out in the income tax legislation. Those withholding rules do not apply to FECs as those contracts are not Special Investments for the purposes of the Tax File Number withholding rules.

Anti-Money Laundering and Counter-Terrorism (AML/CTF)

We are committed to the regulatory requirements for anti-money laundering and counter-terrorism financing.

To comply with these requirements we may:

- require you to provide to us, or otherwise obtain, any additional documentation or other information;
- suspend, block or delay transactions on your account or accounts, or refuse to provide services;
- report any or any proposed, transaction or activity to any body authorised to accept such reports relating to AML or any other law.

Banking Code of Practice

We have adopted the Banking Code of Practice. The Banking Code of Practice will apply to the FEC if you are an individual or a small business (as defined in the Banking Code of Practice). To the extent of any inconsistency, the FEC is to be read subject to the Banking Code of Practice

The Banking Code of Practice is available on request at any of our branches or by calling us or from our website www.bendigobank.com.au, or online at the website of the Australian Banking Association, ausbanking.org.au.

If you ask, we will provide you with general descriptive information concerning our banking services. These include:

- account opening procedures,
- our obligations regarding confidentiality of your information;
- complaint handling procedures
- bank cheques;
- the advisability of you informing us promptly when you are in financial difficulty so that we may discuss your situation; and
- the advisability of you reading the terms and applying to the relevant banking service.

You should inform us promptly if you are experiencing financial difficulty so that we may discuss your situation.

Resolving complaints

If you have a complaint about our services you can refer your complaint directly to the appropriate external dispute resolution scheme. However, we consider Internal Dispute Resolution (IDR) to be an important and necessary step in the complaint handling process as it gives us an opportunity to hear when we do not meet our customers' expectations and address them genuinely, efficiently and effectively.

You can raise your complaint with us by:

- (a) speaking to a member of our staff directly or your Foreign Exchange Dealer;
- (b) telephoning 1300 236 344;
- (c) website www.bendigobank.com.au/contact-us;
- (d) secure email – by logging into e-banking;
- (e) contacting is through a Bendigo Bank social media channel;
- (f) telephoning the Customer Feedback Team on 1300 361 911 8:30am – 5:00pm (AEST/AEDT) Monday to Friday;
Email: feedback@bendigoadelaide.com.au
Reply Paid PO Box 480
Bendigo VIC 3552

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- (b) telephoning 1300 236 344;
- (c) website www.bendigobank.com.au/contact-us;
- (d) secure email – by logging into e-banking;
- (e) contacting us through a Bendigo Bank social media channel;
- (f) telephoning the Customer Feedback Team on 1300 361 911 8:30am – 5:00pm (AEST/AEDT) Monday to Friday;
Email: feedback@bendigoadelaide.com.au
Reply Paid PO Box 480
Bendigo VIC 3552

If you have contacted us in the first instance and are not satisfied with our response you can refer your complaint to the appropriate external dispute resolution scheme.

We are a member of the Australian Financial Complaints Authority (AFCA). You can contact AFCA at:

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
Telephone: 1800 931 678
Website: www.afca.org.au
Email: info@afca.org.au

Time limits may apply to the time in which you must make a complaint to AFCA, therefore you should act promptly or otherwise consult the AFCA website to find out if, or when the time limit relevant to your circumstances expires.

If your complaint relates to how we handle your personal information you can also contact the Office of the Australian Information Commissioner (OAIC):

GPO Box 5218
Sydney NSW 2001
Telephone: 1300 363 992
Email: enquiries@oaic.gov.au
Web: www.oaic.gov.au

Joint accounts

This paragraph applies if an FEC is in two or more names jointly.

We may allow You to operate the FEC jointly with other persons or entities. If you do, your liability under these terms and conditions is both joint and several. This means that each of you is liable both on your own and together for the whole of any debit balance on the FEC. You should carefully consider any arrangement which involves you becoming a joint FEC holder.

It is up to you and the other joint FEC holder(s) to specify how many of you must sign in order to operate a joint FEC. FEC operating instructions are part of your contract with us and may only be altered by written notification to us, signed by each party to the joint FEC. However, any joint account holder can cancel operating instructions by contacting us which will require that all further instructions be given jointly by all joint account holder(s).

Talk to us today

| | |
|---------------------|--|
| In person | At your nearest Bendigo Bank branch |
| On the phone | Call FX Dealing Room 1800 061 783 |
| Online | At bendigobank.com.au |
| By mail | The Bendigo Centre PO Box 480 Bendigo VIC 3552 |

Bendigo and Adelaide Bank Limited, The Bendigo Centre, Bendigo VIC, 3550 ABN 11 068 049 178 AFSL No. 237879.

(V014) 09/11/2023 BEN50PD003

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