Bendigo Foreign Exchange Swap Contracts.

Product Disclosure Statement.

28 February 2025

Bendigo Bank

About this document

This Product Disclosure Statement (**PDS**) is an important document. It provides you with information about certain types of Foreign Exchange Swap Contracts (FESC) 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 FESCs.

You should also keep this PDS for your future reference. If you have any questions, please contact us.

'We', 'our' or 'us' means Bendigo and Adelaide Bank Limited ABN 11 068 049 178, AFSL/Australian Credit Licence 237879.

'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 assign of you or that person.

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

The issuer of the products described in this PDS is Bendigo and Adelaide Bank Limited,
ABN 11 068 049 178, AFSL/Australian Credit Licence 237879.

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. You are able to obtain updated versions of this PDS by contacting us on 1800 061 783 or by accessing the Bendigo Bank website at www.bendigobank.com.au

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

Contact details

You can contact us at:

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

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Foreign Exchange Swap Contract product features

What is a Foreign Exchange Swap Contract?

A FESC is where you agree to sell a fixed amount of one currency in exchange for another at an agreed exchange rate on a chosen date, and you simultaneously agree to re-exchange those currency pairs with us on a future date at an exchange rate agreed with us on the transaction date.

A FESC has two legs, with a fixed amount of one currency bought in one leg on the first leg date and sold in the other leg on the end leg date. It is a contract into which two foreign exchange contracts are packaged.

For example, a customer sells Australian Dollars (AUD) buying USD1 million with us at a foreign exchange rate of 0.8765 on 26 September 2023, and simultaneously agrees to sell the USD 1 million to us and buy AUD at the foreign exchange rate of 0.8760 on 3 October 2023.

The 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. An FESC will involve two applicable foreign exchange rates, the initial rate (applicable for the exchange on the first leg date) and the end leg rate (applicable for the exchange on the end leg date).The exchange rates are typically different, although it is also possible to have identical rates on both legs.

The difference between the first leg exchange rate and the end leg exchange rate reflects the interest rate differential for the period between the first and second FESC value dates as determined by us for the relevant currency pair.

The interest rate differential replicates any cost or benefit derived by investing in one currency and borrowing in the other.

The first leg date can be:

a. a "value today" date, that is, the same date as the trade date;
b. a "value tomorrow" date, that is the date which occurs on the business day after the trade date; or
c. a "spot date", that is, a date which is two business days after the trade date; or
d. a "forward" date, that is, a date which occurs later than two business days after the trade date.

The end leg date is always a date later than the first leg date.

The swap always involves two currencies (the currency pair), a first leg date, an end leg date and two exchange rates. The currencies forming the currency pair must be a deliverable currency pair and acceptable to us. The currencies which are acceptable to us 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
Swiss Franc	CHF
South African Rand	ZAR
Swedish Kroner	SEK
Norwegian Kroner	NOK
Danish Kroner	DKK

How can you use a Foreign Exchange Swap Contract

Foreign Exchange Swap Contracts can be used as either;

- An instrument to fund one currency with another to better optimise cashflow management: or,
- An instrument to alter the value date of an existing Foreign Exchange Contract.

Example 1 Using a Foreign Exchange Swap as a funding instrument

An FESC is a tool that can be used to fund one foreign currency with another. A customer with a future receipt in one currency and an immediate payment need in that same currency, can "Buy and Sell" the currency against another for a period of time. By completing a FESC the customer is financing the immediate currency need in another without introducing exchange rate risk.

Making the example more specific, if a customer has a USD1 million receipt being paid to them in 1 month time and the customer needs to pay the same amount to a supplier today they can effectively borrow the USD and pay in AUD via an FESC. This is an alternative to buying the USD1 million outright today, and then selling the USD 1 million receipt as a separate transaction in 1 month at a different exchange rate. Doing two separate transactions would expose the customer to exchange rate risk. The FESC also removes the need to have a US dollar loan facility.

Example 2. Using a Foreign Exchange Swap Contract to alter the value date of another foreign exchange contract hedge.

A customer with an existing Foreign Exchange Contract can use a FESC to extend, or shorten, the duration of the Foreign Exchange Contract. The front leg of the FESC will offset with the cashflows of the current Foreign Exchange contract, and the end leg of the FESC becomes a new Foreign Exchange Contract with a future Value Date.

To illustrate this example, we can assume a customer has an existing Foreign Exchange Contract maturing to purchase USD 1 million in two business days, but the shipment of goods has been delayed for seven business days. The customer enters a FESC to "Sell and Buy USD" versus the AUD. The front leg of the FESC will have a Value Date two business days in the future, and the end leg will mature seven business days later. The first leg of the FESC is offset against the current Foreign Exchange Contract. The AUD difference is paid, or received, by the customer in two business days depending upon the difference in the two Exchange Rates. The end leg of the FESC will become the Foreign Exchange Contract the customer can use to purchase their goods on the far leg Value Date.

Determining the pricing for a Foreign Exchange Contract

The foreign exchange rates quoted by us for a first leg date and the end leg date, are not based on a prediction of where the exchange rate will be on the end leg value date. The exchange rates are a composite of the "spot rate" (as explained below) plus a "forward margin".

The forward margin represents the interest rate differential determined by us for the currency pair.

The spot rate is the foreign exchange rate applicable for a date two business days after the trade date (the spot date).

The price of the FESC determined by us will be a final all in price reflecting:

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

When negotiating an FESC, it is important to identify:

a. the name of the entity in which the contract is to be written (e.g. the company name, which has an FX limit established with us);
b. the currency pair involved;
c. the first leg date and the end leg value dates; and
d. which currency amount is to remain constant in the FESC, and whether you are 'buying and selling' that currency.

Terms and conditions

An FESC is a legally binding bilateral obligation between you and us. The Terms and Conditions which are applicable are set out in the Letter of Offer sent to you by us 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

Once agreed upon (on the trade date), the FESC defines an obligation of each party to deliver a fixed amount of currency for another at the fixed rate on first leg date and to re-exchange such currency for the other at the fixed rate on the end leg date. How much is deliverable or payable is determined by the commercial terms of the FESC negotiated on the trade date.

How much you pay on the first leg date or the end leg date may be netted off against amounts payable to you by us under the FESC or another transaction between you and us such that the obligation may ultimately become an AUD difference payable by one of us to the other. The ability to net transactions may be governed by a Master Agreement and Schedule 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 for either leg of an FESC. What this means is that, having booked an FESC for a specific first leg date and end leg date, you may wish to effect the exchange of the relevant currencies prior to these dates. In this instance, part of (or the whole of) the delivery obligations under the FESC for one or both legs 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 first leg date or end leg date as the case may be. 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 trade date and the first leg date or the end leg date as the case may be, and any funding implications for us (for example, reasonable additional costs) arising from the early delivery of the relevant leg of the FESC.

Dealing with Bendigo and Adelaide Bank Ltd

We offer FESCs to customers who have a formal "FX credit limit" in place with us facilitating these transactions, or in some circumstances on a cash secured basis.

You can inform us that you wish to enter into a FESC transaction by contacting our Financial Markets division by telephone using the contact details provided at the front of this PDS.

We will send you by email a confirmation setting out 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 or unless the error is a matter that only we would be aware of or able to confirm is correct.

Significant benefits and risks

Benefits

FESCs 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 FESC may also be used as an alternative to depositing or borrowing in foreign currency.

An FESC guards against unexpected movements in exchange rates and provides a degree of certainty in your accounting and budget forecasts.

The decision to utilise an FESC 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 personal advice on the possible future direction of exchange rates., but rather general comments regarding markets and economic conditions and indicators.

Risks

Foreign exchange markets are inherently risky and unpredictable. Before you enter into FESCs, 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 FESC, including the amount payable by you to us.

Significant risks associated with an FESC include:

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

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 FESC and the underlying exposure;

Interest Rate Risk an FESC incorporates an interest rate differential between two currencies for the period between the trade date and the first leg date and the end leg date. If a pre-delivery is required, fluctuations in interest rates between the trade date and the end leg date may adversely impact on the hedge.

It should be noted that either leg of an FESC 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 first leg date and the end leg date at the fixed rate agreed to on the trade date.

Opportunity Cost may exist if the exchange rate in the Spot FX market at the maturity of the FESC leg is more advantageous than the contracted exchange rate.

There is no cooling off period applicable to FESCs.

Fees and Commissions

There are no fees or commissions payable with entering into or booking an FESC the price we show to you will be an all in price inclusive of relevant costs and margins, including a profit margin.

However:

- There may be a discretionary fee applicable to establish a FX limit. This fee will be disclosed at the inception of the credit limit if applicable; and
- There may also be fees associated with telegraphic transfers used to settle transactions on the delivery dates (whether the first leg date, the end leg date or pre-delivery date).

You can obtain information about relevant Fees and Charges in our Schedule of Fees, Charges and Transaction Account Rebates, Terms & Conditions document which is available at any of our branches, on our website www.bendigobank.com.au, or by contacting the Foreign Exchange Dealers.

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. We 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

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

Anti-Money Laundering and Counter-Terrorism Financing (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 refuse to provide services to you;
- report any, or any proposed, transaction or activity to anybody authorised to accept such reports relating to AML or any other law.

Banking Code of Practice

Where you are an individual or small business, the Banking Code of Practice (where relevant) applies to this product.

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

Information in current standard fees, charges and any applicable interest rates is available on request.

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/public/contact-us

(d) secure email – by logging into e-banking

(e) contacting us through a Bendigo Bank social media channel

(f) Email: feedback@bendigoadelaide.com.au

(g) 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 directly 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

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.

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