

ISSUED BY: ST.GEORGE BANK
A DIVISION OF WESTPAC BANKING CORPORATION
ABN 33 007 457 141 AFSL 233714
EFFECTIVE DATE: 1 MARCH 2010

PLATINUM CURRENCY DEPOSIT

IMPORTANT NOTICE

Transactions involve various risks including movements in currency rates and interest rates. You can make losses and that is a risk you take. If you do not understand the risks or are not willing to accept the risks or make losses, you should not enter into these transactions with us.

The information set out in this document is general in nature and does not and is not intended to take into account your particular needs, objectives or financial situation. By providing it, St.George does not intend to provide financial advice or any financial recommendations. You should read this Product Disclosure Document carefully and consider whether this product is appropriate to your particular needs, objectives and financial situations. You may also seek independent expert advice before making a decision about whether or not this product is suitable for you.

PRODUCT DISCLOSURE STATEMENT



This PDS for the Platinum Currency Deposit was prepared on 1st March 2010. However it is intended for use only for the financial products provided after the effective date shown on the cover.

Risk Overview

A Platinum Currency Deposit contract (**PCD**) may be used if you have an underlying requirement to exchange currencies at a future date and would like to receive interest on your deposited funds which would be calculated at a greater interest rate than you would otherwise receive in a transaction account.

However, a PCD is not a “hedge” product meaning you should not purchase a PCD if you want to mitigate risk or ascertain your worst-case outcome.

On the *deposit maturity date*, the deposit may be converted by us automatically to an agreed *alternative currency* at a rate we agree when you make the deposit. This may be less favourable than the exchange rate prevailing in the market at the time the deposit matures. Accordingly, you may suffer a capital loss (meaning that if, at the end of the term, you tried to buy an amount of original currency with the amount of the other currency we pay you, you may not receive the amount of the original deposit you made).

Purpose

What is a PCD used for?

A Platinum Currency Deposit (**PCD**) may be used by you if you have funds available for deposit that need to be converted into another currency at some time in the future, and wish to achieve an enhanced yield on the deposited funds

Suitability

Do you have sufficient knowledge about these products?

A PCD may be suitable if you have a good understanding of foreign exchange markets including forward exchange contracts and foreign exchange options.

If you are not confident about your understanding of these things, we strongly suggest you seek independent advice before making a decision about this product.

Description

What is a PCD?

A PCD is a foreign exchange product that combines deposit account with a sold (by you) option.

How does a PCD work?

Under a PCD, you nominate the two currencies to be exchanged at the time of entering into the product. These currencies are known as the *currency pair*.

A target conversion rate, PCD interest rate, platinum currency amount, alternative currency and transaction period will be set.

Once you have selected those variables, and they are accepted by St.George, the possible outcomes for you at the *expiration time* are as follows:

1. Your deposit will receive interest on the *platinum currency* amount calculated at the *PCD interest rate*, and

2. On the *Conversion Calculation Date*, we will compare the prevailing market rate with the *Target Conversion Rate*. On this date, one of the following scenarios will apply:
 - (a) if the market rate is the same or more favourable than the *target conversion rate*, your deposit will be fully converted for spot settlement two business days later (i.e. *deposit maturity date*) into your *alternative currency*, at which time your *PCD interest amount* also will be paid; or
 - (b) if the market rate is less favourable than the *target conversion rate*, you will receive on the *deposit maturity date*, the original deposit plus the agreed *PCD interest amount*.

Monitoring your obligations

We will monitor the relevant foreign exchange markets to determine your obligations at the expiration time and will advise you as soon as practicable.

Are there any St.George credit requirements prior to dealing?

Before entering into a PCD, St.George will assess your financial position to determine whether or not your situation satisfies our normal credit requirements. We will advise you of the outcome of our review as soon as possible. Our assessment of your financial position is made only to determine your creditworthiness. By doing this, we are not making any assessment of the suitability of this product to your financial situation.

If your application is successful, you may be required to sign St.George standard finance documentation. That documentation will set out the terms of the credit approval and other matters relevant to your application.

Cost of Product

Generally, St.George adjusts the *target conversion rate* and/or the *PCD interest rate* so that you will not be required to pay any *premium*. When setting these levels, St.George takes into account a variety of factors including:

- the *platinum currency amount* and *transaction period* of the PCD;
- inter-bank *market rates* prevailing at the time;
- market volatility; and
- current market interest rates of the countries of the *currency pair*.

If you wish to nominate a different *target conversion rate* and/or the *PCD interest rate*, an up-front non-refundable *premium* may be payable. St.George will determine the amount of the *premium* and you will be advised of the amount prior to entering into the transaction.

When calculating any *premium* payable, we take into account various factors, which may include:

- the *target conversion rate*, *PCD interest rate*, *platinum currency amount* and the *transaction period* selected;
- current market interest rates; and
- market volatility.

Premiums must be paid in cleared funds within two business days of entering into the transaction.

For all the transactions, St.George will derive a financial benefit out of each PCD. When you exchange currencies at either the applicable *target conversion rate* or the prevailing exchange rate, St.George will benefit by incorporating a margin into the *target conversion rate* or prevailing exchange rate.

The margin is the difference between the wholesale exchange rate we are able to obtain and the exchange rate we then offer to you. The margin may be described as an 'indirect cost' to you because you pay for the PCD by accepting the applicable *target conversion rate*, *PCD interest rate* and prevailing exchange rate quoted by St.George.

The exchange rates published in the media generally state those obtainable in the interbank wholesale market.

Advantages/Benefits

- A PCD provides you with interest on your deposited funds which would be calculated at a greater interest rate than you would otherwise receive in a transaction account.
- This product is flexible and can be tailored to meet your particular requirements.
- This product can be cancelled prior to expiration (however, there may be a cost to you in doing so – see Early Termination section for further details).

Disadvantages/Risks

- At the *conversion calculation date*, if the *market rate* is above or below the *target conversion rate*, it may be less favourable to you. For more information, refer to the “*In what circumstances will a PCD disadvantage you?*” in the Example section below.
- There is no cooling off period.
- St.George, as the counterparty to a PCD, must fulfil its contractual obligations to you in the manner set out in the relevant contract. If St.George is unable to fulfil those obligations, you will be exposed to market fluctuations as if you had not entered into a PCD. However, as an Australian Authorised Deposit-Taking Institution, we are subject to prudential regulation, which is intended to reduce the likelihood of St.George not being able to fulfil its contractual obligations.

Settlement

Foreign currency to be delivered to St.George can be provided by either telegraphic transfer or from a foreign currency account/deposit. Australian dollars must be provided in cleared funds. On receipt of the funds, St.George will satisfy its obligations by depositing amounts owing to you into a bank account (in your name) denominated in the relevant currency. Alternative arrangements can be made with St.George’s prior approval.

Early Termination

You can request St.George to cancel a PCD at any time prior to the *expiration time*. At the time you make a request, we will calculate and quote a price where St.George would be willing to terminate the PCD. St.George will take into account its normal considerations, including market conditions at the time when determining the price. The termination price will be a cost or benefit to you. If the termination quotation is acceptable to you, then the cost or benefit will be paid and the PCD will be terminated.

Documentation

You will be required to sign a dealing agreement with St.George. There are two types of agreements that are commonly used to document foreign exchange transactions:

- A facility agreement with St.George which incorporates either St.George’s Standard Terms for Financial Markets Transactions or St.George’s General Standard Terms (of which this product disclosure statement forms part); or

- An International Swaps and Derivatives Association Master Dealing Agreement (ISDA).

We will advise you which of these we will require, based on what is most suitable for you.

Each of the above documents governs the contractual relationship between you and us in relation to the PCD. The terms of that document may also set out the terms and conditions that apply to other transactions that we enter into with you.

In particular, it documents the situations where those transactions can be terminated and the way the amount payable following termination is calculated. A copy of the agreement is available on request and we strongly recommend that you fully consider its terms prior to entering into any transaction. You should obtain independent advice if you do not understand any aspect of the document

Confirmations

Shortly after entering into a PCD, St.George will send you a *confirmation* outlining the commercial terms of the transaction. This *confirmation* will need to be signed by you and returned to St.George.

Warning

It is extremely important that you check the *confirmation* to make sure that it accurately records the terms of the transaction. In the case of a discrepancy, you will need to raise the matter with your St.George contact as a matter of urgency.

Example

The example below is indicative only and uses rates and figures selected by us to demonstrate how the product works. In order to assess the merits of any particular PCD, you would need to use the actual rates and figures quoted to you at the relevant time.

Scenario

Assume you are an Australian based importer with a requirement to pay USD100,000 in one month for goods bought overseas. You have the AUD funds available for deposit which you will use to convert into USD on the required date. Assume the current spot exchange rate is 0.6450, 1 month forward exchange rate is 0.6430 and 1month AUD deposit rate is 4.50%.

You also make the assumption, based on the current spot exchange rate, that you will be required to deposit around AUD 155,000 today for maturity on the required date (i.e. one month). On maturity, you will use the AUD principal and interest for converting into USD at the prevailing market rate.

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

You deposit your AUD funds for one month (i.e. 30 days) at the prevailing market interest rate. On maturity, you will receive:

$$\text{AUD } 155,573.29 \text{ (i.e. AUD } 155,000 + (\text{AUD } 155,000 \times 0.045 \times 30 / 365))$$

If you do nothing, the amount of AUD you will need to pay in 1 month for the USD you are due to receive will depend on the exchange rate quoted for value that day.

If the AUD goes up, the USD will become less valuable and as a consequence, you will need less AUD when it comes time to pay for the USD. Assume in this example that the AUD rises to 0.6700, then you will pay:

$$\text{AUD } 149,253.73 \text{ (i.e. USD } 100,000 / 0.6700)$$

If the AUD goes down, the opposite occurs and you will need more AUD to complete the transaction. Assume the AUD falls to 0.6100, then you will pay:

$$\text{AUD } 163,934.43 \text{ (i.e. USD } 100,000 / 0.6100)$$

How will a PCD change this?

Assume that you do not intend to cover your foreign exchange exposure and are willing to accept the prevailing spot rate to cover your USD obligation.

You enter into a PCD with a *platinum currency amount* of AUD 153,846.15, an *alternative currency amount* of USD 100,000, a *target conversion rate* of 0.6500, a *PCD interest rate* of 9.00% and a *conversion calculation date* in 30 days.

How will the PCD work?

If the *market rate* is at or above the *target conversion rate* of 0.6500 at the *conversion calculation date*, you will receive the *alternative currency amount* plus *PCD interest amount*. Therefore your outcome at *deposit maturity date* will be:

$$\begin{aligned} \text{The amount you will receive} &= \text{alternative currency amount} + \text{PCD interest amount} \\ &= \text{USD } 100,000 + \text{AUD } 1,138.04 \text{ (i.e. AUD } 153,846.15 \times 0.09 \times 30 / 365) \end{aligned}$$

(You may then use the USD 100,000 redemption towards the purchase of the goods and retain the AUD interest for your own use)

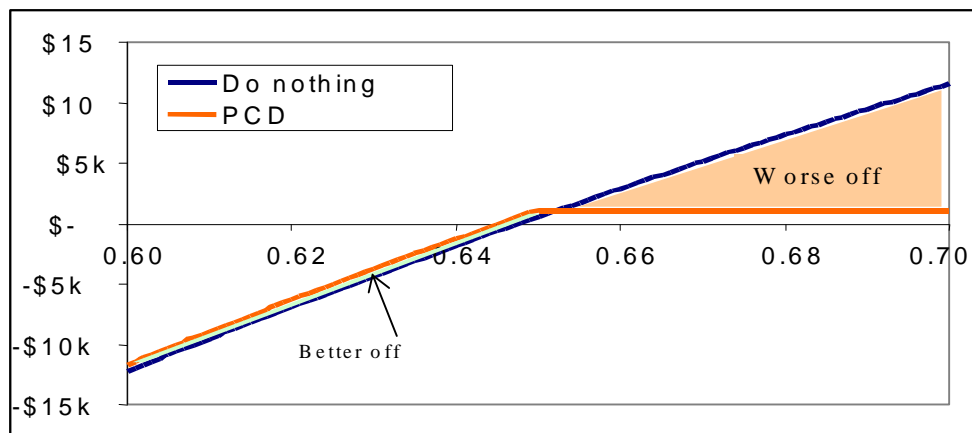
OR

If the *market rate* is below the *target conversion rate* of 0.6500 at the *conversion calculation date*, you will receive the *platinum currency amount* plus *PCD interest amount*. Therefore your outcome at *deposit maturity date* will be:

$$\begin{aligned} \text{The amount you will receive} &= \text{platinum currency amount} + \text{PCD interest amount} \\ &= \text{AUD } 153,846.15 + \text{AUD } 1,138.04 \text{ (i.e. AUD } 153,846.15 \times 0.09 \times 30 / 365) \\ &= \text{AUD } 154,984.19 \end{aligned}$$

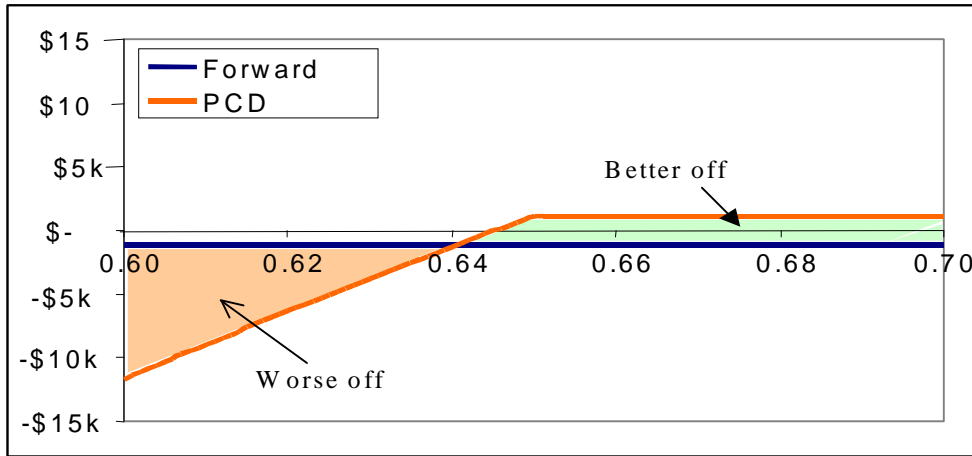
(You may then choose to purchase the require USD 100,000 at the prevailing spot using the redemption from the PCD).

The profits/losses of the PCD compared to doing nothing as a function of the exchange rate are shown in the graph below.



(i.e. the “better off” case in this situation suggests that in general your losses are slightly smaller, whereas the “worse off” case points to a situation where you forgo substantial profits. Thus you cap your profits).

The profits/losses of the PCD compared to using an FX forward as a function of the exchange rate are shown in the graph below.



(i.e. the “better off” case in this situation suggests that you make a small profit, whereas the “worse off” case points to a situation where you have increasing losses. Thus you increase your losses).

In what circumstances will a PCD benefit you?

If you have entered into a PCD you will receive interest on your deposited funds which would be calculated at a greater interest rate than you would otherwise receive in a transaction account. In the example above, the client will receive a 9.00% return on their AUD deposit compared to a market rate of 4.50%. The difference between those rates may be called the 'interest enhancement'. Therefore your interest enhancement at *deposit maturity date* will be:

$$\begin{aligned}
 \text{Interest enhancement} &= \text{platinum currency amount} \times (\text{PCD interest rate} - \text{Market interest rate}) \times \\
 &\quad \text{transaction period} / 365 \\
 &= \text{AUD } 153,846.15 \times (0.09 - 0.045) \times 30 / 365 \\
 &= \text{AUD } 569.02
 \end{aligned}$$

In this case, the interest enhancement is equivalent to receiving an additional 0.0024 points on the *currency pair* conversion rate (i.e. $100,000 / (153,846.15 - 569.02) - 0.6500$)

In what circumstances will a PCD disadvantage you?

Compared to doing nothing, you will be disadvantaged if movements in the *currency pair* result in an opportunity loss which is greater than the amount of additional interest enhancement received. In this case, if on the *deposit maturity date*, the prevailing market AUD/USD exchange rate is higher than 0.6524 (i.e. 0.0024 higher than the *target conversion rate* of 0.6500), you will be disadvantaged by entering into the PCD.

Compared to taking cover through a forward foreign exchange contract, you will be disadvantaged if movements in the *currency pair* result in an opportunity loss which is approximately greater than the amount of additional interest enhancement received. In this case, if the AUD/USD is lower than approximately 0.6406 (i.e. approximately 0.0024 lower than the forward foreign exchange contract of 0.6430), you will be disadvantaged by entering into the PCD.

Code of Banking Practice compliance

If you are an individual or a *small business*, the relevant provisions of the Code of Banking Practice will apply to this product.

This PDS contains the general descriptive information we are required to make available to customers and potential customers under the Code of Banking Practice and it is advisable that you inform us promptly when you are in financial difficulty

Significant taxation implications

Taxation law is complex and its application will depend on each person's individual circumstances. When determining whether or not his product is suitable for you, you should consider the impact it will have on your own taxation position and we encourage you to seek independent tax advice on the tax implications it may have for you.

Factors that may influence our advice

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

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

Your privacy

- (a) When you apply for this product from us, the application form contains a privacy statement which sets out in more detail how we use and when we disclose your personal information in relation to the product.
- (b) We handle your personal information in accordance with the privacy statement in the application form for the product applied for or our privacy brochure, entitled "Protecting Your Privacy". You can obtain a copy of the brochure by asking at any branch or by calling 13 33 30. Our privacy policy is also available by visiting our website at stgeorge.com.au
- (c) We acknowledge that, as well as our duties under legislation, we owe a general duty of confidentiality to you. However, in some cases we may disclose your personal information if:
 - (i) disclosure is compelled or permitted by law; or
 - (ii) there is a duty to the public to disclose; or
 - (iii) our interests require disclosure; or
 - (iv) disclosure is made with your express or implied consent.
- (d) You agree that we may disclose to a *related entity*:
 - (i) information about you that is necessary to enable an assessment to be made of your total liabilities (present and future) to us and that *related entity*; and
 - (ii) any other information concerning you, if the *related entity* provides financial services related or ancillary to those provided by us, unless you tell us not to in writing.
- (e) We, or any *related entity* to whom we disclose information pursuant to paragraph (d), may disclose information about or provided by you to employees or outside contractors for the purpose of our or the *related entity's* businesses. Any outside contractor to whom we or a *related entity* disclose

information will have access to that information only for the purpose of our or the *related entity's* business and will be strictly prohibited from using that information for any other purpose.

- (f) You agree that we may disclose information about you in those cases where the Privacy Act 1988 (Cth) permits disclosure of such information.
- (g) On a written request by you, we will provide you with our record of your address, occupation, marital status, age, sex, products or accounts you hold with us and statements relating to those products and accounts. We may charge you our reasonable costs of supplying this information. Any fee is shown in the "Fees and Charges and how to minimise them" booklet. You may request the correction of any of this information concerning you that we hold. We will deal with your request for access to information or correction of information within a reasonable time.
- (h) You must promptly inform us of any change of your name or address.
- (i) Unless you give us a written instruction not to do so, we may from time to time send you information concerning financial and other services offered by us or *related entities*.
- (j) You may from time to time be contacted by representatives of us or *related entities*. Those representatives may be either employees of, or contractors to us or the *related entity*. Any person who contacts you will have access to information about or provided by you only for the purpose of our or the *related entity's* business and will be strictly prohibited from using that information for any other purpose.

Appropriate use of our services

- (a) You warrant that your use of the services we provide will not breach any law of Australia or any other country.
- (b) Where we consider it necessary for us to meet our regulatory and compliance obligations:
 - (i) you must provide us with any information we reasonably request;
 - (ii) we will disclose information we hold to regulatory and law enforcement agencies, other financial institutions, third parties and members of the St George Group; and
 - (iii) we may delay, block or refuse to provide any of our services.

We will not be liable to you or any other person for any loss or damage of any kind that may be suffered as a result of us exercising our rights under this clause.

Problems, Disputes and Complaints

- (a) If you believe an error has been made, please notify us by contacting your nearest branch. We will, as soon as possible, correct any error that is found to be ours.
- (b) If you have a problem or complaint about a banking service, you should speak to our Customer Service personnel. You can do this by calling the General Customer Enquiries on 13 33 30.
- (c) To assist us in resolving your problem or complaint, you should:
 - (i) report it promptly;
 - (ii) state clearly the nature of the problem or your particular grievance; and
 - (iii) have available all documents and background information.

Disputes

- (d) If the matter is not resolved to your immediate satisfaction, you can follow the complaints procedures set out below. Please also refer to our “Customer Satisfaction” brochure for further information about disputes. It is available at any of our branches.

Complaints

- (e) You can lodge a complaint at any of our branches or telephone or write to the Senior Manager, Customer Relations at our head office in Sydney as follows:

Locked Bag 1

Kogarah NSW 1485

Telephone: (02) 9553 5173 (metropolitan) or
1800 804 728 (if outside metropolitan area)

- (f) If we do not immediately resolve your complaint to your satisfaction, we will advise you in writing of our procedures for investigating and handling complaints. We will notify you of the name and contact number of the person who is investigating your complaint.
- (g) If it is unclear whether you have contributed to any loss that is the subject of any complaint you make to us, we will consider all reasonable evidence, including all reasonable explanations for a transaction occurring.
- (h) Normally, we will complete the investigation of your complaint and inform you of the results of our investigation within 21 days of receiving a complaint. Unless there are exceptional circumstances, we will complete our investigation within 45 days.
- (i) Where an investigation continues beyond 45 days, we will inform you of the reasons for the delay, give you monthly updates on the progress of the investigation and a date when a decision can reasonably be expected. We will not do this if we have requested a response from you and we are waiting for that response.
- (j) The next available step is the Financial Ombudsman Service (FOS). This is a free, external and independent process for resolving disputes between banks and customers, provided the Financial Ombudsman Service has the power to deal with your dispute. In addition, if your complaint relates to the way we handle your personal information, then you have a right to complain to the Ombudsman. The contact details of the Financial Ombudsman Service are as follows:
- GPO Box 3
Melbourne VIC 3001
Telephone: 1300 780 808
Facsimile: (03) 9613 6399
- (k) There are other external avenues for dealing with disputes. Your State or Territory Government has a consumer rights protection agency such as the Department of Consumer Affairs.

Electronic Communications

- (a) You will be requested to agree to us providing you with statements, notices and other information relating to your product either:
- (i) by e-mail; and /or
 - (ii) by making the statement, notice or information available at our website, provided:
 - (i) we alert you by e-mail of the availability of this information; and
 - (ii) we provide you with the ability to readily retrieve and retain the information.
- (b) If you do agree to receive paper copies of the relevant statements, notices and other information relating to your product by e-mail or other electronic form:
- you will not receive a paper copy of the relevant statements, notices and other information relating to your product,
 - you will need to regularly check to see if you have received any e-mails from us;

- you will need to maintain and check your electronic equipment through which you will receive e-mail and your e-mail address regularly to ensure it is always capable of receiving an e-mail; and
 - you will be responsible for printing and saving important information- and we strongly recommend that you do so.
- (c) You may cancel your authorisation to receive statements, notices or other information relating to your product by e-mail at any time by contacting us.
- (d) We will send you all statements and other notices and information to the most recent e-mail address you have supplied to us. You must ensure you notify us of any change in your e-mail as soon as possible. You may do this by contacting us at our Treasury Departments on the telephone number (between 8.00 am and 5.00 pm Monday to Friday), on the fax number or the address listed on the back of this booklet.
- (e) You may request a paper copy of any statement, notice or other information relating to your product provided to you by e-mail or electronic form within 6 months from the date of receipt of a statement or electronic communication. We will not charge you a fee for this.

Glossary

The following definitions apply in this PDS.

alternative currency means the currency specified as such in the *confirmation*.

alternative currency amount means that amount of the *alternative currency* specified as such in the *confirmation*.

confirmation means the record of commercial terms of the relevant contract between you and St.George to be prepared by St.George following entry into of a contract.

conversion calculation date means the date which determines whether or not the PCD is converted to the *alternative currency amount* and specified as such in the *confirmation*.

currency pair means the two currencies specified as such in the *confirmation*.

deposit maturity date means the date at which the deposit matures and settlement occurs. The deposit maturity date is specified as such in the *confirmation*.

foreign currency means the currency of a country other than Australia you and we agree.

market rate means the rate (as determined by us in good faith) at which the *currency pair* may be exchanged in the direct foreign exchange interbank market for spot settlement.

PCD interest amount means the amount specified as such in the *confirmation*.

PCD interest rate means the rate specified as such in the *confirmation*.

premium means the cost of an option (expressed in the relevant currency) payable by the option buyer to the option seller and specified as such in the *confirmation*.

related entity means a company owned by us.

small business means a business employing:

- (a) less than 100 full-time (or equivalent) people, if the business is or includes the manufacture of goods; or
- (b) in any other case, less than 20 full-time (or equivalent) people,

but does not include a business that obtains this product for use in connection with a business that does not meet the elements in (a) or (b) above.

Sydney:

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Melbourne:

Level 8,
530 Collins Street
Melbourne VIC 3000
Telephone: (03) 9640 8666
Facsimile: (03) 9640 8633

Perth:

Level 11,
152-158 St. Georges Tce
Perth WA 6000
Telephone: (08) 9265 7553
Facsimile: (08) 9265 7556

Brisbane:

Level 4,
345 Queen Street,
Brisbane QLD 4000
Telephone: (07) 3232 8841
Facsimile: (07) 3232 8838

Adelaide:

Level 3,
97 King William St,
Adelaide SA 5000
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