Foreign Currency Options.

Product Disclosure Statement.

28 February 2025

Bendigo Bank

About this document

Issuer

The issuer of the products described in this Product Disclosure Statement (**PDS**) is Bendigo and Adelaide Bank Limited, ABN 11 068 049 178, Australian Financial Services Licence No. 237879.

Parties

'We', 'our' or 'us' means Bendigo and Adelaide Bank Limited.

'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 references to 'you' and 'your' include the successors, administrators or assigns of you or that person.

Purpose of this PDS

This PDS is an important document. It provides you with information about certain types of foreign currency options (each an Option), including information about the risks, benefits and costs associated with Options, to assist you in deciding whether to enter into an Option. You should read this document carefully before you decide whether or not to enter into an Option.

You should keep this PDS for your future reference (together with all other documentation relating to any Option that you enter into). If you have any questions, please contact us.

General information only

This PDS contains general information only and does not constitute a recommendation or opinion that an Option is appropriate for you. It does not take into account your personal investment objectives, financial situation or particular needs. Nothing in this PDS constitutes the giving of any general or personal financial product advice or a recommendation concerning the entry into any Option.

Options are complex financial products. They may not be suitable for you if you are unfamiliar with foreign exchange markets or the way that option products work. Before making a decision to enter into any Option, we strongly recommend that you obtain your own independent legal, tax and investment advice, which takes into account your particular needs and financial circumstances.

Australian distribution only

This PDS only applies where it is received (electronically or otherwise) by a person in Australia. It does not constitute an offer or invitation in any other place.

Currency of information

Information in this PDS may be subject to change from time to time and is up to date as at the date stated on the PDS front page. Before entering any Option contemplated by this PDS you should ensure that you have the most current PDS available. You will be able to obtain a copy of the current PDS at any time by contacting us on 1800 061 783 or by accessing our website at www.bendigobank.com.au

Where new information is materially adverse information, we will issue a new PDS and give notice setting out the updated information.

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
  www.bendigobank.com.au
  Email bendigofx@bendigoadelaide.com.au
  Fax 03 5485 7661

Alternatively you can contact us via:

- Telephone 1300 236 344
  From overseas +61 3 5445 0666
- The Bendigo Bank website at
  www.bendigobank.com.au

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

Certain terms used in this PDS are defined in the Glossary which starts on page 11. The first letter of words which are defined in the Glossary are capitalised.

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Product Overview

What is an Option?

An Option is an agreement between you and us where, in exchange for the upfront payment of a Premium, the buyer of the Option has the right (but not the obligation) to exchange one specified currency for another specified currency at an agreed rate (the Strike Rate) on an agreed future date (the Delivery Date).

This product is designed primarily to assist business customers such as importers and exporters to mitigate the risk to their business of adverse exchange rate movements.

Options we offer

This PDS relates to the following types of Options which we may offer to you:

- Vanilla Options:
  - Put Options;
  - Call Options; and
- Collars.

Vanilla Options

We offer two types of 'Vanilla' Options – Put Options and Call Options.

More information about Put Options and Call Options, including examples of how they work, is available on page 6.

Option type	Description	Customer circumstance
AUD Put Option	You (as the buyer of the Option) have the right but not the obligation to sell AUD and receive another nominated currency at the Strike Rate on the Delivery Date.	An importer wants to receive a foreign currency in exchange for AUD and obtain protection against unfavourable downward Exchange Rate movements during the period of the contract.
AUD Call Option	You (as the buyer of the Option) have the right but not the obligation to buy AUD and sell another nominated currency at the Strike Rate on the Delivery Date.	An exporter wants to receive AUD in exchange for a nominated foreign currency and obtain protection against unfavourable upward Exchange Rate movements during the period of the contract.

Collars

A Collar involves you buying an Option from us (e.g., a Put Option) and simultaneously selling an Option to us (e.g., a Call Option) and allows you:

- to protect yourself against the risk of the Spot Exchange Rate on the Expiry Date being below (or above) a specified Worst Case Strike Rate; and
- to benefit from the Spot Exchange Rate on the Expiry Date being more favourable than the specified Worst Case Strike Rate up to (or down to) a specified Best Case Strike Rate.

More information about Collars, including an example of how they work, is available on page 7.

Benefits, disadvantages and risks of Options

Significant benefits

The significant benefits of entering into an Option include the following:

- The ability to take advantage of favourable currency movements.
- Protection against adverse Exchange Rate movements with a known worst case Exchange Rate.
- The cost of the Premium is known prior to entering into the Option.

- Put and Call Option products do not require a credit limit (Collar options will require an approved credit limit).
- Flexibility – you can structure an Option to suit your needs by selecting the Strike Rate, Expiry Date and contract amount.
- An Option can be allowed to lapse with no further obligations for the Option holder or Option seller.

Disadvantages

The disadvantages of entering into an Option include the following:

- Options require an up-front payment of the Premium, which is not refundable.
- If an Option lapses and is not exercised, it is of no further worth to the Option holder, resulting in a cost to the Option holder of the Premium.
- The Expiry Date of an Option cannot be extended.
- The return from an Option does not always outweigh the Premium paid.
- If an Option is terminated prior to its Expiry Date, the value you receive may be less than the Premium you paid.
- In the case of a Collar, the relevant Spot Exchange Rate on the Expiry Date may be more favourable than the Best Case Strike Rate at which you will settle.

Significant risks associated with Options

There are a number of risks associated with entering into an Option with us. The list below is not an exhaustive list. You should obtain independent legal, tax and investment advice before entering into an Option with us.

- You will receive no financial benefit if, on the Expiry Date, the Spot Exchange Rate is more favourable to you than the Strike Rate and you let the Option expire.
- You are reliant on us meeting our obligations in respect of an Option. We are an Authorised Deposit-taking Institution, regulated by the Australian Prudential and Regulatory Authority. Information about our financial position and corporate organisation can be found by referring to the 'About us' section of our Website: https://www.bendigobank.com.au
- Legal, tax or regulatory changes could occur during the term of an Option. Such changes may affect the value of the Option.
- There is no cooling off period for Options.

If you request an Option to be terminated, we are not obliged to terminate the Option prior to its Expiry Date.

Entering into an Option with us

Information we need

In order to enter into a Collar Option with us, you will need to have in place with us an approved credit limit. Alternatively, we may provide you with the ability to enter into Collar Options on a cash secured basis (that is, on the basis that you transfer cash to us as security for your obligation to make payments to us in respect of Options you enter into with us).

When entering into an Option, you will need to let us know your preference for:

- the Currency Pair (i.e., the currency you want to buy and the currency you want to sell);
- the contract amount;
- the currency of the contract amount;
- the type of Option (Put Option, Call Option or Collar);
    - in the case of a Put Option or a Call Option, the Strike Rate;
    - in the case of a Collar, the Worst Case Strike Rate and the Best Case Strike Rate;
- the Expiry Date, the Expiry Time and the delivery date; and
- the currency in which you want to pay the Premium.

If we agree to enter into an Option with you on the basis of your preferences, we will provide you with a quote for the Premium payable by you for the Option. If you accept our quote, you enter into an Option with us. Please refer to page 5 of this PDS for more information about how we calculate the Premium.

Minimum amount of currency you can buy or sell

An Option may only be entered into in relation to an initial notional amount of at least AUD50,000 or its equivalent in another currency.

Dealing with Bendigo and Adelaide Bank – buying an Option

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

Required documents

An Option is a legally binding bilateral agreement between you and us.

The terms and conditions applicable to each Option will be set out in standard documentation used in foreign exchange markets called an ISDA Master Agreement. In order to take advantage of Options we offer, you must first sign an ISDA Master Agreement (including the applicable schedule to the ISDA Master Agreement).

The schedule to the ISDA Master Agreement will supplement and amend the standard form ISDA Master Agreement on terms agreed between you and us.

Signing the ISDA Master Agreement and accompanying schedule does not constitute an Option. The ISDA Master Agreement and Schedule set out the terms and conditions that will govern any Option that you enter into with us, and will include, among other things, the circumstances in which you or we will be entitled to terminate an Option, the mechanics associated with any such termination and the basis for calculating any amounts payable upon any such termination.

The commercial terms of the Option will be detailed in a separate document called a Confirmation Notice. We will provide you with a Confirmation Notice in respect of each Option which you enter into with us.

The ISDA Master Agreement and schedule, and any other document you enter with us in relation to an Option (including a Confirmation Notice), are together known as the Dealing Agreement.

The Dealing Agreement is important. The documents comprising the Dealing Agreement set out the dealing relationship between you and us together with the terms and conditions of any Option which you may enter with us. We strongly recommend that you read the ISDA Master Agreement and schedule, together with any other relevant documentation, carefully before entering into any Option with us. We also strongly recommend that you consult with your independent legal, tax and investment advisor regarding the consequences of entering into an Option with us.

Regardless of the channel through which you request an Option, if we agree to enter into an Option with you, you will receive a Confirmation Notice for the transaction which you should check carefully. If you disagree with anything in a Confirmation Notice you must let us know **within one business day** in order to ensure the commercial terms of the transaction are accurately recorded.

A Confirmation Notice for each Option must be signed by a person authorised to enter into the Option (either a nominated individual or an authorised representative of the relevant entity entering into the Option). Once signed, the Confirmation Notice must be emailed to us within one Business Day of the Option being booked. Confirmation Notices must be sent back to: ConfirmationsMailbox@bendigoadelaide.com.au.

However, even if you do not sign and return a Confirmation Notice to us, the relevant Option will still be valid and binding on you and us. This is because the Confirmation Notice is a record of the agreement we will have reached with you in relation to the Option when you accept the quote we provide to you in respect of the Option.

Settlement and termination

How Options are settled

We offer European-style Options only, which are Options that can be exercised on the Expiry Date for the Option, and on no other date.

Vanilla Options (a Put Option or a Call Option)

If you have a Put Option or a Call Option, you must notify us by calling our Financial Markets division on the contact details provided at the front of this PDS prior to the Expiry Time on the Expiry Date that you wish to exercise your Option. If you do not do so, the Option will expire and will not be able to be exercised. It is your responsibility to inform us by the Expiry Time on the Expiry Date that you wish to exercise the Option.

Collars

If you have a Collar, any of the following settlement scenarios may occur:

- If, at the Expiry Time on the Expiry Date, the Spot Exchange Rate is more favourable to you than the Best Case Strike Rate, we will exercise the Collar at the Best Case Strike Rate.
- If, at the Expiry Time on the Expiry Date, the Spot Exchange Rate is between the Best Case Strike Rate and the Worst Case Strike Rate then you may choose not to exercise the Collar and you may exchange the relevant currencies at the Spot Exchange Rate.
- If, at the Expiry Time on the Expiry Date, the Spot Exchange Rate is less favourable than the Worst Case Strike Rate, you must notify us prior to that time that you wish to exercise the Collar at the Worst Case Strike Rate. If you do not do so, the Collar will expire and will not be able to be exercised. It is your responsibility to notify us by the Expiry Time on the Expiry Date that you wish to exercise the Collar at the Worst Case Strike Rate.

Delivery Date

If you exercise an Option by the Expiry Time on the Expiry Date, the Option will be settled on the Delivery Date, which is usually two Business Days after the Expiry Date for the Option. This means that, if you exercise your Option, on the Delivery Date you will deliver one currency to us and we will deliver another currency to you at the agreed Strike Rate.

You must ensure that you have sufficient cleared funds in your nominated account to settle the Option on the Delivery Date in this way or be in a position to make the payment as otherwise agreed prior to the Delivery Date by you and us.

Option term fixed

The agreed Expiry Date cannot be varied once the Option is transacted.

Early termination

You may find that you have no further use for an existing Option. An Option may be terminated at any time before the Expiry Time on the Expiry Date for the Option, either:

- by agreement between you and us; or
- in accordance with the terms and conditions set out in the ISDA Master Agreement and schedule.

If an Option is terminated by agreement between you and us, we will agree with you the amount payable on termination. An explanation of the potential costs involved with terminating an Option by mutual agreement prior to its Expiry Date is set out on page 5 under the heading "Early termination costs".

If an Option is terminated in accordance with the ISDA Master Agreement and schedule, the amount payable on termination will be determined in accordance with the terms of the ISDA Master Agreement. The ISDA Master Agreement and schedule will include a list of termination events and events of default which, if they occur, may provide us or you (or both us and you) with a right to terminate an Option. Where an Option is terminated in accordance with the ISDA Master Agreement and schedule, the method of termination, timing and calculation of any amounts payable by you or us on termination will be determined in accordance with the terms of the ISDA Master Agreement and schedule.

We strongly recommend that you read the ISDA Master Agreement and schedule, together with any other relevant documentation, carefully before entering into any Option with us. We also strongly recommend that you consult with your independent legal, tax and investment advisor regarding the consequences of entering into an Option with us.

Costs of an Option

Premiums – buying a Vanilla Option

The Premium is a once-off amount you pay to us when entering into an Option, which will vary depending on a number of factors including:

- the Currency Pair;
- where the Strike Rate is set in comparison to the current Spot Exchange Rate;
- the current Forward Exchange Rate for the relevant currencies;
- the contract amount;
- the Expiry Date;
- the volatility of the currencies involved;
- the prevailing interest rates; and
- the margin we charge (the margin being the difference between the price we would pay in the wholesale market for an Option with the same characteristics as your Option, and the Premium we will charge you for the Option).

We will advise you of the Premium to be paid by you for your Option before you enter into the Option and we will confirm the Premium payable by you in the Confirmation Notice for the Option.

The Premium may be paid in AUD or in one of the currencies included in the Currency Pair. The currency in which the Premium is payable will be agreed between you and us prior to you entering into the Option and will be specified in the Confirmation Notice for the Option.

The Premium must be paid within two Business Days after the Trade Date (being the date on which you enter into the Option). If the Premium is not paid on or before that date, the Option will automatically terminate, and you will be liable for any reasonable costs arising as a result of the termination of the Option.

Premiums – Collars

Collars can be structured with a zero Premium but can also be tailored to your needs depending on the Premium which you are prepared to pay. The factors listed above which relate to how we determine the Premium for a Vanilla Option will also be relevant in respect of a Collar. Before we enter into a Collar with you, we will discuss with you how the Collar can be structured to provide either zero Premium or a higher or lower Premium.

Settlement costs

You may be required to pay additional costs on settlement of an Option depending on the manner in which settlement payments are effected. Such costs may include the cost of any telegraphic transfers, 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.

Early termination costs

This section relates to the amounts that may be payable by you and us when you and we terminate an Option by agreement (i.e. a termination other than as a consequence of a termination event or event of default under the ISDA Master Agreement and schedule).

(1) Vanilla Options

Termination of a Vanilla Option by agreement involves us notionally buying back the Vanilla Option from you. We will notionally buy back the Vanilla Option at a price we determine using the same methodology we use for determining the Premium.

Upon request, we will give you a quote for the cost of terminating the Vanilla Option. Depending on the market conditions at the time, the amount we will pay you to terminate a Vanilla Option prior to its Expiry Date may be more or less than the Premium originally paid by you for the Vanilla Option. If we quote you an amount payable by us on termination of the Vanilla Option which is less than the Premium you paid for the Vanilla Option and you accept that quote, you will not be able to recover the difference between the amount we quote and the Premium you paid.

(2) Collars

You may need to pay us an additional amount in order to terminate a Collar by agreement.

Termination of a Collar by agreement involves us notionally buying-back the Option we sold to you as part of the Collar and you notionally buying-back the Option you sold to us as part of the Collar. We will determine the net price payable in respect of the terminated Collar. The net price will be the difference, if any, between the price we pay to buy-back the Option from you and the price you must pay to buy-back the Option from us. The net price is determined by us using the same methodology we use for determining the Premium.

Upon request, before you decide to terminate a Collar, we will give you a quote for the cost of terminating the Collar. Depending on the market conditions at the time, you may need to pay an amount to us in order to terminate the Collar.

If the early termination of a Collar by agreement results in you having to pay an amount to us, you must ensure that you have sufficient cleared funds in your nominated account to meet the payment immediately.

No additional fees or commissions

Except as mentioned in this PDS, there are no other fees or commissions payable in respect of an Option. The margin we charge on each Option is built into the Premium quoted to you before you decide to enter into the Option. There may be other costs associated with an Option, such as settlement or termination costs as noted above.

Examples of Options

These examples are for illustrative purposes only. The Exchange Rates and Premiums used in these examples do not reflect current market rates. Upon request, we can provide the actual rates and the Premium that will apply in respect of the Option you wish to enter into.

AUD Put Option example (importer)

An importer is required to pay a supplier USD50,000 in six months time and will need to exchange AUD into USD to make that payment. The current AUD/USD Spot Exchange Rate is 0.8500. The importer wishes to protect itself against the risk the AUD/USD Spot Exchange Rate may be lower than 0.8500 on the date it needs to make the USD payment, but also wants to benefit from a higher AUD/USD Spot Exchange Rate if it is available at the time of payment.

The importer purchases a six month AUD Put Option at a Strike Rate of AUD/USD 0.8500. This provides the importer with protection against an adverse currency exchange movement below the Strike rate but allows the importer to enjoy any higher Exchange Rate on the Expiry Date.

The importer must pay a Premium in respect of the AUD Put Option, which we will assume for the purposes of this example is AUD1,000.

At the Expiry Time there are two potential outcomes, as illustrated below:

1) **Spot Exchange Rate is below AUD/USD 0.8500 at the Expiry** Time (advantageous for the importer to exercise the Option).

If the AUD/USD Spot Exchange Rate at the Expiry Time is 0.8000, the importer will exercise its AUD Put Option by giving us notice prior to the Expiry Time on the Expiry Date.

On the Delivery Date:

- we will pay USD50,000 to the importer (or, at the direction of the importer, directly to its supplier); and
- the importer will pay us AUD58,823.53 (being the AUD equivalent of USD50,000 at the Strike Rate of AUD/USD 0.8500).

In these circumstances, the cost to the importer of obtaining USD50,000 was AUD59,823.53 (being AUD58,823.53 plus the Premium of AUD1,000). This is an effective Exchange Rate of AUD/USD 0.8358, which is higher than the Spot Exchange Rate on the Expiry Date of AUD/USD 0.8000.

2) **Spot Exchange Rate is above AUD/USD 0.8500 at the Expiry Time** (not advantageous for importer to exercise Option)

If the AUD/USD Spot Exchange Rate at the Expiry Time is 0.9000, the importer will not exercise its AUD Put Option on the Expiry Date, and the AUD Put Option will lapse at the Expiry Time.

As the importer has the right, but not the obligation, to exercise the AUD Put Option and purchase USD at the Strike Rate, it will instead exchange AUD for USD at the prevailing Spot AUD/USD Exchange Rate of 0.9000 and make its payment.

In these circumstances, the importer will exchange USD50,000 at the Spot Exchange Rate of AUD/USD 0.9000 by paying AUD55,555.56. After taking into account the AUD1,000 Premium paid for the AUD Put Option, this is an effective Exchange Rate of AUD/USD 0.8841.

Different economic outcomes will be achieved if payment is delayed.

This AUD Put Option example is set out graphically below.

Summary of possible outcomes at Expiry Time:

AUD/USD Spot Exchange Rate:	Importer will convert at:
Above 0.8500 Strike Rate	current AUD/USD Spot Exchange Rate
Below 0.8500 Strike Rate	0.8500

AUD Call Option example (exporter)

An exporter knows it will receive USD50,000 in six months time and will need to exchange the USD payment into AUD on the date it receives that payment. The current AUD/USD Spot Exchange Rate is 0.8500. The exporter wishes to protect itself against the risk that the AUD/USD Spot Exchange Rate may be higher than 0.8500 on the date it receives the USD payment, but also wants to benefit from any lower AUD/USD Spot Exchange Rate at the time it receives payment.

The exporter purchases a six month AUD Call Option at a Strike Rate of AUD/USD 0.8500. This provides the exporter with protection against an adverse currency exchange movement but allows the exporter to benefit should a lower Exchange Rate exist at the Expiry Time.

The exporter must pay a Premium in respect of the AUD Call Option, which we will assume for the purposes of this example is AUD1,000.

At the Expiry Time there are two potential outcomes, as illustrated below:

1) **Spot Exchange Rate is above AUD/USD 0.8500** at the Expiry Time (advantageous for exporter to exercise Option)

If the AUD/USD Spot Exchange Rate at the Expiry Time is 0.9000, the exporter will exercise the AUD Call Option by giving us notice prior to the Expiry Time on the Expiry Date.

On the Delivery Date:

- the exporter will pay us USD50,000; and
- we will pay the exporter AUD58,823.53 (being the AUD equivalent of USD50,000 at the Strike Rate of AUD/USD 0.8500).

In these circumstances, the net amount received by the exporter in exchange for its USD50,000 was AUD57,823.53 (being AUD58,823.53 less the Premium of AUD1,000). This is an effective Exchange Rate of AUD/USD 0.8647, which is lower than the Spot Exchange Rate at the Expiry Time of AUD/USD 0.9000.

2) **Spot Exchange Rate is below AUD/USD 0.8500** at the Expiry Time (not advantageous for exporter to exercise Option)

If the AUD/USD Spot Exchange Rate at the Expiry Time is 0.8000, the exporter will not exercise its AUD Call Option on the Expiry Date, and the Option will lapse at the Expiry Time.

As the exporter has the right, but not the obligation, to exercise the AUD Call Option and sell USD at the Strike Rate, it will instead exchange USD for AUD at the Spot Exchange Rate of 0.8000.In these circumstances, the exporter will exchange USD50,000 at the Spot Exchange Rate of AUD/USD 0.8000 and will receive a net amount of AUD61,500 (being AUD62,500 less the Premium of AUD1,000). This is an effective Exchange Rate of AUD/USD 0.8130.

Different economic outcomes will be achieved if payment is delayed.

This AUD Call Option example is set out graphically below.

Summary of possible outcomes at Expiry Time:

AUD/USD Spot Exchange Rate:	Exporter will convert at:
Above 0.8500 Strike Rate	0.8500
Below 0.8500 Strike Rate	current AUD/USD Spot Exchange Rate

Collar Option example

(a) **Importer enters into a Collar**

An importer is required to pay USD50,000 in 6 months time, and will need to exchange AUD into USD to make that payment. The current AUD/USD Spot Exchange Rate is 0.8500 and the AUD/USD Forward Exchange Rate is AUD/USD 0.8450. The importer wishes to put in place a Collar Option in order to:

- protect itself against the risk the AUD/USD Spot Exchange Rate on the payment date is lower than 0.8250 (the Worst Case Strike Rate); and
- benefit if the AUD/USD Spot Exchange Rate is above the Worst Case Strike Rate at the Expiry Time up to a rate of AUD/USD 0.8650 (the Best Case Strike Rate).

For the purposes of this example, we assume that no Premium is payable by the importer for the Collar Option (ie, it is a zero Premium Collar Option). In some circumstances a Premium may be payable, the amount of which will depend on the factors listed under the heading 'Costs of an Option'.

At the Expiry Time for the Collar Option, there are three potential outcomes, as illustrated below:

1) **Spot Exchange Rate is below the Worst Case Strike Rate at the Expiry** Time (advantageous for importer to exercise Collar Option)

If the AUD/USD Spot Exchange Rate at the Expiry Time is 0.8000 (i.e., below the Worst Case Strike Rate), the importer will exercise the Collar Option at the Worst Case Strike Rate by giving us notice prior to the Expiry Time on the Expiry Date.

On the Delivery Date:

- we will pay USD50,000 to the importer; and
- the importer will pay us AUD60,606,06 (being the AUD equivalent of USD50,000 at the Worst Case Strike Rate of AUD/USD 0.8250).

This is an effective Exchange Rate of AUD/USD 0.8250, which is higher than the AUD/USD Spot Exchange Rate at the Expiry Time of AUD/USD 0.8000.

2) **Spot Exchange rate is between the Worst Case Strike Rate and the Best Case Strike Rate at the Expiry** Time (neutral for importer to exercise the Collar Option)

If the AUD/USD Spot Exchange Rate at the Expiry Time is 0.8500 (i.e., between the Worst Case Strike Rate and the Best Case Strike Rate), the importer will exchange AUD for USD at the prevailing AUD/USD Spot Exchange Rate at the Expiry Time and both underlying Options will lapse at the Expiry Time.

On the Delivery Date:

- we will pay USD50,000 to the importer; and
- the importer will pay us AUD58,823.53 (being the AUD equivalent of USD50,000 at the prevailing AUD/USD Spot Exchange Rate of 0.8500).

This is an effective Exchange Rate of AUD/USD 0.8500, which is equal to the AUD/USD Spot Exchange Rate at the Expiry Time.

Different economic outcomes will be achieved if payment is delayed.

3) **Spot Exchange Rate is higher than the Best Case Strike Rate at the Expiry** Time (advantageous for us to exercise Collar Option)

If the AUD/USD Spot Exchange Rate at the Expiry Time is 0.8700 (i.e., above the Best Case Strike Rate), we will exercise the Collar Option at the Best Case Strike Rate.

On the Delivery Date:

- we will pay USD50,000 to the importer; and
- the importer will pay us AUD57,803.47 (being the AUD equivalent of USD50,000 at the AUD/USD Strike Rate of 0.8650).

This is an effective Exchange Rate of AUD/USD 0.8650, which is lower than the AUD/USD Spot Exchange Rate at the Expiry Time of AUD/USD 0.8700.

The importer's Collar Option example is set out graphically below.

Summary of possible outcomes at Expiry Time:

AUD/USD Spot Exchange Rate:	Importer will convert at:
Below 0.8250	0.8250
Above 0.8250 and below 0.8650	current AUD/USD Spot Exchange Rate
Above 0.8650	0.8650

(b) **Exporter enters into a Collar Option**

An exporter knows that it will receive USD50,000 in six months time and wishes to exchange the USD payment into AUD on the date it receives the payment. The current AUD/USD Spot Exchange Rate is 0.8500 and the Forward Rate of Exchange is AUD/USD 0.8450. The exporter wishes to put in place a Collar Option in order to:

- protect itself against the risk that the AUD/USD Spot Exchange Rate on the date on which it will receive the USD payment is higher than AUD/USD 0.8650 (the Worst Case Strike Rate); and
- benefit from any fall in the AUD/USD Spot Exchange Rate on the Expiry Date below the Worst Case Strike Rate down to a rate of AUD/USD 0.8250 (the Best Case Strike Rate).

For the purposes of this example, we assume that no Premium is payable by the Exporter for the Collar Option (i.e., it is a zero Premium collar Option). In some circumstances a Premium may be payable, the amount of which will depend on the factors listed under the heading 'Costs of an Option'.

At the Expiry Time for the Collar Option, there are three potential outcomes, as illustrated below:

1) **Spot Exchange Rate is higher than the Worst Case Strike Rate at the Expiry** Time (advantageous for exporter to exercise Collar Option)

If the AUD/USD Spot Exchange Rate at the Expiry Time is 0.9000 (i.e., above the Worst Case Strike Rate), the exporter will exercise the Collar Option at the Worst Case Strike Rate by giving us notice prior to the Expiry Time on the Expiry Date

On the Delivery Date:

- the exporter will pay us USD50,000; and
- we will pay AUD57,803.49 to the exporter (being the AUD equivalent of USD50,000 at the Strike Rate of AUD/USD 0.8650).

This is an effective Exchange Rate of AUD/USD 0.8650, which is lower than the Spot Exchange Rate at the Expiry Time of AUD/USD 0.9000.

2) **Spot Exchange Rate is between the Worst Case Strike Rate and the Best Case Strike Rate at the Expiry** Time (neutral for exporter to exercise the Collar Option).

If the AUD/USD Spot Exchange Rate at the Expiry Time is 0.8500 (i.e., between the Worst Case Strike Rate and the Best Case Strike Rate), the exporter has the right to exchange USD for AUD at the prevailing Spot Exchange Rate at the Expiry Time and both underlying Options will lapse at Expiry Time.

On the Delivery Date:

- the exporter will pay us USD50,000; and
- we will pay AUD58,823.53 to the exporter (being the AUD equivalent of USD50,000 at the Prevailing Spot Exchange Rate of AUD/USD 0.8500).

This is an effective Exchange Rate of AUD/USD 0.8500, which is equal to the AUD/USD Spot Exchange Rate at the Expiry Time.

Different economic outcomes will be achieved if payment is delayed.

3) **Spot Exchange Rate is lower than the Best Case Strike Rate at the Expiry** Time (advantageous for us to exercise Option)

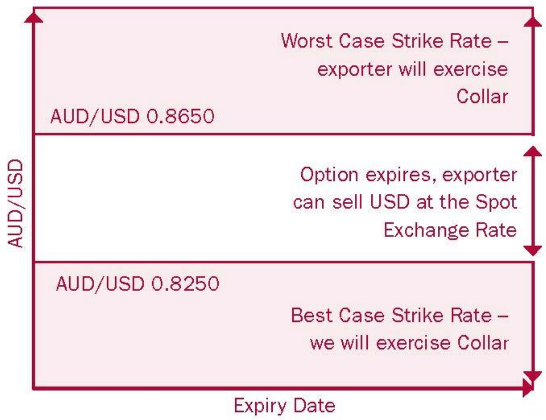
If the AUD/USD Spot Exchange Rate at the Expiry Time is 0.8000 (i.e., below the Best Case Strike Rate), we will exercise the Collar Option at the Best Case Strike Rate.

On the Delivery Date:

- the exporter will pay us USD50,000; and
- we will pay AUD60,606.06 to the exporter (being the AUD equivalent of USD50,000 at the Strike Rate of AUD/USD 0.8250).

This is an effective Exchange Rate of AUD/USD 0.8250, which is higher than the AUD/USD Spot Exchange Rate at the Expiry Time of AUD/USD 0.8000.

The exporter's Collar Option example is set out graphically below.



Summary of possible outcomes at Expiry Time:

AUD/USD Spot Exchange Rate:	Exporter will convert at:
Below 0.8250	0.8250
Above 0.8250 and below 0.8650	current AUD/USD Spot Exchange Rate
Above 0.8650	0.8650

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.

Collection, use and disclosure of information

- We need to collect and use your personal information in order to provide you with financial 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 behalf of Bendigo and Adelaide Bank Group such as mailing houses and information technology service providers. Confidentiality agreements with those entities ensure that any information we provide is only used to carry out functions on the Bendigo and Adelaide Bank Group's behalf.
- This information may also be shared with the Bendigo and Adelaide Bank Group and our joint venture partners so that you can be told about other financial products and services offered or distributed by us.
- If you do not provide us with information which we require, we may not be able to provide you with financial products or services.

Access and correction

In most cases, you will be able to gain access to personal information about you held by the Bendigo and Adelaide Bank Group. We will take reasonable steps to amend or correct your personal information to keep it accurate and up-to-date. Our Customer Feedback Team will co-ordinate requests relating to access and correction of your personal information. You can contact our Customer Feedback Team on 1300 361 911.

Opting out of product promotions

You can opt at any time not to receive any marketing material from us about other financial products and services. If you do opt out, we will continue to make contact with you to provide information in relation to your existing accounts only (including information about new features or products related to these accounts).

Privacy concerns or complaints

If you have concerns or wish to make a complaint regarding the treatment of your personal information by Bendigo and Adelaide Bank Group please contact our Customer Feedback Team for assistance on 1300 361 911.

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

Further information

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 www.bendigobank.com.au

Tax

Tax laws, and their application to financial products such as Options, are complex and change over time. Additionally, the impact of particular tax laws may depend on your specific circumstances.

You should consult your independent professional adviser regarding the tax consequences of acquiring, holding or terminating an Option in light of your particular circumstances.

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

Under anti-money laundering and counter-terrorism financing legislation we must be sure of your identity and hold certain information about you. So that we can comply with the law, you agree that 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 if we suspect that any transaction may breach any law in Australia or another country; and
- report any, or any proposed, transaction or activity to any body authorised to accept such reports relating to anti-money laundering and counter-terrorism financing 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 on current standard fees, charges and any 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 branch staff directly;

(b) telephoning 1300 236 344;

(c) www.bendigobank.com.au/contact-us;

(d) Secure email – by logging into e-banking;

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

(f) Contacting us through a Bendigo Bank social media channel

(g) Post: Reply Paid 480, Bendigo 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.

Glossary

AUD means Australian Dollars.

Best Case Strike Rate means, in relation to a Collar Option, the most favourable Exchange Rate which the holder of the Collar Option can achieve if the Collar Option is exercised.

Bendigo and Adelaide Bank Group means us, Community Bank, our subsidiaries, related parties and our joint venture parties.

Business Day means a day when we are open for business in Sydney or Melbourne, excluding a weekend or public holiday.

Call Option means the right, without an obligation, to buy a specified currency in exchange for another currency at an agreed Strike Rate on the agreed Expiry Date.

Confirmation Notice means written advice from us that confirms the terms of your Option transaction with us. It contains details such as the transaction date, expiry date, delivery date, names, address, currency pair, specified face value of contracted currency, and the Strike rate(s) applicable to the transaction.

Currency Pair means the two currencies to which an Option relates (for example, USD and AUD).

Dealing Agreement has the meaning given to that term under the heading 'Required Documents'.

Delivery Date is the date on which the exchange of currencies under an Option takes place if the Option is exercised.

Exchange Rate means the value of one currency in terms of another currency.

Expiry Date means the date on which the right to exercise an Option expires.

Expiry Time means the time on the Expiry Date by which you must notify us if you wish to exercise an Option.

Forward Exchange Rate means the Exchange Rate at the time and date an Option is entered into which is applicable to the Delivery Date of the Option.

ISDA Master Agreement is the International Swaps and Derivatives Association Master Agreement and Schedule which will be used to document the terms and conditions applicable to each Option.

Premium has the meaning given to that term under the heading 'Costs of an Option'.

Product Disclosure Statement or PDS means this document, which is a Product Disclosure Statement for the purposes of the Corporations Act 2001 (Cth).

Put Option means the right, without an obligation, to sell a specified currency in exchange for another currency at the agreed Strike Rate on the agreed Expiry Date.

Spot Exchange Rate means at any time, the Exchange Rate determined and quoted by us for settlement in two Business Days from the date of quotation.

Strike Rate is the Exchange Rate at which we and you have agreed to exchange the Currency Pair if an Option is exercised.

Trade Date is the date you enter into an Option with us.

USD means United States Dollars.

Worst Case Strike Rate means, in relation to a Collar Option, the most unfavourable Exchange Rate which the holder of the Collar Option must accept if the Collar Option is exercised.

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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