

Product Information Summary for Interest Rate Risk Management Products

04 March 2026

About this document

Purpose of this PIS

This Product Information Summary (**PIS**) is an important document. It provides you with information about the Interest Rate Risk Management (**IRRM**) products we offer, including an explanation of the associated risks, benefits and costs of those products. You should read this document carefully before you make a decision to enter into an IRRM product.

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

This PIS is dated 04 March 2026 and replaces and supersedes any previous PIS.

Products covered by this PIS

This PIS applies to the following products:

- Interest Rate Swaps;
- Interest Rate Caps;
- Interest Rate Collars;
- Interest Rate Floors; and
- Swaptions.

Who is the issuer of the products?

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

General information only

This PIS contains general information only and does not constitute a recommendation or opinion that an IRRM product is appropriate for you.

It does not take into account your personal objectives, financial situation or particular needs. Nothing in this PIS constitutes the giving of any personal financial product advice or a recommendation or opinion concerning the entry into any IRRM product.

IRRM products are complex financial products. They may not suit your needs if you are unfamiliar with financial markets or the way that these products work. Before making a decision to enter into an IRRM product, we strongly recommend that you obtain your own independent legal, tax and investment advice.

Examples provided in this PIS are for illustrative purposes only. They are not reflective of any quote, price, outcome, forecast or prediction.

Before entering into an IRRM product, you can ask us to provide you with any rates, fees and charges or premiums that will apply.

Australian distribution only

This PIS 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 PIS is up to date as at the date stated on the front page of this PIS. Information in this PIS may be subject to change from time to time. Before entering into an IRRM product, you should ensure that you have the most current version, which you can obtain by contacting us via the details below.

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

You can obtain a paper copy of this PIS or any updated information (as applicable) on request.

Contacting us

You can contact us:

- **in person** – speak to one of our staff at your nearest branch
- **on the phone** – 03 5485 7800
- **online** – at bendigobank.com.au
- **by email** – irrm@bendigoadelaide.com.au

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Part A – General information

Important! An IRRM product is a complex financial product. You should obtain independent legal, tax and investment advice prior to making a decision to enter into one.

What is an IRRM product?

Borrowing costs are a major expense for many businesses. Volatile markets can cause borrowing costs to swing wildly from year to year and impact a company's cashflow and profitability. IRRM products can be used to assist businesses in managing this exposure to uncertain interest rate movements.

Most loans in Australia are made on a variable (also called 'floating') interest rate basis meaning the interest rate will fluctuate during the life of the loan. Typically, these loan rates are made up of various components, including a base-rate, a liquidity margin and a credit margin. The most common base-rate used in Australian loan markets are 'BBSW' and 'BBSY Bid' which are benchmarks published daily by the Australian Stock Exchange (**ASX**).

An IRRM product is designed to be used to protect against adverse changes in the base-rate.

An IRRM product can also be used to assist businesses with floating rate assets.

Important! An IRRM product does not offer any protection against adverse changes to liquidity margins or credit margins that may occur during the life of a loan.

Types of IRRM products we offer

We offer the following types of IRRM products:

Product	Description:
Interest Rate Swap	An Interest Rate Swap involves the exchange of floating interest rate payments for fixed interest rate payments over a specified period for an agreed amount. See Part B for more information.

Product	Description:
Interest Rate Cap	An Interest Rate Cap involves a maximum interest rate being set for floating interest rate payments over a specified period for an agreed amount. The buyer of the cap benefits from lower floating interest rates when they occur. See Part C for more information.
Interest Rate Collar	An Interest Rate Collar involves a maximum and minimum interest rate being set for floating interest rate payments over a specified period for an agreed amount. This is done by nominating a maximum interest rate (known as the Cap Rate) and a minimum interest rate (known as the Floor Rate). See Part D for more information.
Interest Rate Floor	An Interest Rate Floor involves a minimum interest rate being set for floating interest rate payments over a specified period for an agreed amount. See Part E for more information.
Swaption	Under an Interest Rate Swaption one party has a right (but not an obligation) to enter into an interest rate swap with another party at future date. See Part F for more information.

You can also contact your Financial Markets Dealer for additional general information about these products.

Does a minimum notional amount apply?

Yes – a minimum notional amount of AUD500,000 applies. This amount can have an amortising or accreting structure.

Does an IRRM product have a term?

Yes – typically, a maturity date will apply for each IRRM product.

Where an IRRM product is used in connection with a lending facility you have with us, it is typical for that IRRM product to have a maturity date that does not extend beyond the term of the underlying lending facility. Your Bendigo Financial Markets Dealer can give you more information.

Rollover period

Any rollover period is agreed at the time of negotiating the IRRM product. The period can be for any available BBSY Bid or BBSW term.

Typically, the intervals match the interest rate reset dates on your underlying floating rate loan facility. In some cases, a stub period may apply. A stub period is an interest period that is shorter or longer than the standard rollover interval and can occur at any point over the life of the IRRM product.

If you or we are required to make a payment under an IRRM product, this will typically occur on the last day of the rollover period.

Entering into an IRRM product with us

You can inform us that you want to enter into an IRRM product by contacting our Financial Markets Division by telephone.

When you ask us to enter into an IRRM product, we will provide you with a quote for the transaction.

If you accept our quote, you enter into the IRRM product with us. We will also send you a confirmation. You should check the confirmation carefully as it is taken to be the terms of the transaction. If you disagree with anything in the confirmation, you should immediately notify us of the error so that we can ensure the commercial terms of the transaction are accurately recorded.

Important! You may need to hold a Legal Entity Identifier (LEI) before we can enter into an IRRM Product with you. If that is the case, you must provide us with your LEI and you must renew its registration (if required by law or by us). This is a legal requirement necessary to comply with the *Australian Securities & Investments Commission (ASIC) Derivative Transaction Rules (Reporting) 2024*.

An LEI is a 20-digit alphanumerical code, used globally across markets and jurisdictions to uniquely identify a legally distinct entity that engages in a financial transaction.

If you do not have a Legal Entity Identifier, you can obtain one from an approved issuer. A list of approved issuers is available from the Global LEI Foundation at <https://www.gleif.org/en/about-lei/get-an-lei-find-lei-issuing-organizations> for more information. You can also contact your Bendigo Financial Markets Dealer for further information.

What documentation is required?

Master dealing agreement

If you want to enter into an IRRM product with us, you will usually need to sign a master dealing agreement. This will either be:

- our Master Dealing General Terms (a copy of which is available on our website); or
- an industry standard master dealing agreement (such as the International Swaps and Derivatives Association Master Agreement and Schedule).

We will let you know which master dealing agreement you need to sign.

The master dealing agreement governs the dealing relationship between you and us and sets out the terms and conditions that will apply to all transactions that we enter into with you that are covered by the agreement. In particular, the master dealing agreement documents the situations where those transactions can be terminated and the way the amount to be paid following termination is calculated.

You will be provided with a copy of the relevant master dealing agreement. It is important that you carefully read these documents before entering into any IRRM

product. You should obtain independent advice if you do not understand any aspect of the master dealing agreement.

Important! You may be requested to complete additional documentation before you enter into an IRRM product, depending on the outcome of our assessment of you. We will let you know if any further documentation is required at that time

Confirmations

The commercial terms of a particular IRRM product will be agreed at the time of dealing. This may occur verbally over the phone, in writing or by any other means (including electronic means). Once we reach an agreement, both you and we are bound by the terms of the IRRM product.

Shortly after entering into an IRRM product, we will send you a confirmation outlining the commercial terms of the transaction. You will need to sign this confirmation and return it to us as soon as possible. This confirmation evidences the transaction you entered into with us.

The confirmation will include details such as:

- notional amount;
- fixed interest rate, cap rate, floor rate, strike rate (as applicable to the transaction);
- floating interest rate (for example, BBSW or BBSY Bid);
- rollover period (for example, monthly, quarterly, semi-annual) and payment date;
- effective start date;
- maturity date; and
- any premium (if applicable) and the payment date.

It is extremely important that you check the confirmation to make sure that it accurately records the terms of the transaction. If there is a discrepancy between your understanding and the confirmation, you will need to raise it with us immediately.

What fees and charges apply?

There are generally no upfront fees payable in connection with an IRRM product. However, the pricing of the transaction reflects market interest rates and may include a credit, capital, funding margin and other factors applicable to your facility and may include a premium.

If an IRRM product is cancelled or terminated before its maturity date, an early termination fee may apply. Otherwise, no other fees or charges apply.

Can you end an IRRM product early?

You can ask your Bendigo Financial Markets Dealer to terminate an IRRM product prior to its maturity date. We may, in our sole discretion, agree to such a request with or without conditions.

You or we may need to pay an early termination amount in connection with the early cancellation or termination of an IRRM product. This amount represents the change in the market value of the transaction (which may be a cost or a benefit to you). The cost or benefit of early termination (to you or to us) can be significant. Our calculation of any cost or benefit will depend on the type of transaction you have entered into, the specific terms of your transaction and prevailing interest rate market conditions. We will act in good faith and using commercially reasonable procedures when working out any early termination amount.

You can get an estimate of the financial implications of early termination at any time by contacting your Bendigo Financial Markets Dealer.

Examples of how IRRM products work

A number of examples of how the different IRRM products work is set out in this PIS. These examples are used for illustrative purposes only and do not reflect current prices or outcomes.

Part B – Specific information about Interest Rate Swaps

What is an Interest Rate Swap?

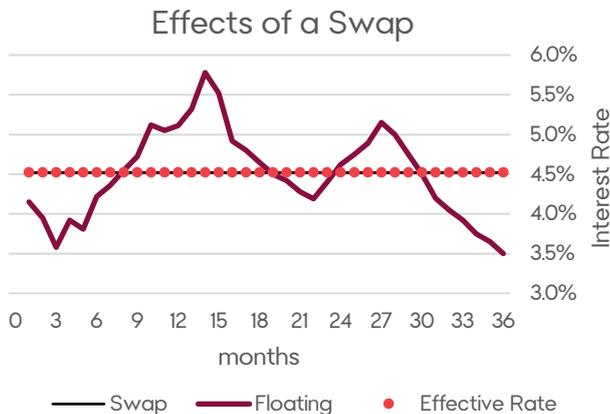
An Interest Rate Swap is a hedge transaction between two parties to exchange floating interest rate payments for fixed interest rate payments over a specified period for an agreed amount. An interest rate swap can be used to assist in the management of interest rates and cash flows.

For example, if you have a loan facility based on a floating interest rate (such as BBSW or BBSY Bid), then an Interest Rate Swap transaction effectively allows you to lock in a fixed interest rate on an agreed notional amount of debt for an agreed term.

Under an Interest Rate Swap, one party (known as the payer) will pay a fixed interest rate on a notional amount and receive a floating rate on that notional amount from the other party (known as the receiver).

If the fixed rate payment is greater than the floating rate payment, then the payer will make a net payment to the receiver. If the converse applies, then the receiver will make a net payment to the payer.

An illustration of how an Interest Rate Swap works is set out below:



Premium

Typically, no premium is payable in connection with an Interest Rate Swap.

Settlement

On each rollover payment date, depending on whether the floating interest rate (for example, BBSY Bid) is **above or below** the fixed rate, the receiver or payer

under the Interest Rate Swap will make a payment to the other based on the following formula:

$$A \times B \times C$$

Where

- **A** is the notional amount;
- **B** is the difference between the floating interest rate and the fixed interest rate expressed as a positive number; and
- **C** is the number of days in the rollover period, divided by the day count fraction (for example, 365).

If the floating interest rate is above the fixed interest rate, the receiver will pay the payer the relevant amount. If the floating interest rate is below the fixed interest rate, the payer will pay the receiver the relevant amount.

How do you transact?

If you want to enter into an Interest Rate Swap, we need to agree to the following key terms with you:

- notional amount (including any variation);
- fixed interest rate;
- floating interest rate (for example, BBSW or BBSY Bid);
- rollover period (for example, monthly, quarterly, semi-annual) and payment date;
- effective start date;
- maturity date; and
- who is the payer and receiver under the transaction.

Negative interest rate risk

If the floating interest rate falls below zero (i.e. when interest rates turn negative) a pricing mismatch may occur between the Interest Rate Swap and the underlying liability (for example, the loan) which may result in unexpected financial outcomes.

For example, loan agreements are typically floored at 0.00% whereas derivative transactions are not floored at 0.00%. This may result in the payer paying the fixed leg and receiving a negative interest rate on the

floating leg. Receiving a negative interest rate on the floating leg is equivalent to paying on the floating leg.

Examples of Interest Rate Swap

Some examples of how an Interest Rate Swap operates are set out below.

Important! By participating in a hedge transaction, you acknowledge and accept the risks associated with potential negative interest rates. You should consider conducting appropriate risk management practices to mitigate these risks. If required, your Bendigo Financial Markets Dealer can provide more information about managing this risk.

Example of an Interest Rate Swap

A borrower with a floating rate loan of AUD5,000,000, priced at base-rate of 'BBSY Bid' plus a lending margin of 2.00%, enters into an Interest Rate Swap transaction at 4.00% for 3 years, with monthly rollovers.

This transaction effectively converts the base-rate of the loan from 'BBSY Bid' to 4.00% thereby making the total loan cost 6.00% (base-rate of 4.00% plus lending margin of 2.00%).

The Swap has effectively removed all uncertainty about future base-rate movements ('BBSY Bid') for the next 3 years. It is important to note however that the Swap does not offer any protection against adverse changes to a lending margin that may occur during the life of the loan.

The table below shows how on any one reset date, the Interest Rate Swap settlement process provided an offset against the interest due on the floating rate loan to effectively create a fixed rate loan position.

Example 1

Effective borrowing rate if 'BBSY Bid' is 3.87% p.a. and there are 31 days until the next reset date.

BBSY Bid rate set	Swap fixed rate	Swap net settlement	Interest on loan	Net borrowing cost	Effective interest rate
3.87% p.a.	4.00% p.a.	Borrower pays \$5,000,000 x 0.13% p.a. $\times \frac{31}{365}$ = \$552.05	\$5,000,000 x (3.87% + 2.00%) p.a. $\times \frac{31}{365}$ = \$24,927.40	Interest on loan + Swap net settlement is \$24,927.40 + \$552.05 = \$25,479.45	$\frac{\$25,479.45 \times 365}{\$5,000,000}$ / 31 = 6.00% p.a.

Example 2

Effective borrowing rate if 'BBSY Bid' is 4.53% p.a. and there are 31 days until the next reset date.

BBSY Bid rate set	Swap fixed rate	Swap net settlement	Interest on loan	Net borrowing cost	Effective interest rate
4.53% p.a.	4.00% p.a.	Borrower receives \$5,000,000 x 0.53% p.a. $\times \frac{31}{365}$ = \$2,250.68	\$5,000,000 x (4.53% + 2.00%) p.a. $\times \frac{31}{365}$ = \$27,730.14	Interest on loan – swap net settlement is \$27,730.14 (\$2,250.68) = \$25,479.45	$\frac{\$25,479.45 \times 365}{\$5,000,000}$ / 31 = 6.00% p.a.

Part C – Specific information about Interest Rate Caps

What is an Interest Rate Cap?

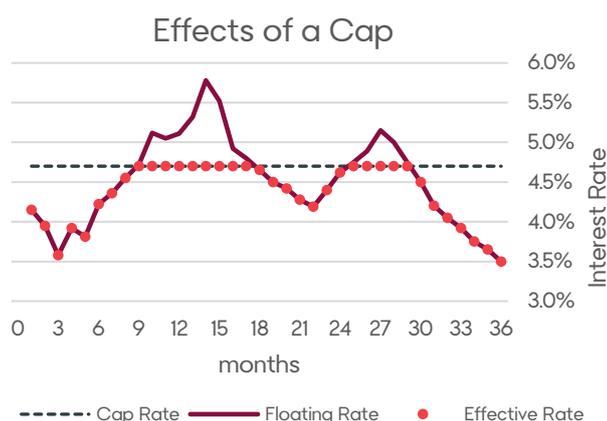
An Interest Rate Cap is a hedge transaction between two parties which sets the maximum interest rate (known as the Cap Rate) that one party (known as the buyer) will pay on their floating interest rate payments over a specified period for an agreed amount.

An Interest Rate Cap ensures that the buyer of the cap will not pay more than a pre-determined level of interest on their floating interest rate payments. If the floating interest rate rises above the Cap Rate, the other party (known as the seller) will reimburse the buyer the extra interest incurred above the level of the Cap Rate.

For example, if you have a loan facility based on a floating interest rate (such as BBSW or BBSY Bid), then an Interest Rate Cap effectively allows you to lock in a maximum interest rate on an agreed notional amount of debt for an agreed term.

The benefit of an Interest Rate Cap is that it sets a known maximum interest rate but allows the buyer to keep the advantages of their floating interest rate while benefiting from a maximum interest rate.

An illustration of how an Interest Rate Cap works is set out below:



Premium

A premium may be payable in connection with an Interest Rate Cap which, if payable, must be paid on a nominated date set out in the confirmation for the transaction.

The premium payable is dependent upon, amongst other things, the notional amount of the contract, the

cap rate, the rollover period and maturity date. Your Bendigo Financial Markets Dealer can assist with indicative pricing.

Settlement

On each rollover payment date, if the floating interest rate is **above** the Cap Rate then we will make a payment to you based on the following formula:

$$A \times B \times C$$

Where

- **A** is the notional amount;
- **B** is the current floating interest rate less the cap rate expressed as a positive number; and
- **C** is the number of days in the rollover period, divided by the day count fraction (for example, 365).

If the floating interest rate is equal to or less than the Cap Rate, then no payment is required.

How do you transact?

If you want to enter into an Interest Rate Cap, we need to agree to the following key terms with you:

- notional amount (including any variation);
- cap rate;
- floating interest rate (for example, BBSW or BBSY Bid);
- rollover period (for example, monthly, quarterly, semi-annual) and the payment date;
- effective start date;
- maturity date;
- who is the buyer and seller under the transaction; and
- premium (if any).

Examples of Interest Rate Caps

Some examples of how this product operates are set out below:

Example of an Interest Rate Cap

A borrower with a floating rate loan of AUD5,000,000, priced at base-rate of 'BBSY Bid' plus a lending margin of 2.00%, enters into an Interest Rate Cap at 4.00% for 3 years, with monthly rollovers. The initial cost of the Interest Rate Cap is \$43,800, equivalent to 0.29% p.a.

This transaction effectively limits the base-rate of the loan from increasing above 4.00% during the life of the deal, thereby limiting the total loan cost to 6.00% (base-rate of 4.00% plus lending margin of 2.00%). It is important to note however that the Interest Rate Cap does not provide any protection against adverse changes to a lending margin that may occur during the life of the loan, it only effects the base-rate.

The table below demonstrates how the Interest Rate Cap settlement process works and how it provides an offset to interest costs when base-rates rise above the cap rate but allows the borrower to benefit when rates are under the cap rate.

Example 1

Effective borrowing rate (before premium) if BBSY Bid is 3.87% p.a. and there are 31 days until the next reset date.

BBSY Bid rate set	Cap rate	Cap net settlement	Interest on loan	Net borrowing cost	Effective interest rate (before premium)
3.87% p.a.	4.00% p.a.	Nil – no cap payment is made because BBSY is below 4.00%	$\$5,000,000 \times (3.87\% + 2.00\%) \text{ p.a.}$ $\times \frac{31}{365}$ $= \$24,927.40$	\$24,927.40	$\frac{\$24,927.40 \times 365}{\$5,000,000}$ $/ 31$ $= 5.87\% \text{ p.a.}$

Example 2

Effective borrowing rate (before premium) if BBSY Bid is 4.53% p.a. and there are 31 days until the next reset date.

BBSY Bid rate set	Cap rate	Cap net settlement	Interest on loan	Net borrowing cost	Effective interest rate (before premium)
4.53% p.a.	4.00% p.a.	Borrower receives \$5,000,000 $\times 0.53\% \text{ p.a.}$ $\times \frac{31}{365}$ $= \$2,250.68$	$\$5,000,000 \times (4.53\% + 2.00\%) \text{ p.a.}$ $\times \frac{31}{365}$ $= \$27,730.14$	Interest on loan – Cap settlement is $\$27,730.14 -$ $\$2,250.68$ $= \$25,479.45$	$\frac{\$25,479.45 \times 365}{\$5,000,000}$ $/ 31$ $= 6.00\% \text{ p.a.}$

Important! These examples exclude the upfront premium paid for the Interest Rate Cap, which is payable at inception and not refundable, regardless of whether the cap is exercised.

Part D – Specific information about Interest Rate Collars

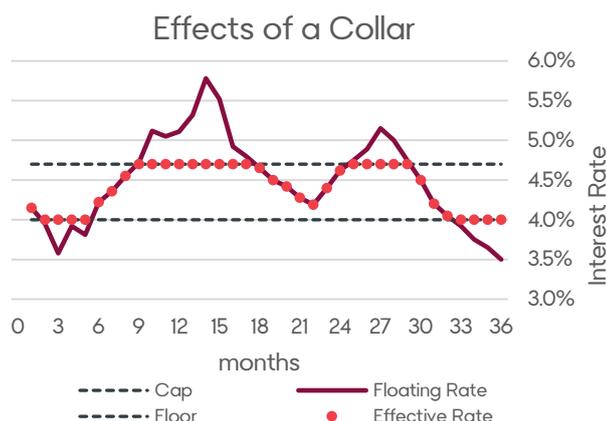
What is an Interest Rate Collar?

An Interest Rate Collar is a hedge transaction between two parties which is a combination of an Interest Rate Cap and an Interest Rate Floor. It allows you to establish a known range for floating interest rate payments over a specified period for an agreed amount. It does this by setting the Cap Rate and Floor Rate.

An Interest Rate Collar ensures that you will not pay more than a pre-determined level of interest on your floating interest rate payments. If the floating interest rate rises above the Cap Rate, we will be required to reimburse you the extra interest incurred above the level of the Cap Rate. However, if the floating interest rate falls below the Floor Rate, you will be required to reimburse us the extra interest below the Floor Rate.

For example, if you have a loan facility based on a floating interest rate (such as BBSW or BBSY Bid), then the benefit of an Interest Rate Collar is that it sets a known worst case rate but allows you to benefit from lower rates down to the Floor Rate should they eventuate.

An illustration of how an Interest Rate Collar works is set out below:



Premium

A premium may be payable in connection with an Interest Rate Collar which, if payable, must be paid on a nominated date set out in the confirmation for the transaction.

The premium payable is dependent upon, amongst other things, the notional amount of the contract, the cap rate, the rollover period and maturity date. Your Bendigo Financial Markets Dealer can assist with indicative pricing.

Settlement

On each rollover payment date:

- if the floating interest rate is above the Cap Rate, then we will make a payment to you; or
- if the floating interest rate is below the Floor Rate, then you will make a payment to us,

based on the following formula:

$$A \times B \times C$$

Where

- **A** is the notional amount;
- **B** is the current floating interest rate less the cap rate or floor rate (as applicable) expressed as a positive number; and
- **C** is the number of days in the rollover period, divided by the day count fraction (for example, 365).

If the floating interest rate is above the Cap Rate, we will pay you the relevant amount. If the floating interest rate is below the Floor Rate, you will pay us the relevant amount.

If the floating interest rate is equal the Cap Rate or the Floor Rate, or between the Cap Rate and the Floor Rate, then no payment is required.

How do you transact?

If you want to enter into an Interest Rate Collar, we need to agree to the following key terms with you:

- notional amount (including any variation)
- cap rate and floor rate;
- floating interest rate (for example, BBSW or BBSY Bid);
- rollover period (for example, monthly, quarterly, semi-annual);
- effective start date;

- maturity date; and
- premium (if any).

Examples of Interest Rate Collars

Some examples of how this product operates are set out below:

Example of an Interest Rate Collar

A borrower with a floating rate loan of AUD5,000,000, priced at a base-rate of 'BBSY Bid' plus a lending margin of 2.00%, transacts an Interest Rate Collar with a range of 4.70% (cap) to 4.00% (floor) for a term of 3 years. The initial cost of the Interest Rate Collar is \$15,500, equivalent to 0.10% over the life of the deal.

This transaction effectively limits the base-rate of the loan from increasing above 4.70% or falling below 4.00% during the life of the deal. The total loan cost is therefore limited to 6.70% (worst case rate of 4.70% plus lending margins of 2.00%) and can potentially fall as low as 6.00% (best case rate of 4.00% plus lending margin of 2.00%). It is important to note however that the Interest Rate Collar does not provide any protection against adverse changes to the lending margin that may occur during the life of the loan, it only effects the base-rate.

The table below demonstrates how the Interest Rate Collar settlement process works for the three possible outcomes:

- Base-rates below the floor rate;
- Base-rates between the floor rate and cap rate; and
- Base-rates above the cap rate.

Example 1 – Floating interest rate is below the Floor Rate

Effective borrowing rate (before premium, if applicable) if BBSY Bid is 3.87% p.a. and there are 31 days until the next reset date.

BBSY Bid rate set	Floor rate	Collar net settlement	Interest on loan	Net borrowing cost	Effective interest rate (before premium)
3.87% p.a.	4.00% p.a.	Borrower pays \$5,000,000 x 0.13% p.a. $x \frac{31}{365}$ = \$552.05	\$5,000,000 x (3.87% + 2.00%) p.a. $x \frac{31}{365}$ = \$24,927.40	Interest on loan + Collar settlement is \$24,479.05 + \$552.05 = \$25,479.45	\$25,479.45 x 365 / \$5,000,000 / 31 = 6.00% p.a.

Example 2 – Floating interest rate between Floor Rate and Cap Rate

Effective borrowing rate (before premium, if applicable) if BBSY Bid is 4.43% p.a. and there are 31 days until the next reset date.

BBSY Bid rate set	Cap rate and floor rate	Collar net settlement	Interest on loan	Net borrowing cost	Effective interest rate (before premium)
4.53% p.a.	4.00% p.a. to 4.70% p.a.	Nil (BBSY is between the floor and cap rates)	\$5,000,000 x (4.53% + 2.00%) p.a. $x \frac{31}{365}$ = \$27,730.14	Interest on loan settlement is \$27,730.14 = \$27,730.14	\$27,730.14 x 365 / \$5,000,000 / 31 = 6.53% p.a.

Example of an Interest Rate Collar

Example 3 – Floating interest rate above Cap Rate

Effective borrowing rate (before premium, if applicable if BBSY Bid is 5.65% p.a. and there are 31 days until the next reset date.

BBSY Bid rate set	Cap rate	Collar net settlement	Interest on loan	Net borrowing cost	Effective interest rate (before premium)
5.65% p.a.	4.70% p.a.	Borrower receives \$5,000,000 x 0.95% p.a. $x \frac{31}{365}$ = \$4,034.25	\$5,000,000 x (5.65% + 2.00%) p.a. $x \frac{31}{365}$ = \$32,486.30	Interest on loan – Collar settlement is \$32,486.30 - \$4,034.25 = \$28,452.05	\$28,452.05 x 365 / \$5,000,000 / 31 = 6.70% p.a.

Important! The effective interest rates shown in the examples above are illustrative only and exclude the upfront premium payable for the Interest Rate Collar. The premium is payable at inception, is not refundable, and is not reflected in the effective interest rates shown. Accordingly, these examples do not represent the borrower's total cost of borrowing.

Part E – Specific information about Interest Rate Floors

What is an Interest Rate Floor?

An Interest Rate Floor is a hedge transaction between two parties that sets a minimum interest rate that one party (known as the seller) will pay for floating interest rate payments over a specified period for an agreed amount.

An Interest Rate Floor ensures that the buyer will not receive any less than a pre-determined level of interest on floating rate payments. If the floating interest rate falls below the Floor Rate, the seller will reimburse the seller for the extra interest incurred.

The benefit of an Interest Rate Floor can be to provide certainty for investments and cash flows by setting the minimum interest a person will receive on an investment. An Interest Rate Floor can also be used by a person to protect against falling interest rates (such as zero percent floor where it is used to protect a borrower against adverse financial outcomes with negative interest rates).

Premiums

A premium may be payable in connection with an Interest Rate Floor which, if payable, must be paid on a nominated date set out in the confirmation for the transaction.

The premium payable is dependent upon, amongst other things, the notional amount of the contract, the rollover period, the maturity date and the current swap rate with the equivalent terms. Your Bendigo Financial Markets Dealer can assist with indicative pricing.

Settlement

On each rollover payment date, if the floating interest rate (for example, BBSY Bid) is **below** the Floor Rate then the Seller will make a payment to the Buyer based on the following formula:

$$A \times B \times C$$

Where:

- **A** is the notional amount;
- **B** is the difference between the Floor Rate and the floating interest rate expressed as a positive number; and

- **C** is the number of days in the rollover period, divided by the day count fraction (for example, 365).

If the floating interest rate is equal to or more than Floor Rate, no payment is required.

How do you transact?

If you want to enter into an Interest Rate Floor, we need to agree to the following key terms with you:

- notional amount (including any variation);
- floor rate;
- floating interest rate (for example, BBSW or BBSY Bid);
- rollover period (for example, monthly, quarterly, semi-annual) and the payment dates;
- effective start date;
- maturity date; and
- premium (if any).

Examples of Interest Rate Floors

Some examples of how this product operates are set out below:

Example of an Interest Rate Floor as a zero percent floor

In the event that Australian interest rates go below zero, fixed rate hedgers are potentially exposed to a pricing mismatch between their underlying loan facility and fixed rate hedge position.

The mismatch arises from the fact that loan rates are often floored at zero (loan rates cannot go negative) whereas swap hedges are not floored at zero.

Consider the case of a borrower with a floating interest rate loan of AUD5,000,000, priced at base-rate of 'BBSY Bid' plus a lending margin of 2.00%, who transacts a Swap at 4.00% for 3 years, with monthly rollovers. The borrower simultaneously buys an Interest Rate Floor at zero percent.

If during the life of the deal 'BBSY Bid' falls below zero, then the loan rate effectively becomes floored at 0% plus the lending margin of 2%.

If BBSY Bid is -0.50%, the combined effect of the Interest Rate Swap and the zero percent Interest Rate Floor results in an effective borrowing rate of 6.00% p.a. Refer to the example below.

The table below demonstrates how the Interest Rate Floor (at zero percent) settlement process works and how it provides an offset to interest costs if base-rates become negative.

Example 1

Effective borrowing rate if 'BBSY Bid' is 3.87% p.a. and there are 31 days until the next reset date.

BBSY Bid rate set	Swap fixed rate	Swap net settlement	Interest on loan	Net borrowing cost	Effective interest rate (before premium)
3.87% p.a.	4.00 % p.a.	Borrower pays \$5,000,000 x 0.13% p.a. $\times \frac{31}{365}$ = \$552.05	\$5,000,000 x (3.87% + 2.00%) p.a. $\times \frac{31}{365}$ = \$24,927.40	Interest on loan + swap settlement is \$24,927.40 + \$552.05 = \$25,479.45	\$25,479.45 X 365 / \$5,000,000 / 31 = 6.00% p.a.
BBSY Bid rate set	Floor rate	Floor net settlement	Interest on loan	Net borrowing cost	Effective interest rate (before premium)
3.87% p.a.	0.00% p.a.	Nil (BBSY is above the Floor rate)	\$5,000,000 x (3.87% + 2.00%) p.a. $\times \frac{31}{365}$ = \$24,927.40	Interest on loan + swap settlement is \$24,927.40 + 552.05 = \$25,479.45	\$25,479.45 x 365 / \$5,000,000 / 31 = 6.00% p.a.

Example of an Interest Rate Floor as a zero percent floor

Example 2

Effective borrowing rate (before premium) if BBSY Bid is -0.50% p.a. and there are 31 days until the next reset date.

BBSY Bid rate set	Swap fixed rate	Swap net settlement	Interest on loan	Net borrowing cost	Effective interest rate (before premium)
- 0.50% p.a.	4.00% p.a.	Borrower pays \$5,000,000 x 4.50% p.a. $\times \frac{31}{365}$ = \$19,109.59	\$5,000,000 x (0.00% + 2.00%) p.a. $\times \frac{31}{365}$ = \$8,493.15	Interest on loan + swap settlement is \$8,493.15 + \$19,109.59 = \$27,602.74	\$27,602.74 x 365 / \$5,000,000 / 31 = 6.50% p.a.
BBSY Bid rate set	Floor rate	Floor net settlement	Interest on loan	Net borrowing cost	Effective interest rate (before premium)
- 0.50% p.a.	0.00% p.a.	Borrower receives \$5,000,000 x 0.50% p.a. $\times \frac{31}{365}$ = \$2,123.29	Nil	Swap Net Borrowing Cost – floor settlement is \$27,602.74 - \$2,123.29 = \$25,479.45	\$25,479.45 X 365 / \$5,000,000 / 31 = 6.00% p.a.

Important! The effective interest rates shown in the examples above are illustrative only and do not include any premium payable for the Interest Rate Floor. The actual cost of borrowing may differ once any premium is taken into account.

Part F – Specific information about Swaptions

What is a Swaption?

A Swaption is a hedge transaction between two parties which provides one party (the buyer) with the right, but not the obligation, to enter into an Interest Rate Swap at a future date (known as the 'Exercise Date').

There are two types of Swaptions:

- **Payer Swaptions:** This type of Swaption is used by a person who is looking to hedge against potential increases in interest rates (for example, a borrower). The buyer of this type of Swaption has the right, but not the obligation, to enter an Interest Rate Swap where they exchange floating interest rate payments for fixed interest rate payments.
- **Receiver Swaptions:** This type of Swaption is used by a person who is looking to hedge against potential decreases in interest rates (for example, investors). The buyer of this type of Swaption has the right, but not the obligation, to enter an Interest Rate Swap where they exchange fixed interest rate payments for floating interest rate payments.

Premiums

A premium may be payable in connection with a Swaption which, if payable, must be paid on a nominated date set out in the confirmation for the transaction.

The premium payable is dependent upon, amongst other things, the notional amount of the swaption, the strike rate, the exercise date and underlying maturity date of the swap. Your Bendigo Financial Markets Dealer can explain the various pricing scenarios.

Settlement

On the Exercise Date, the buyer of the Swaption can elect to exercise their right to enter the specified Interest Rate Swap at the Strike Rate. However, the buyer is not obliged to do so.

Typically, if the Swap Rate is below the Strike Rate (in the case of Payer Swaption) or the Swap Rate is above the Strike Rate (in the case of a Payer

Swaption), the buyer will not exercise their right and the Swaption will lapse.

In this circumstance, the buyer can elect to enter into a new Interest Rate Swap at the prevailing market rates.

How do you transact?

If you want to enter into an Interest Rate Swaption, we need to agree to the following key terms with you:

- notional amount (including any variation);
- swaption strike rate;
- swaption expiry date;
- floating interest rate (for example, BBSW or BBSY Bid);
- rollover period (for example, monthly, quarterly, semi-annual) and the payment date;
- effective start date;
- maturity date; and
- premium (if any).

Part G – Other important information

Tax

The information in this section is general information only.

Tax laws and their application to financial products such as IRRM products are complex and may change over time. The impact of particular tax laws will depend on your specific circumstances.

You should consult your independent professional tax adviser regarding the tax consequences of acquiring, holding or terminating/disposing of an IRRM product (as applicable) in light of your particular circumstances.

AML/CTF

We are required to comply with certain requirements for the purposes of anti-money laundering and counter-terrorism financing (**AML/CTF**). To comply with these requirements, we may:

- require you to obtain or provide to us any additional documentation or other information;
- suspend, block or delay transactions on your account(s), or refuse to provide services to you;
- report any proposed or actual transaction or activity to any body authorised to accept such reports relating to AML/CTF or any other law; or
- any combination of the above.

Banking Code of Practice

If you are an individual or a small business (as defined in the Banking Code of Practice), the Banking Code of Practice (where relevant) applies to the products covered by this PIS.

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

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

Privacy

This clause applies if you are an individual or if you are not an individual, to individuals about how we

collect personal information in relation to your account. You agree to show this clause to all individuals who you have authorised to deal with us in relation to your account. In this clause “your” or “you” includes any such individual.

We are committed to ensuring your privacy is protected and understand your concerns regarding the confidentiality and security of personal information you provide to us collect and use your personal information in order to provide you with products and services.

To do that we may disclose your personal information to regulatory bodies or government agencies in order to verify your identity or to authenticate a document you provide to us. We may also disclose your personal information to organisations that carry out functions on our behalf, such as mailing houses and information technology service providers.

Confidentiality agreements with those entities ensure this information is only used to carry out functions on our behalf. We may also share personal information regarding any one or more of you with prospective or existing guarantors or indemnifiers of any obligations of you. This information may also be shared with Bendigo Bank’s related entities and our joint venture partners so that you can be told about other products and services offered or distributed by us. In most cases you will be able to gain access to personal information held by us. We will take reasonable steps to amend or correct your personal information to keep it accurate and up to date. You can opt out of receiving marketing material from us about other products and services at any time. If you opt out, we will continue to make contact with you to provide information in relation to your existing contract only.

If you wish to make a complaint regarding the handling of your personal information by us, please phone us on 1300 236 344 for assistance.

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

Telephone recording

Calls to your Bendigo Financial Markets Dealer or the Financial Markets department are recorded (whether over telephone or via an electronic platform).

Call recording is usual market practice to ensure that we have complete and accurate records of the details of each transaction and for the purposes of training and monitoring our staff.

If you do not wish to be recorded, please advise your Bendigo Financial Markets Dealer. However, we will not act on any instructions to transact from you which are provided over a call unless those instructions are recorded.

Opting out of product promotions

You can opt out of receiving marketing material from us about other financial products and services at any time by contacting us. If you do, 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).

Cooling-off period

No cooling-off period applies to any of the products described in this PIS.

Before making a decision to enter into an IRRM product, we strongly recommend that you read all relevant documents carefully and obtain your own independent legal, tax and investment advice.

Make a Complaint

We consider Internal Dispute Resolution (**IDR**) to be an important and necessary first 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 a complaint with us by:

- speaking to a member of staff directly
- telephoning 1300 236 344
- website: [Make a complaint | Bendigo Bank](#)
- secure email – by logging into e-banking
- contacting us through a Bendigo Bank social media channel

- contacting Customer Resolutions at:
Reply Paid PO Box 480
Bendigo VIC 3552
Email: feedback@bendigoadelaide.com.au

If you are not satisfied with the response provided, you can refer your complaint directly to the appropriate External Dispute Resolution (**EDR**) scheme.

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

- GPO Box 3, Melbourne Vic 3001
- Telephone: 1800 931 678
- Email: info@afca.org.au
- Web: www.afca.org.au

Time limits may apply to complain to AFCA and so you should act promptly or otherwise consult the AFCA website to find out if, or when the time limit relevant to your circumstances expire.

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 03 5485 7800
Online	At bendigobank.com.au
By mail	The Bendigo Centre PO Box 480 Bendigo VIC 3552
