



Bank of
Melbourne

Fixed Rate Bill.

Product Information Statement.

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Australian Financial Services Licence and Australian Credit Licence No. 233714

Effective date: 22 May 2023

You've got questions? We've got time to talk.

For more information, please contact our team of interest rate specialists below.

Interest Rate Hub



(02) 8253 4463



irhubsbg@stgeorge.com.au



Level 3, 275 Kent Street, Sydney NSW 2000

Accessibility support.

At any time, you can inform us how you would prefer to be contacted. If you are deaf and/or find it hard hearing or speaking with people who use a phone, you can reach us through the National Relay Service (NRS). To use the NRS you can register by visiting infrastructure.gov.au/national-relay-service

Visit bankofmelbourne.com.au/accessibility for further information on our accessible products and services for people with disability.

Important information.

A Product Information Statement (**PIS**) is an information document. The purpose of a PIS is to provide you with information intended to assist you in making a decision about a product's suitability for your needs. A PIS is also a tool for comparing the features of other products you may be considering. If you have any questions about this product, please contact us on the details above.

You should read and consider this PIS, in its entirety, carefully and seek independent expert advice before making a decision about whether or not this product is suitable for you.

If you decide to enter into a Fixed Rate Bill, you should keep a copy of this PIS and any associated documentation. You should also promptly tell us if at any time you experience financial difficulties.

This PIS is issued by us and is current as at the date of this document. The information in it is subject to change. We may issue a replacement PIS, or post updated information on our website.

Nothing in this PIS is, or may be relied upon as, a representation as to the future performance of the Fixed Rate Bill.

The offer of the Fixed Rate Bill is being made to persons located in Australia only. Receipt of this PIS in jurisdictions outside of Australia may be restricted by local law and applications from outside Australia will not be accepted.

The information set out in this document is general in nature. It has been prepared without taking into account your objectives, financial situation or needs. Because of this you should, before acting on this information, consider its appropriateness, having regard to your objectives, financial situation and needs. By providing this PIS, we do not intend to provide financial advice or any lending recommendations.

A Fixed Rate Bill (FRB) is a risk management tool for borrowers who have a Bank Bill facility with us and wish to lock into a fixed interest rate (the Fixed Rate) over an agreed period of time.

Key Facts	
Eligibility	Subject to an approved and documented Fixed Rate Bank Bill facility
Minimum Transaction Amount	AUD \$2,000,000
Term	1 Year to 10 Years (longer terms available on request only)
Currency	Australian Dollars (AUD)
Coupon Payment Frequencies	Monthly, Quarterly, Half yearly

Description.

- An FRB is an agreement between you and us, where you agree to pay us an agreed Fixed Rate over an agreed Term.
- An FRB can be used as an interest rate management tool to manage your fixed or floating liabilities over a period of time so that you are no longer exposed to changes in interest rates during the period.
- An FRB is a fixed rate loan facility for business purposes such as new business acquisitions, Agri finance, capital investment, property investment or acquisition development or renovation or refinancing of term debt.
- An FRB is characterised by a succession of Bank Bills which are rolled approximately every 30, 60, 90, 150 or 180 days at the agreed Fixed Rate and Term, on a discounted basis.
- You can tailor your FRB by selecting from an interest only, an interest only with principal reductions or a principal interest & fees basis.
- An interest in advance (IOA) facility can be arranged if required during the lifetime of your fixed rate facility.

Suitability.

- An FRB may be suitable if you have a good understanding of interest rate markets and would like to change your interest rate exposure, based on your underlying liabilities, interest rate view, hedging and/or cash-flow requirements.
- If you are not confident about your understanding of these things, this product may not be suitable for you and we strongly suggest you seek independent advice before making a decision about this product.
- An FRB should only be used where you have a genuine commercial need to manage interest rate risk. It must not be used for speculative purposes.

Key Benefits.

- **Flexibility** – You can tailor your FRB to suit your interest rate view, meet your business or specific asset strategy and your hedging and/or cash-flow requirements. There are a range of options available in respect of interest payment frequency (including IOA) and capital or principal repayment.
- **Certainty** – An FRB allows you to manage your interest rate exposure and to be more certain of your ability to reliably meet your cash-flow requirements and debt service obligations.
- **Market based pricing** – Interest rates are aligned to market based bank bill pricing.

Key Risks.

- **Interest Rate risk** – Interest rates may not move in line with your view and an FRB is a fixed and binding contract for the agreed Fixed Rate Term.
- **Early termination/variation** – You can vary or terminate an FRB early but there may be a cost if you do.
- **Counterparty and operational risk** – We have performance obligations under an FRB. You need to form a judgement on our ability to meet those obligations.

Costs.

- **Margins, fees and charges** – Any other margins, fees or charges applicable above the base interest rate will be outlined in your Business Finance Agreement or Notification.

Documentation.

- **Terms and conditions** – Please refer to the terms and conditions of your Business Finance Agreement and also the Notification. If you require further clarification speak to your Relationship Manager, Financial Market Specialist, Legal or Financial Adviser.

What is a Fixed Rate Bill?

An FRB is an agreement between the borrower and us, where the borrower agrees to pay us an agreed Fixed Rate over an agreed Term.

Unlike a variable rate bank bill, each FRB involves a succession of Bank Bills that are rolled for approximately 30, 60, 90, 150 or 180 days at the agreed Fixed Rate for the Term, on a discounted basis (see calculation methodology).

The Fixed Rate is established at the beginning of the transaction between you and us.

Calculation methodology.

The formula for calculating the proceeds of a bill rollover is outlined below. This formula is commonly known as the Bank Bill Discount Formula and is used to calculate the Consideration amount on each Rollover Date. The Consideration amount represents the discounted bill proceeds and is simply the amount that you will receive in your nominated account on the Rollover Date, exclusive of any other fees or charges.

The Bank Bill Discount Formula is as follows:

Consideration =
$$\frac{\text{Face Value}}{[1+(\text{Fixed Rate})\text{D} ((\text{No, days})/365)]}$$

Example.

You have an AUD \$5 million variable rate bank bill facility with us. The Bank Bill facility is at current market rates and is operating on a quarterly rollover basis. You anticipate that interest rates will rise and do not wish to bear any increased interest costs. You decide to enter into an FRB, effectively locking into a Fixed Rate on your Bank Bill facility for a period of one year. Assume for the example that the base Rate is 3.0%.

Scenario.

The direction of the cashflows under the terms of the FRB is outlined below. In this case, the borrower who currently has a floating rate facility has converted their interest rate obligations from a variable rate to a Fixed Rate.



The example below outlines the cashflow impacts that would occur under the terms of the FRB over the agreed Term.

Example*			
Face Value	AUD\$5,000,000	Basis	Interest Only
Term	1 Year	Day Basis	365
Fixed Rate	3.00%	Repayment Frequency	Quarterly

Days	Events
Day 1	Drawdown of FRB facility for proceeds of AUD \$4,962,880.37.
Day 91	First set of bills matures and the balance is repaid. Second set of bills is drawn down for proceeds of AUD \$4,962,880.37. The two simultaneous transactions result in a net cashflow from the borrower of AUD \$37,244.63 (this cashflow is equal to the interest due on the maturing bills and is debited from the borrower’s nominated account).
Day 182	Second set of bills matures and the balance is repaid. Third set of bills is drawn down for proceeds of AUD \$4,962,880.37. The two simultaneous transactions result in a net cashflow from the borrower of AUD \$37,244.63 (this cashflow is equal to the interest due on the maturing bills and is debited from the borrower’s nominated account).
Day 273	Third set of bills matures and the balance is repaid. Fourth set of bills is drawn down for proceeds of AUD \$4,962,880.37. The two simultaneous transactions result in a net cashflow from the borrower of AUD \$37,244.63 (this cashflow is equal to the interest due on the maturing bills and is debited from the borrower’s nominated account).
Day 364	Fourth set of bills matures. The Face value of \$5,000,000 is repaid and the facility reverts to a variable rate or is re-fixed at a new Fixed Rate.

*This example is provided for illustrative purposes only, and is not intended as a forecast or prediction of the future performance of an FRB, or the amounts or values of the relevant variables. This example only reflects the base interest rate applicable to your FRB facility. Other acceptance fees, margins or other charges may apply.

Early Termination/Variation.

You can terminate or vary your FRB early but there may be a cost to you resulting in a possible early termination or variation payment. You may, however, realise a net benefit depending on the prevailing market conditions upon variation or early termination. With these risks in mind, please consider your circumstances carefully when selecting the terms of your FRB.

Documentation.

You will be required to sign a Business Finance Agreement prior to dealing in an FRB. The BFA will govern your trading relationship with us.

In particular, it documents, for example, the situations in which transactions can be terminated and the way the amount payable following termination is calculated.

You will be provided with a copy of the Business Finance Agreement and we strongly recommend that you fully consider its terms prior to entering into any transaction. You should obtain independent financial or legal advice if you do not understand any aspect of it.

Notification.

Shortly after entering into an FRB, and then on each Rollover Date, we will send you a Notification outlining the commercial terms of the transaction.

It is extremely important you check the Notification to make sure that it accurately records your understanding of the terms of the transaction.

In the case of any discrepancy, you will need to raise the matter with your representative with us as a matter of urgency.

Break Costs and Benefits.

Because an FRB has a Fixed Rate, break costs may be payable in some circumstances. They may be payable if you do not draw your loan for the amount and at the time we assumed (when we set the Fixed Rate).

Additionally, break costs may be payable if during the Fixed Rate period, we agree to a request from you to change the Fixed Rate, the facility is cancelled or the facility limit is reduced, you repay early all or any part of the money you owe under the loan or you are required to repay all money you owe us under the facility earlier than as agreed (for example, because of a default).

However, for this facility, if you break it during a fixed rate period and our break cost calculations result in us estimating that we'll receive a benefit (rather than a loss), then, as long as you're up to date with all your payment obligations to us, we'll credit an amount equal to our estimated "break benefit" to your nominated account on the day the break occurs.

Your Business Finance Agreement explains how we calculate break costs.

You can get an estimate of applicable break costs by contacting us at any time.

General information.

Banking Code of Practice.

We have adopted the Australian Banking Association banking code of practice 2020 as updated, and adopted by us, from time to time (**Banking Code**). The Banking Code sets out the standards of practice and service for Australian banks to follow when dealing with certain customers.

If we provide you with a 'banking service' and you are an 'individual' or a 'small business' (each term as defined in the Banking Code), the relevant provisions of the Banking Code will apply in addition to, and prevail to the extent of any inconsistency with, these terms and conditions.

You can obtain a copy of the Banking Code from our website or any of our branches. Please let us know if you would like to discuss whether or not the Banking Code will apply to you. Our contact details are set out on page 2 of this PIS.

Anti-Money Laundering and Counter-Terrorism Financing Act 2006 Obligations.

What we need from you:

To open any new FRB we'll need some important details from you. Depending on the legal nature of your business (company, trustee, partnership etc.) you will be required to provide certain documents and information to us.

If this is your first account with us:

Under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Act) it is a requirement that the account holder and all signatories to the account must be identified. So if you're opening an account for the first time this applies to you. It also applies to any cardholder or signatory who is not an existing customer.

The identification requirements can be met by completing our Customer Identification Procedure which involves providing identity documentation to us. For information on documents required under our Customer Identification Standards please contact any branch or refer to our website – westpac.com.au/aml

If the account holder or any of the signatories to an account are not identified in terms of the Act, the account will be blocked for all withdrawals, until they are identified. If you are an existing customer, an account signatory (or any other cardholder) identification requirements may have previously been satisfied so you don't need to provide it again, unless you are asked to do so by us.

Regulatory and Compliance Controls and Monitoring.

We are bound by laws that impose regulatory and compliance obligations, including obligations in relation to the prevention of money laundering and the financing of terrorism, which are the AML/CTF Laws. In order for us to meet our regulatory and compliance obligations, we perform certain control and monitoring activities.

Upon entering into any FRB with us, you agree and provide the following undertakings and agree to indemnify us against any potential loss arising from any breach by you of such undertakings that:

- you are not and will not enter into any agreement with us under an assumed name;
- any funds used by you to enter into an agreement with us have not been derived from or related to any criminal activities;
- any payments received from us will not be used in relation to any criminal activities;
- if we ask, you will provide us with additional information we reasonably require from you for the purposes of meeting our regulatory and compliance obligations, including the obligations under AML/CTF Laws (including information about the source of funds used to settle an FRB); and
- you and your FRB with us will not initiate, engage or effect a transaction that may be in breach of Australian law or sanctions (or the law or sanctions of any other country).

You should be aware that:

- we may obtain information about you or any beneficial owner of an interest in an agreement with us from third parties if we believe this is necessary to comply with our regulatory and compliance obligations, including AML/CTF Laws;
- transactions may be delayed, blocked, frozen or refused where we have reasonable grounds to believe that they breach Australian law or sanctions or the law or sanctions of any other country;
- where transactions are delayed, blocked, frozen or refused, we and other members of the Westpac Group are not liable for any loss you suffer (including consequential loss) in connection with a deposit; and
- where legally obliged to do so, we may disclose information that we hold about you to our related bodies corporate or service providers, other banks, or relevant regulatory and/or law enforcement agencies (whether in or outside of Australia).

Telephone conversations.

The terms of an FRB are usually discussed over the telephone. Conversations with our dealing room and settlement departments are recorded. This is standard market practice. Recorded conversations are retained for a limited period and are usually used where there is a dispute and for staff monitoring purposes. You will need to advise our staff if you do not wish to be recorded.

Dispute resolution.

Sometimes you may want to talk about problems you are having with us. Fixing these problems is very important to us. We've put in place ways of dealing with your issues quickly and fairly.

Please talk to us first.

We aim to resolve your complaint at your first point of contact with us. You can contact us on the details provided on page 2 of this PIS.

What to do if you're still unhappy.

If you are not satisfied with our response, you may lodge a complaint with the Australian Financial Complaints Authority:

Online: www.afca.org.au

Email: info@afca.org.au

Phone: 1800 931 678

Mail: Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001

ASIC also has a free call Info line on 1300 300 630, which you may use to make a complaint and obtain further information about your rights.

Privacy Statement.

All personal information and credit-related information (if applicable) we collect about you is collected, used and disclosed by us in accordance with our Privacy Statement which is available at westpac.com.au/privacy/privacy-statement, stgeorge.com.au/privacy/privacy-statement, bankofmelbourne.com.au/privacy/privacy-statement or banksa.com.au/privacy/privacy-statement. You do not have to provide us with any personal information or credit information (if applicable) but, if you don't, we may not be able to process an application or request for a product or service.

Where individuals engage with us in relation to products and services for our business, corporate or institutional customers (for example, as representative, administrator, director, corporate officer, signatory, beneficiary or shareholder of one of our customers) our Privacy Statement will be relevant to those individuals where we collect and handle their personal information. For example, where we collect their personal information to verify their identity or collect their signature as a signatory on a corporate account.

Privacy Obligations.

To the extent that it applies to you, you must comply with the *Privacy Act 1988* (Cth) in relation to any personal information you provide to us in connection with this PIS, and if you engage in activities in a jurisdiction other than Australia, you must comply also with the applicable privacy laws in that jurisdiction.

External Service Providers.

We may subcontract any of our rights and obligations to another person in Australia or overseas.

We may disclose or share any information you provide to us with any such person. With respect to any personal information, details of the countries where the overseas recipients are likely to be located is contained in our Privacy Statement which is available at westpac.com.au/privacy/privacy-statement, stgeorge.com.au/privacy/privacy-statement, bankofmelbourne.com.au/privacy/privacy-statement or banksa.com.au/privacy/privacy-statement (as updated from time to time).

Foreign Tax Residents.

We are required under domestic and international laws to collect and report financial and account information relating to individuals and organisations who are, or may be, foreign tax residents. We may ask you whether you or any shareholder, beneficiary, settlor or controlling person are a foreign tax resident from time to time, such as when you open an account with us, or if your circumstances change. If you do not provide this information to us we may be required to limit the services we provide to you.

Unless you tell us otherwise, by completing any application, you certify that any shareholder, named beneficiary, settlor or controlling person is not a foreign tax resident. You must tell us if you, or any shareholder, named beneficiary, settlor or controlling person is, or becomes, a foreign tax resident (unless an exemption applies, such as for shareholders of listed companies). Where there are no named beneficiaries (e.g. for beneficiaries identified only as a class) you must tell us if a beneficiary is a foreign tax resident immediately when any decision is made to identify and make a distribution to them. You may contact us to provide foreign tax residence information by calling 1300 720 314 Option 1.

We cannot give tax advice, so please contact your independent tax advisor if you need help finding out whether any person is a foreign tax resident.

Taxation.

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

Glossary.

'We', 'our' and 'us' refers to Westpac Banking Corporation ABN 33 007 457 141 Australian Financial Services Licence No. 233714 (and includes the Bank of Melbourne, St.George and BankSA brands).

Bank Bill is an unconditional written order by one party addressed to Westpac to pay a fixed sum, the Face Value, at a fixed time to us. A Bank Bill is a bill of exchange.

Bank Bill Discount Formula means the formula used to calculate the discounted Bank Bill proceeds on any given Rollover Date.

Business Finance Agreement means the Business Finance Agreement (as varied from time to time) between us and you that sets out the terms and conditions of your finance facilities including your FRB.

Consideration refers to the discounted proceeds at the Rollover Date.

Face Value means the total fixed amount agreed at the beginning of each rollover period during the Term and on which the Fixed Rate payments are calculated. The Face Value does not have to be a set fixed amount for the full Term but may vary over the Term, depending on your cash flow requirements.

Fixed Rate means the fixed interest rate applying to your Face Value during the Term as set out in your Notification or Business Finance Agreement.

Notification means the document issued to you by us following receipt (and subject to acceptance) of your completed documentation and credit approval and on each Rollover Date, which sets out the rates and other terms agreed with you.

Rollover Date refers to each date on which the Fixed Rate is set. The specific Rollover Dates applying to your FRB will be specified in your Notification. If a Rollover Date does not fall on a business day, the Fixed Rate will be set on the following business day.

Term means the period between the commencement date or initial draw down date of the first Fixed Rate period and the last date in the final Fixed Rate period as outlined in your Notification.

Westpac Group means Westpac and its related bodies corporate (as that term is defined in the *Corporations Act 2001* (Cth)).



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