

WHAT YOU NEED TO KNOW

Agricultural Swaps



Product Disclosure Statement

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You should read all sections of this Product Disclosure Statement before making a decision to acquire this financial product.



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General Information

Features at a glance

| | |
|------------------------------------|---|
| Significant benefits | Provides protection against adverse <i>commodity price</i> movements in addition to providing protection against <i>exchange rate</i> movements by allowing you to transact in your underlying currency. See “What are the significant benefits of an AS transaction?” on page 8 of this PDS for more information. |
| Significant risks | There may be some basis risk, operational risk, market risk and credit risk. See “What are the significant risks of an AS transaction” on page 8 of this PDS for more information. |
| Minimum transaction amounts | Grains – 100 metric tonnes Wool – 2,000 kilograms Cotton – 100 bales Sugar – 100 metric tonnes Cattle – 5,000 kilograms (dressed weight) Smaller <i>transaction amounts</i> and other commodities may be available on request. |
| Terms | 3 <i>business days</i> to 3 years. Longer terms may be available on request. |
| Costs | See “What are the costs involved in AS transactions?” on page 10 of this PDS. |
| Settlement | <i>Cash settlement amount</i> exchanged on a <i>payment date</i> . No <i>physical settlement</i> is permitted. <i>Payment date/s</i> , once agreed, cannot be varied. |
| Early termination | An amount may be payable by or to you depending on the <i>mark-to-market value</i> of the transaction upon termination. |

This is a sophisticated financial product which involves dealing in agricultural derivatives. The information in this Product Disclosure Statement (PDS) does not take into account your personal objectives, financial situation and needs. Before trading in this product you should be satisfied that such trading is suitable for you in view of those objectives, and your financial situation and needs, and we recommend that you consult your investment adviser or obtain other independent advice. Unless you are familiar with agricultural derivative dealings and products of this type, the product may not be suitable for you.

The information in this PDS is subject to change from time to time and is up to date as at the date stated on the cover. Where the new information is materially adverse information the Bank will either issue a new PDS or a supplementary PDS setting out the updated information. Where the new information is not materially adverse information we will not issue a new PDS or supplementary PDS to you, but you will be able to find the updated information on our web site commbank.com.au or you can call **13 2221**. If you ask us to, we will send you a paper copy of the information.

Purpose of a Product Disclosure Statement (PDS)

A PDS aims to provide you with enough information to help you decide whether the product will meet your needs. It also helps you to compare the product with others you may be considering.

This PDS provides information about an **Agricultural Swap** (AS). If you decide to enter into an AS transaction, you should keep this PDS and all other documentation relating to your AS transaction for future reference.

If you have any questions or wish to contact us call **13 2221** between 8am and 8pm, Monday to Friday, visit our web site at **commbank.com.au**, call into any branch of Commonwealth Bank of Australia (the Bank) or contact your relationship manager.

To assist you in understanding this PDS, the definitions of some words are provided in the “Definitions” section on page 13. When used in this PDS, these words usually appear in italics.

What is an Agricultural Swap (AS) transaction?

An AS transaction is an agreement between you and the Bank to swap a floating price for a fixed price for the underlying commodity on a *payment date*. AS transactions allow you to achieve a fixed price, being your level of *commodity price* protection, for an agreed quantity of a commodity on an agreed future date that is more than 3 *business days* (but not more than 3 years) after the *trade date*.

The floating price or *commodity reference price* in an AS transaction is based on the settlement price of an agreed *futures contract* for the underlying commodity on an agreed *futures exchange*, or an index or on the settlement price quoted in a price guide for the underlying commodity. The fixed price in an AS transaction is determined by the Bank.

Where the *commodity reference price* is not in the same currency as the fixed price, the settlement price from the *futures contract*, index or price guide will be converted to the same currency as the fixed price using the *reference rate*. An example of a *reference rate* is the *Hedge Settlement Rate Average (HSRA) AUD/USD*

exchange rate that is published on Reuters page *HSRA*.

Under an AS transaction a *cash settlement amount* is payable on a *payment date*, either by the Bank to you or by you to the Bank. The *cash settlement amount* is an amount based on the difference between the fixed price and the *commodity reference price* of the underlying commodity on a *pricing date*. The *futures exchanges*, indices and price guides from which *commodity reference prices* are sourced will vary depending on the commodity underlying the AS transaction and will be agreed between you and the Bank at the *trade date*. Please refer to Appendix A for examples of some of the *futures exchanges*, indices and price guides from which *commodity reference prices* could be sourced.

Depending on the *commodity reference price* on the *pricing date*, a *cash settlement amount* may be payable by you to the Bank or by the Bank to you on the *payment date* as follows:

- If you are seeking protection against a rise in a *commodity price* and on the *pricing date*:
 - the *commodity reference price* is higher than the fixed price, the Bank must pay you the *cash settlement amount*;
 - the *commodity reference price* is lower than the fixed price, you must pay the Bank the *cash settlement amount*; or
 - the *commodity reference price* is equal to the fixed price, there is no further obligation between you and the Bank with respect to the *payment date* under the AS transaction.
- If you are seeking protection against a fall in a *commodity price* and on the *pricing date*:
 - the *commodity reference price* is lower than the fixed price, the Bank must pay you the *cash settlement amount*;
 - the *commodity reference price* is higher than the fixed price, you must pay the Bank the *cash settlement amount*; or
 - the *commodity reference price* is equal to the fixed price, there is no further obligation between you and the Bank with respect to the *payment date* under the AS transaction.

There may be one or more *pricing dates* and *payment dates* over the *transaction period*, for example *pricing*

dates and *payment dates* may occur quarterly, semi-annually or annually.

The entry into each AS transaction is subject to prior credit approval by the Bank and your entering into the *master agreement* and *transactions addendum* (see page 9 for more information).

The fixed price of the underlying commodity can be denominated or expressed in AUD, USD or CAD or another currency as agreed between you and the Bank.

Details of current *commodity reference prices*, including the commodities in which the Bank offers AS transactions, are available on request from any branch of the Bank or your relationship manager.

Uses of AS transactions

AS transactions may be commercially useful for:

- producers of agricultural commodities such as wheat farmers;
- consumers of agricultural commodities such as dairy farmers requiring cattle feed; and
- other clients who have exposure to agricultural *commodity price* movements.

Determining the fixed price

The Bank will calculate the fixed price of the underlying commodity under the AS transaction by taking the following factors into account:

- the *commodity reference price* from the agreed *futures exchange*, index or price guide;
- the *forward exchange rate* for the foreign currencies in which the *commodity reference price* is expressed;
- the *transaction amount*;
- the *pricing date*;
- the *transaction period*;
- an allowance for the Bank's costs, both fixed and variable; and
- the Bank's profit margin.

Examples of how an AS transaction works

The examples below set out how AS transactions work for producers (sellers) of wheat and for consumers (buyers) of wheat.

It is important to note that in these examples the financial outcomes have been determined without allowing for basis risk (refer to "What are the significant risks for an AS transaction" on page 8 for a further discussion of basis risk). Examples are used for illustrative purposes only and do not reflect current market prices or outcomes or the Bank's (or any of its associates') view on future matters.

Example 1: You are a producer (seller) of wheat

You would like to receive a fixed price in AUD for 300 metric tonnes of wheat in 1 year's time based on the *commodity reference price* on the *futures exchange* agreed between you and the Bank. In this example the *commodity reference price* will be based on the closing USD price of the wheat *futures contract* on CBOT on the *pricing date*, converted to AUD* at the *HSRA AUD/USD exchange rate* on the following *business day* (*HSRA date*). The *payment date* will be 2 *business days* after the *HSRA date*.

Assuming the current *commodity reference price* for wheat is AUD209.00 per metric tonne, a fall in the *commodity price* in AUD terms would mean you would receive less AUD when you sell your wheat in the market. You are therefore seeking protection against a fall in the *commodity price* of wheat.

The Bank will calculate the fixed price of the AS transaction based on certain factors including your specified *transaction amount* and specified *transaction period* (for more information please see "Determining the fixed price" on this page).

Assume the following for Example 1

| | |
|---|---|
| Commodity | Wheat |
| <i>Transaction amount</i> | 300 metric tonnes |
| The 1 year AUD fixed price per metric tonne at the <i>trade date</i> (calculated by the Bank) | 200.00 |
| <i>Pricing date</i> | 1 year from the <i>trade date</i> |
| <i>HSRA date</i> | 1 <i>business day</i> after the <i>pricing date</i> |
| <i>Payment date</i> | 2 <i>business days</i> after the <i>HSRA date</i> |

Possible outcomes on the *pricing date***Possible price achieved****

If the *commodity reference price* is lower than the fixed price, then on the *payment date* the Bank must pay you the difference between the fixed price and the *commodity reference price*.

AUD200.00 per metric tonne

For example, if the *commodity reference price* is AUD180.00 per metric tonne, then on the *payment date* the Bank will pay you the following *cash settlement amount*:

$$300 \times (\text{AUD}200.00 - \text{AUD}180.00) = \text{AUD}6,000.00.$$

This *cash settlement amount* will compensate for the lower price you will receive when you sell your physical wheat.

For example, if you sell your physical wheat at AUD180.00 per metric tonne you will receive:

$$300 \times \text{AUD}180.00 = \text{AUD}54,000.00.$$

This means that you have received a total of AUD60,000.00 (AUD54,000.00 + AUD6,000.00). This equals AUD200.00 per metric tonne:

$$\text{AUD}60,000.00 \div 300 \text{ metric tonnes} = \text{AUD}200.00 \text{ per metric tonne.}$$

If the *commodity reference price* is higher than the fixed price, then on the *payment date* you must pay the Bank the difference between the fixed price and the *commodity reference price*.

AUD200.00 per metric tonne

For example, if the *commodity reference price* is AUD220.00 per metric tonne, then on the *payment date*, you must pay the Bank:

$$300 \times (\text{AUD}220.00 - \text{AUD}200.00) = \text{AUD}6,000.00.$$

This *cash settlement amount* will offset the amount you receive when you sell your physical wheat.

For example, if you sell your physical wheat at AUD220.00 per metric tonne you will receive:

$$300 \times \text{AUD}220.00 = \text{AUD}66,000.00.$$

This means that you have received a total of AUD60,000.00 (AUD66,000.00 – AUD6,000.00). This equals AUD200.00 per metric tonne:

$$\text{AUD}60,000.00 \div 300 \text{ metric tonnes} = \text{AUD}200.00 \text{ per metric tonne.}$$

If the fixed price is equal to the *commodity reference price*, you and the Bank will have no further obligations to each other with respect to the *payment date* under the AS transaction.

AUD200.00 per metric tonne

* In this example, if you agreed with the Bank to use the *commodity reference price* based on the closing AUD price of the wheat *futures contracts* on ASX on the *pricing date* instead of CBOT, there would be no requirement to convert the *commodity reference price* to AUD.

** Examples are used for illustrative purposes only and do not reflect current market prices or outcomes or the Bank's (or any of its associates') view on future matters.

If you have chosen more than one *pricing date* for the *transaction period*, the same calculation method will be used to determine the *cash settlement amount* on each specified *payment date*.

Example 2: You are a consumer (buyer) of wheat

You would like to pay a fixed price in AUD for 300 metric tonnes of wheat in 1 year's time based on the *commodity reference price* on the *futures exchange* agreed between you and the Bank. In this example, the *commodity reference price* will be based on the closing USD price of the wheat *futures contract* on *CBOT* on the *pricing date*, converted to AUD* at the *HSRA AUD/USD exchange rate* on the following *business day (HSRA date)*. The *payment date* will be *2 business days* after the *HSRA date*.

Assuming the current *commodity reference price* for wheat is AUD209.00 per metric tonne, a rise in the *commodity price* in AUD terms would mean you would pay more AUD when you buy your wheat in the market. You are therefore seeking protection against a rise in the *commodity price* of wheat.

The Bank will calculate the fixed price based on your specified *transaction amount* and specified *transaction period*.

Assume the following for Example 2

| | |
|---|---|
| Commodity | Wheat |
| <i>Transaction amount</i> | 300 metric tonnes |
| The 1 year AUD fixed price per metric tonne at the <i>trade date</i> (calculated by the Bank) | 218.00 |
| <i>Pricing date</i> | 1 year from the <i>trade date</i> |
| <i>HSRA date</i> | 1 <i>business day</i> after the <i>pricing date</i> |
| <i>Payment date</i> | 2 <i>business days</i> after the <i>HSRA date</i> |

| Possible outcomes on the <i>pricing date</i> | Possible price achieved** |
|---|-----------------------------------|
| <p>If the <i>commodity reference price</i> is higher than the fixed price, then on the <i>payment date</i> the Bank must pay you the difference between the fixed price and the <i>commodity reference price</i>.</p> | AUD218.00 per metric tonne |
| <p>For example, if the <i>commodity reference price</i> is AUD220.00 per metric tonne, then on the <i>payment date</i> the Bank will pay you:</p> | |
| $300 \times (\text{AUD}220.00 - \text{AUD}218.00) = \text{AUD}600.00.$ | |
| <p>This <i>cash settlement amount</i> will compensate for the higher price you will pay when you buy your physical wheat.</p> | |
| <p>For example, if you buy your physical wheat at AUD220.00 per metric tonne you will pay:</p> | AUD218.00 per metric tonne |
| $300 \times \text{AUD}220.00 = \text{AUD}66,000.00.$ | |
| <p>This means that you have paid a total of AUD65,400.00 (AUD66,000.00 – AUD600.00). This equals AUD218.00 per metric tonne:</p> | |
| $\text{AUD}65,400.00 \div 300 \text{ metric tonnes} = \text{AUD}218.00 \text{ per metric tonne.}$ | |
| <p>If the <i>commodity reference price</i> is lower than the fixed price, then on the <i>payment date</i> you must pay the Bank the difference between the fixed price and the <i>commodity reference price</i>.</p> | AUD218.00 per metric tonne |
| <p>For example, if the <i>commodity reference price</i> is AUD180.00 per metric tonne, then on the <i>payment date</i> you must pay the Bank:</p> | |
| $300 \times (\text{AUD}218.00 - \text{AUD}180.00) = \text{AUD}11,400.00.$ | |
| <p>This <i>cash settlement amount</i> will offset the price you pay when you buy your physical wheat.</p> | |
| <p>For example, if you buy your physical wheat at AUD180.00 per metric tonne you will pay:</p> | AUD218.00 per metric tonne |
| $300 \times \text{AUD}180.00 = \text{AUD}54,000.00.$ | |
| <p>This means that you have paid a total of AUD65,400.00 (AUD54,000.00 + AUD11,400.00). This equals AUD218.00 per metric tonne:</p> | |
| $\text{AUD}65,400.00 \div 300 \text{ metric tonnes} = \text{AUD}218.00 \text{ per metric tonne.}$ | |
| <p>If the fixed price is equal to the <i>commodity reference price</i>, you and the Bank will have no further obligations to each other with respect to the <i>payment date</i> under the AS transaction.</p> | AUD218.00 per metric tonne |

* In this example, if you agreed with the Bank to use the *commodity reference price* based on the closing AUD price of the wheat *futures contracts* on ASX on the *pricing date* instead of CBOT, there would be no requirement to convert the *commodity reference price* to AUD.

** Examples are used for illustrative purposes only and do not reflect current market prices or outcomes or the Bank's (or any of its associates') view on future matters.

If you have chosen more than one *pricing date* for the *transaction period*, the same calculation method will be used to determine the *cash settlement amount* on each specified *payment date*.

What are the significant benefits of an AS transaction?

The benefits include:

- the ability for you to receive or pay a fixed price for an agreed quantity of a commodity on an agreed future date;
- the ability for you to set the agreed *transaction amount* and the *transaction period* to match the level of *commodity price* protection that you require; and
- the ability for you to set the currency you require as agreed between you and the Bank.

What are the significant disadvantages of an AS transaction?

Disadvantages include:

- an AS transaction does not cover the basis risk, which is the risk arising from entering into an AS transaction that is not identical with the risk being covered (see “Basis risk” on this page);
- it does not allow you to benefit from future favourable *commodity price* movements; and
- there may be a cost if the AS is terminated before the *termination date* (see “Terminating an AS transaction” on page 10 of this PDS).

What are the significant risks of an AS transaction?

Risks derive from factors that are beyond your control. Starting from the time at which you enter an AS transaction with the Bank, risk factors may lead to changes in the financial outcomes that are unfavourable to you. Monitoring of any risks associated with this product is your responsibility (subject to the responsibility of the Bank for its own operational processes under “Operational risk”, see page 9).

Basis risk

Basis risk is the risk arising from entering into an AS transaction that is not identical with the risk being covered. The risk is a result of the difference between the *commodity reference price* and the *commodity price* for which you will buy or sell your

physical commodity in the market. For example, an AS wheat transaction uses a *commodity reference price* sourced from a *futures exchange*. However, the *commodity price* which a producer will receive upon the sale of their physical wheat takes into account the grade of the wheat, transportation costs and other factors. As such the fluctuations in the *commodity reference price* may not match those for the *commodity price*.

Market risk

In AS transactions, the key market risk to you is that you do not receive any benefit after you enter an AS transaction with the Bank. This will occur if the fixed price is equal to the *commodity reference price* on the *pricing date* or if you must pay a *cash settlement amount* to the Bank on a *payment date* because the *commodity reference price* is more favourable to you than the fixed price.

Early termination of an AS transaction may result in you paying more or receiving less than the fixed price. Additionally, you may also risk paying more or receiving less than you would have if no agreement had been entered into at all.

The Bank expects that AS transactions will be used for managing your total exposure in both commodity and currency terms. As shown in Example 1, the *commodity price* is managed by choosing a fixed price, and the currency is managed through the fixed price being denominated in AUD. If you enter into an AS transaction for a purpose other than the management of your total exposure i.e. you hedge the commodity and not the currency, you may be directly exposed to changes in the foreign exchange market. For example, if the fixed price is denominated in USD you will be exposed to changes in the *exchange rate* between AUD and USD if you wish to convert any USD received from the Bank on the *payment date* into AUD. These changes may result in losses to you.

Credit risk

Credit risk is common to all financial markets products that you may enter into with the Bank. In all cases, you are reliant on the ability of the Bank to meet its obligations to you under the terms of each transaction. This risk is sometimes described as “counterparty risk”.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or external events.

You are reliant on the ability of the Bank to price and settle your transaction in a timely and accurate manner. The Bank in turn is dependent on the reliability of its own operational processes that include communications, computers and computer networks. If for any reason the *commodity reference price* cannot be determined, the relevant price will be determined by the Bank acting in good faith. Disruptions in the Bank's processes may lead to delays in the execution and settlement of your transaction. Such disruptions may result in outcomes that are unfavourable to you.

However, once you have entered into the transaction, the management of risks associated with its own operational processes is the responsibility of the Bank.

The risks described here may not include all risk considerations that may be relevant to you when transacting an AS transaction. Please also refer to "What are the significant disadvantages of an AS transaction?" on page 8. Before transacting in this product you should be satisfied that this product is suitable for you. We recommend that you consult your investment adviser or obtain other independent advice.

Legal risk

Australia, as a member state of the United Nations, is obliged to implement United Nations Security Council sanctions. Australia also may be required to implement other international sanctions and sometimes imposes unilateral sanctions. Sanctions can cover various subject matters including financial restrictions. Consequently, the Bank may be prohibited from dealing with certain persons or entities.

This means that if the Bank is aware that you are a proscribed person or entity, then the Bank may be required to suspend, cancel or refuse you services or close or terminate any account, facility, transaction, arrangement or agreement with you.

This may be at a significant cost to you. Please refer to the relevant terms and conditions under which we may cease to deal with you.

Entering into and settling AS transactions

Entering into an AS transaction

Following credit approval by the Bank and your entering into the *master agreement and transactions addendum* (see "AS documentation" below) you may enter into AS transactions with the Bank.

The minimum *transaction amount* of an AS transaction is 100 metric tonnes of grains, 2,000 kilograms of wool, 100 bales of cotton, 100 metric tonnes of sugar or 5,000 kilograms (dressed weight) of cattle. The term is from 3 *business days* to 3 years. AS transactions for smaller *transaction amounts*, other commodities or longer terms may be available on request.

The next steps are:

1. You should contact the Bank and ask for an AS transaction for a specified *transaction amount* of an agricultural commodity for a specified *payment date/s*.
2. The Bank will determine the fixed price. If the Bank offers you an AS transaction, and you accept the offer (which can be done verbally), an AS transaction will be entered into between you and the Bank. All telephone conversations between you and the Bank will be recorded.
3. The Bank will send you a *confirmation letter* setting out the details of your AS transaction. You must sign and return this *confirmation letter* to the Bank.

AS documentation

The AS documentation consists of a *master agreement and transactions addendum* and a *confirmation letter*. The AS documentation sets out in full the terms and conditions and the particulars of the AS transaction. Samples of the AS documentation can be obtained from the Bank on request.

Settling an AS transaction

Subject to the terms and conditions of the AS documentation, a *cash settlement amount* may be payable by or to you on a *payment date*. In the event that you must pay to the Bank a *cash settlement amount*, you must ensure that you have sufficient *cleared funds* accessible to the Bank.

Variations to the payment date

Variations to the *payment date/s* are not available after the AS transaction has been entered into.

Terminating an AS transaction

An AS transaction may be terminated before the end of the *transaction period* either:

- by agreement between you and the Bank; or
- as set out in the AS documentation.

At termination, the Bank will calculate the *mark-to-market value* of the AS transaction, using prevailing market rates chosen by the Bank in good faith. If the AS transaction has a *mark-to-market value* in your favour, then the Bank must pay you an amount equal to that *mark-to-market value*. If the AS transaction has a *mark-to-market value* in the Bank's favour, then you must pay the Bank an amount equal to that *mark-to-market value*. The Bank will notify you as soon as practicable after making this calculation.

If more than one AS transaction is terminated at the same time, the sum of all *mark-to-market values* of those AS transactions in your favour and any other transactions in your favour also terminated under the *master agreement and transactions addendum* governing the AS transactions will be set-off against the sum of all *mark-to-market values* of such transactions in the Bank's favour. If, as a result of this calculation, the overall sum is in the Bank's favour, you must pay the Bank an amount equal to that total sum. Alternatively, if as a result of this calculation, the overall sum is in your favour, then the Bank must pay you an amount equal to that total sum. The Bank will notify you as soon as practicable after making these calculations.

Payments netting

In accordance with the AS documentation, if you have more than one transaction under the AS documentation, with the same *payment date* and for the same currency, payments and receipts may be "net settled". This means that all settlements are combined to a single net payment between you and the Bank.

What are the costs involved in AS transactions?

Fees and charges

There are no fees and charges for entering into an AS transaction.

Your AS transaction may also be subject to Government taxes and duties (if any). These may vary from State to State.

The factors used in determining the fixed price, including an allowance for the Bank's costs and profit margin, are set out in the section "Determining the fixed price" on page 4.

Are there any tax implications you should be aware of?

AS transactions may have tax implications. These can be complex and are invariably specific to your circumstances. The outcomes may vary depending on the type of entity transacting and whether you have made any elections in relation to foreign currency. Therefore, you should discuss any taxation issues with your independent tax adviser before entering into an AS transaction.

Code of Banking Practice

The relevant provisions of the Code of Banking Practice apply to AS transactions. You should read the Bank's information booklet "The Better Banking Book" copies of which may be obtained by telephoning the Bank on 13 22 21 (between 8am and 8pm, Monday to Friday), contacting your relationship manager, visiting our website at www.commbank.com.au or from any branch of the Bank.

The Better Banking Book contains useful information on a range of banking matters. These include the rights and obligations that arise out of the banker and

customer relationship, account opening procedures, the Bank's obligations regarding confidentiality of your information, complaint handling procedures, bank cheques, the advisability of you informing the Bank promptly when you are in financial difficulty, and the advisability of you reading the terms and conditions applying to any banking service provided to you or in which you are interested.

What if you have a complaint?

Please contact your relationship manager or the manager of the department that handled the matter and explain the problem.

Our staff will review the situation and, if possible, resolve it immediately. If the matter has not been resolved to your satisfaction, please contact our Customer Relations team via:

- our web site at:
commbank.com.au/contactus/comment.asp;
- telephone **1800 805 605**;
- facsimile **1800 028 542**; or
- writing to:
Customer Relations
Commonwealth Bank
Reply Paid 41
Sydney NSW 2001

If after giving us the opportunity to resolve your complaint, you feel we have not resolved it satisfactorily, you may also lodge a written complaint with the Banking and Financial Services Ombudsman at:

GPO Box 3
Melbourne Victoria 3001
telephone **03 9613 7333**;
toll free **1300 780 808**;
facsimile **03 9613 7345**;
web site **www.bfso.org.au**.

Customer information and privacy

Collection and verification of customer information

"Customer information" is information about a customer. It includes personal information.

The law requires us to identify our customers. We do this by collecting and verifying information about you. We may also collect and verify information about persons who act on your behalf. The collection and verification of information helps to protect against identity theft, money-laundering and other illegal activities.

We use your customer information to manage our relationship with you, provide you with the products and services you request and also tell you about the products and services offered by the Commonwealth Bank Group ("Group"), affiliated providers and external providers for whom we act as agent. If you have given us your electronic contact details, we may provide marketing information to you electronically.

The collection and verification of customer information may be carried out in different ways and we will advise you of the most acceptable methods of doing this. We may disclose your customer information in carrying out verification – e.g. we may refer to public records to verify information and documentation, or we may verify with an employer that the information you have given us is accurate.

Depending on whether you are an individual or an organisation, the information we collect will vary. For instance, if you are an individual, the type of information we may collect and verify includes your full name, date of birth and residential address. If you are commonly known by 2 or more different names, you must give us full details of your other name or names.

For instance, if you are a company, we may collect and verify information, including company incorporation and registration details, as well as details of the company's officers and its major shareholders.

If you are acting as a trustee, we may ask you for, amongst other things, information on the beneficiaries of the trust and evidence of the existence of the trust.

If you are a partnership, we may require information including evidence of the fact that the partnership exists, as well as the full name of the partnership, the names of the partners and any business name owned by the partnership.

For other organisations, the kind of information we collect and verify will depend on the type of organisation you are.

In addition, during your relationship with us, we may also ask for and collect further information about you and about your dealings with us.

You must provide us with accurate and complete information. If you do not, you may be in breach of the law and also we may not be able to provide you with products and services that best suit your needs.

Protecting customer information

We comply with the National Privacy Principles as incorporated into the *Privacy Act 1988* (Cth).

We disclose customer information to other members of the Group (including overseas members), so that the Group may have an integrated view of its customers and to facilitate the integrated treatment of its customers. It also enables other members of the Group to provide you with information on their products and services.

Other disclosures

At common law, banks are permitted to disclose customer information in the following circumstances:-

- (a) where disclosure is compelled by law; or
- (b) where there is a duty to the public to disclose; or
- (c) where our interests require disclosure; or
- (d) where disclosure is made with your express or implied consent.

So that we can manage our relationships, customer information may be disclosed to:

- brokers and agents who refer your business to us;
- any person acting on your behalf, including your financial adviser, solicitor, settlement agent, accountant, executor, administrator, trustee, guardian or attorney;
- financial institutions who request information from us if you seek credit from them;
- if you have borrowed from the Bank to purchase property: valuers and insurers (so that the Bank can obtain a valuation of your property, and confirm that it is insured);

- if you have insurance: medical practitioners (to verify or clarify, if necessary, any health information you may provide), claims investigators and reinsurers (so that any claim you make can be assessed and managed), insurance reference agencies (where the Bank is considering whether to accept a proposal of insurance from you and, if so, on what terms); and
- organisations to whom we may outsource certain functions.

In all circumstances where our contractors, agents and outsourced service providers become aware of customer information, confidentiality arrangements apply. Customer information may only be used by our agents, contractors and outsourced service providers for our purposes.

We may be required to disclose customer information by law, e.g. under Court Orders or Statutory Notices pursuant to taxation or social security laws or under laws relating to sanctions, anti-money laundering or counter terrorism financing.

We may send customer information overseas if:

- that is necessary to complete a transaction, or
- we outsource certain functions overseas.

We may also be permitted, as distinct from required, to disclose information in other circumstances. For more information, please refer to our Privacy Policy.

Access to your personal information

The law allows you (subject to permitted exceptions) to access your personal information. You can do this by contacting:

Customer Relations
Commonwealth Bank
Reply Paid 41
Sydney NSW 2001

We may charge you for providing access.

Further information

For further information on our privacy and information handling practices, please refer to the Group's Privacy Policy, which is available at commbank.com.au or upon request from any branch of the Bank.

Definitions

“ASX”

Australian Securities Exchange

“AUD”

Australian dollars.

“Australian Wool Exchange’s Micron Price Guide (AWEX MPG)”

Part of the AWEX WOOLTRAK market reporting system and a primary source of price information for the wool industry. Quotes are in AUD cents per kilogram (c/kg) clean, based on wool sales held at auction in all the major wool-selling centres of Australia. An AWEX MPG is reported for most microns from 17 to 32 and is recalculated for each region at the end of every sale day. Each of the AWEX MPGs is an average for a range of fleece wools that reflect the most common types for each micron, sold on that particular day.

the “Bank”

Commonwealth Bank of Australia
ABN 48 123 123 124.

“business day”

A day on which the Bank is open for the transaction of business in relation to an Agricultural Swap.

“CAD”

Canadian dollars.

“cash settlement amount”

The amount payable on a *payment date* by one party to the agreement to the other based on the difference between the fixed price and the *commodity reference price* for the underlying commodity.

“CBOT”

Chicago Board of Trade.

“cleared funds”

Funds that are immediately available to you for settlement of your AS transaction.

“commodity price”

The price that a producer or consumer will receive or pay for the sale or purchase of their physical commodity.

“commodity reference price”

The price that will be used to determine the outcome of your AS transaction on a *payment date*. The *commodity reference price* is determined by reference to a particular *futures exchange*, index or price guide depending on the underlying currency of the AS transaction.

“confirmation letter”

A letter confirming the particulars of an AS transaction entered into between you and the Bank on a *trade date*.

“Eastern Young Cattle Indicator (EYCI)”

A seven-day rolling average of 24 young cattle categories from 26 saleyards across Queensland, New South Wales and Victoria, expressed in cents per kilogram dressed weight in AUD cents per kg of dressed weight, rounded to the nearest quarter cent. The EYCI is produced daily by the National Livestock Reporting Service (NLRS), an independent market intelligence service provided by Meat and Livestock Australia (MLA).

“exchange rate”

The expression of the value of one currency in terms of another. For example, in the *exchange rate* AUD/USD0.6500, 1 Australian dollar is equal to 65 United States cents (AUD1.0000 = USD0.6500).

“forward exchange rate”

The expression of the value of one currency in terms of another where the currencies are exchanged at a future date that is more than 2 *business days* after the contract to exchange the currencies is entered into.

“futures contract”

A contract to purchase a specific asset or financial instrument at a specified time in the future at a specified price. Nearly all *futures contracts* are traded on a *futures exchange* and are standardised in terms of delivery date, amount and contract terms.

“futures exchange”

A market in which *futures contracts* are bought and sold, traditionally in a central, physical location, i.e. a trading floor. Increasingly though, *futures exchanges* are operated by dispersed traders using computer links to post prices to buy and sell the *futures contracts*.

“Hedge Settlement Rate Average (HSRA)”

An AUD/USD reference rate set at 9.45am each *business day* and published on Reuters page HSRA. The HSRA rates are compiled by the Reserve Bank of Australia by averaging the AUD/USD *exchange rates* of a sample of market participants in the foreign exchange market. When calculating the average, the highest and lowest rates are removed from the sample prior to computation.

“HSRA date”

For AS transactions where the fixed price is denominated in AUD, 1 *business day* after the *pricing date*.

“mark-to-market value”

A valuation method where an existing AS transaction is valued against current market rates to calculate any potential profit or loss on termination.

“master agreement and transactions addendum”

The Bank’s Derivatives Master Agreement and Commodity Swap Addendum.

“parties to the agreement”

The parties to an AS transaction are you and the Bank.

“payment date”

A *business day* on which a *cash settlement amount* is paid. For AS transactions, where the fixed price is denominated in the same currency as the *commodity reference price*, the payment date will be 2 *business days* after the *pricing date*, or by agreement. For transactions where the fixed price is denominated in a different currency from the *commodity reference price*, the payment date will be 3 *business days* after the *pricing date*, or by agreement.

“physical settlement”

Settlement by delivering the *transaction amount* of the underlying commodity.

“pricing date”

The date the *commodity reference price* is determined with respect to a *payment date*.

“reference rate”

The benchmark *exchange rate* you agree with the Bank on the *trade date* to convert the *commodity reference price* to the same currency as the fixed price. An example is the HSRA.

“termination date”

The last day of the *transaction period* of the AS transaction.

“trade date”

The date on which an AS transaction is entered into by the *parties to the agreement*.

“transaction amount”

The agreed quantity of the underlying commodity of the AS transaction.

“transaction period”

The period from and including the *trade date* to and including the *payment date* or the last *payment date* where more than one *payment date* is specified.

“USD”

United States dollars.

“you”, “your”

The customer who is one of the *parties to the agreement*.

APPENDIX A

Futures Exchanges/Index/Price Guide Examples

International Exchanges/Index/Price Guide

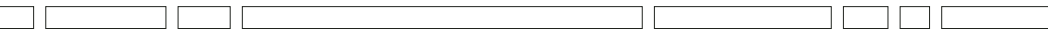
Commodity

| | | |
|---------------|---|------------------|
| Wheat | Chicago Board of Trade (CBOT) or Kansas City Board of Trade (KBOT) | Futures Exchange |
| Cotton | New York Board of Trade (NYBOT) | Futures Exchange |
| Canola | Winnipeg Commodity Exchange (WCE) | Futures Exchange |
| Sugar | New York Board of Trade (NYBOT) | Futures Exchange |
| Corn | Chicago Board of Trade (CBOT) | Futures Exchange |

Domestic Exchanges/Index/Price Guide

Commodity

| | | |
|----------------|--|---------------------------------|
| Wheat | Australian Securities Exchange (ASX) | Futures Exchange |
| Canola | Australian Securities Exchange (ASX) | Futures Exchange |
| Barley | Australian Securities Exchange (ASX) | Futures Exchange |
| Sorghum | Australian Securities Exchange (ASX) | Futures Exchange |
| Cattle | Sydney Futures Exchange (SFE) <i>Eastern Young Cattle Indicator (EYCI)</i> | Futures Exchange Index |
| Wool | Sydney Futures Exchange (SFE) <i>Australian Wool Exchange's Micron Price Guide (AWEX MPG)</i> | Futures Exchange Price Guide |



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