



Rabobank



Commodity Price & Foreign Exchange Risk Management

Rabobank, the world's leading food and agribusiness bank

Who is Rabobank?

- The world's leading specialist food and agribusiness bank
- Founded in the Netherlands over 110 years ago as a cooperative structure, by farmers for farmers
- Globally, Rabobank has over 1500 offices and branches and over nine million clients in 43 countries
- One of the world's largest financial institutions with a AAA credit rating
- A network of 51 branches throughout Australia and 29 branches throughout New Zealand

Helping primary producers safeguard future income streams.

Australian producers have always been well aware of the impact of overseas markets and external influences on local agricultural prices and input costs. Many are beyond their control, but some risks can be addressed.

Rabobank Australia Limited offers access to a range of products and services to help clients manage the risks associated with volatility in agricultural commodity prices and foreign exchange rates.

Commodity Price Risk Management

Rabobank Australia Limited offers clients access to 'Over the Counter' (OTC) products which include a range of risk management instruments to help simplify the traditional use of exchange traded products, especially where overseas futures exchanges are used.

'Over the Counter' Commodity Risk Management Products

These products are tailored to client's specific needs, are often available for longer durations than their exchange traded equivalents and they are cash settled. They also offer clients with medium to large production, the ability to manage price risk independently of physical commitments and add flexibility to marketing programmes.

Rabobank Australia Limited offers Commodity Price Swaps and Options -

- Commodity Price Swaps allow producers and purchasers of agricultural commodities to fix prices for future production or accumulation requirements.
- Commodity Price Options allow producers and purchasers of agricultural commodities to protect against unfavourable price movements that may affect future production or accumulation needs. Options retain some flexibility, in that the purchaser of an option can take advantage of better prices should they occur. A premium is payable upfront.

'Over the Counter' products are offered in the following commodities:

Commodity	Maximum Duration	Minimum Individual Amount	Referenced to*	Currency availability
Wheat	3 years	100 metric tonnes (mt)	CBOT/KCBT	AUD & USD
Canola	3 years	100 mt	ICI	AUD & USD
Corn	3 years	100 mt	CBOT	AUD & USD
Cotton	3 years	100 bales	ICE USA	AUD & USD

* CBOT Chicago Board of Trade
KCBT Kansas City Board of Trade

ICI ICE Canada Ltd
ICEUSA

Clients who enter into 'Over the Counter' Commodity products should be aware of the "bases risk" that exists between the hedging instrument being used and the physical price of the commodity they are intending to protect.

We strongly recommend that clients seek external risk management advice before using the products mentioned in this brochure.

Foreign Exchange Risk Management

Rabobank Australia Limited offers foreign exchange facilities to assist:

- producers with commodity price management
- importers and exporters to manage currency payments and receipts
- with currency transfers of a capital nature.

Facilities include:

- Spot foreign exchange – allows you to exchange one foreign currency for another, using the same day's exchange rate. Rabobank Australia Limited offers transaction in all major currency pairs.
- Forward foreign exchange contracts – allows you to set an exchange rate now that is applied to foreign exchange currency receipts and payment at a predetermined future date. This provides protection against adverse exchange rate movements, giving you the certainty of a known exchange rate in advance. Contracts in all major currency pairs are available.
- Foreign currency options – offer the buyer protection against adverse exchange rate movements over a specified contract period, while also allowing you to take advantage of any favourable movement in the exchange rate. For this flexibility a premium is payable upfront.

Order watch – through its global network Rabobank Australia Limited enables clients to make transactions at nominated price levels, eliminating the need to constantly monitor the markets.

- Rabobank Price Risk Management Facility
- Certain products, particularly fixed price contracts such as Commodity Swaps and Forward Exchange Contracts, usually require a credit application. Rabobank Australia Limited's Price Risk Management Facility is an "all in one" facility that caters for this. Our Risk Management Services team will discuss your requirements with you and arrange a suitable facility.

For more information talk to your local Rabobank rural manager or call our specialist Rural Treasury Sales team on 1300 30 04 79.

www.rabobank.com.au



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The issuer of Commodity Risk Management Products and Foreign Exchange Risk Management products is Rabobank Australia Limited ABN 50 001 621 129, AFSL 234700. The information in this brochure is general in nature. You should consider your objectives, financial situation or needs and any relevant Product Disclosure Statement (PDS) issued by Rabobank Australia Limited before making any financial decisions. PDSs are available by calling Rural Treasury Sales on 1300 30 04 79.

You may be required to pay Rabobank an Option Premium in respect of Transactions under the Foreign Exchange Facility or in respect of Options associated with Commodity Price Option Transactions and Commodity Price Collar Transactions which you request under the Over the Counter Commodity Facility.