This Product Disclosure Statement is a replacement for the Product Disclosure Statement dated 22 June 2015.

This document gives you important information about Forward Exchange Contracts to help you decide whether you want to enter into the Forward Exchange Contracts described in this Product Disclosure Statement. There is other useful information about this offer at http://www.companiesoffice.govt.nz/disclose. Centurion Finance Limited has prepared this document in accordance with the Financial Markets Conduct Act, 2013.
1. Key Information Summary

What is this?
This is a Product Disclosure Statement (“PDS”) for Forward Exchange Contracts provided by Centurion Finance Limited (“Centurion Finance”). Forward Exchange Contracts are derivatives, which are contracts between you and Centurion Finance that may require you or Centurion Finance to exchange one currency for another at a specified rate, for a specified amount, for delivery on a specified date sometime in the future (generally up to 12 months). The value of the contract will depend on the spot rate of the underlying currency being traded and the margin added to it by Centurion Finance. The contract specifies the terms on which the exchange of currency must be made.

Warning

1. Risk that you may owe money under this derivative

If the price or level of the underlying currency that is purchased or sold changes, you may suffer losses. In particular, unlike most other kinds of financial products, you may end up owing significant amounts of money. You should carefully read section 2 of this PDS on how payments are calculated.

2. Risks arising from issuer’s creditworthiness

When you enter into derivatives with Centurion Finance, you are exposed to a risk that Centurion Finance cannot make payments as required. You should carefully read section 3 of this PDS (risks of these derivatives) and consider Centurion Finance’s creditworthiness.

About

Centurion Finance is part of the global American Express group that provides global payment and foreign exchange services in New Zealand.

Which derivatives are covered by this PDS?

This PDS covers Forward Exchange Contracts. Forward Exchange Contracts are designed for customers who wish to manage particular foreign currency inflows and outflows. They allow you to lock into an exchange rate now to avoid currency fluctuations and gain flexibility when business circumstances change due to, for example, shipping delays, changing weather and demands from your suppliers and customers.
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2. Key features of the Derivatives

Forward Exchange Contracts
A Forward Exchange Contract is a contract to exchange one currency for another at a specified rate, for a specified amount, for delivery on a specified date at some time in the future (up to 12 months). For example, to meet a future payment obligation, on 1 June a customer may enter into a Forward Exchange Contract for the purchase of USD$100,000 in 30 days’ time at a fixed rate.

Forward Exchange Contracts are generally used by importers and exporters to lock in exchange rates for a future date in order to protect their foreign currency cash flows. Forward Exchange Contracts enable future exchange risk to be minimised, although you may still face a loss if you do not settle the Forward Exchange Contract on or before the delivery date.

When you enter into a Forward Exchange Contract with Centurion Finance you nominate the two currencies to be exchanged, the amount of currency to be bought or sold, and the date that you wish to exchange the currencies. The currencies that you wish to exchange must be acceptable to Centurion Finance. For a list of available currencies please contact your Centurion Finance representative.

On the delivery date Centurion Finance will pay you or your nominated beneficiary the amount of currency that you have purchased.

Key Benefits of the Derivatives
Forward Exchange Contracts are designed for customers who wish to manage particular foreign currency inflows and outflows. Where this occurs, benefits include:

- providing certainty that an exchange rate will apply to a certain transaction that you anticipate having to undertake;
- providing protection against fluctuating exchange rates and the impacts of economics on exchange rates; and
- protecting profit margins or operating margins by assisting you to manage your cash flow.

Minimum contract amount
NZD10,000 equivalent or an amount agreed on in consultation with our Foreign Exchange Dealers.

Payment
The fixed rate for a Forward Exchange Contract is derived by adjusting the spot rate foreign exchange rate by a margin. The spot rate is the foreign exchange rate quoted for immediate delivery of foreign exchange and the margin reflects the interest rate differential of the currencies involved. The margin can be either positive or negative.

Centurion Finance will determine the margin and the resulting forward exchange rate it quotes to you based on the following factors:

- the transaction amount;
- the spot rate;
- the forward points (these are points which may be added to or subtracted from the spot rate);
- an allowance for Centurion Finance’s costs, both fixed and variable;
Centurion Finance's profit margin (this can be applied to the spot rate, the forward points or both).
The duration of the term of the forward exchange contract.

All Forward Exchange Contracts must be settled by delivery of the full amount being transferred on or before the delivery date.

To have the agreed forward amount sent as a Telegraphic Transfer, logon to FXIP or contact our Client Management Team on 0800 472 353. For more information on Telegraphic Transfers, please see the Telegraphic Transfer Product Disclosure Statement and Terms and Conditions.

**Term**

No term may exceed twelve months from the establishment date of the Forward Exchange Contract.

**How does a forward transaction work?**

**Example**: You are making a payment in a foreign currency

You need to make a payment of USD100,000.00 to an offshore beneficiary in 100 days. You need to sell NZD and buy USD to make this payment.

You wish to enter into a Forward Exchange Contract with Centurion Finance today to fix a forward exchange rate at which you will buy the USD100,000.00 in 100 days.

**Assume the following**:

- Current NZD/USD spot exchange rate 0.7350
- Margin -0.0090
- Forward exchange rate 0.7260

If you enter into a Forward Exchange Contract with Centurion Finance, you must purchase USD$100,000.00 from Centurion Finance in exchange for NZD137,741.05 (USD100,000/0.7260) on the delivery date.

*The example above is for illustrative purposes only and does not reflect the specific circumstances or the obligations that may arise under a forward exchange contract entered into by the client*

**Establishment of a Forward Exchange Contract**

Once your Foreign Exchange International Payments Facility has been approved (refer to section 9 for further details), you may establish Forward Exchange Contracts up to your approved limit.

You may enter into Forward Exchange Contracts by:

- telephone – please contact our Foreign Exchange Dealers on 0800 472 353.
- our online system FX International Payments (FXIP).

Once you confirm agreement to the exchange rate, you can only cancel the Forward Exchange Contract in accordance with the ‘Cancellation’ section of this PDS.

If you enter into a Forward Exchange Contract over the telephone, you do not need to provide additional instructions by facsimile or through FXIP to finalise the phone trade as the Forward Exchange Contract is agreed and binding at the time you verbally agree to the exchange rate over the phone. You, or your authorized user, will be
asked questions to verify your identity prior to the finalization of the phone trade. It is your responsibility to notify us in writing of all changes in your authorized users and to provide us with the specimen signature and security details if an authorized user is to be added to the account.

After the Forward Exchange Contract has been entered into, we will provide to you our confirmation of the transaction which details the amount to be exchanged, exchange rate, delivery date(s) and the amount payable by you. You must only enter into a Forward Exchange Contract to meet a future payment obligation. You must not enter into a Forward Exchange Contract for the purposes of speculative trading. If we have reasonable grounds to suspect that you have entered into the Forward Exchange Contract for the purposes of speculative trading, we may reverse and settle the contract immediately and without notice to you. Any contract reversal and settlement may result in additional costs as a result of closing out the contract. We may also terminate your Foreign Exchange International Payments Facility immediately and without notice.

**Settlement of a Forward Exchange Contract**

On or before 3pm on the delivery date, you may provide us with your instructions to have the agreed amount sent as an international payment, otherwise we hold the right to reverse and settle the Forward Exchange Contract on the delivery date.

If you elect to have the agreed amount sent as an international payment, you must comply with our Telegraphic Transfer Product Disclosure Statement and Terms and Conditions.

You may also cancel a Forward Exchange Contract before the delivery date, by faxing us your instructions or by contracting our foreign Exchange Dealers on 0800 472 353 and instructing them to reserve and settle the Forward Exchange Contract. A cancellation is not effective until verbally confirmed to you by Centurion Finance. If we reverse and settle the Forward Exchange Contract, we will either request funds or provide you with funds based on the market differential between the Forward Exchange Contract rate and the cancellation rate that Centurion Finance can source, at the time of contract reversal. If we request funds, we may either invoice you and you must pay us this amount within 5 business days or where a direct debit authority resides over your facility, we will debit your nominated NZD bank account for this amount.

**Extending the Delivery Date of your Forward Exchange Contract**

You may request us to extend the delivery date of your Forward Exchange Contract (referred to as "Historical Rate Roll") by calling our Foreign Exchange Dealers on 0800 472 353 or by contacting your FX Relationship Manager direct.

All Historical Rate Rolls will be subjected to Centurion Finance’s credit approval process and are not automatic. Historical Rate Rolls will be permitted for genuine commercial reasons only and not for speculative purposes. Even where this is the case, Centurion Finance may not always be willing to extend the delivery date of your Forward Exchange Contract. The decision to grant an extension will be made at Centurion Finance’s absolute discretion. You may be asked to provide supporting documentation or information to validate the reason for your request.

If Centurion Finance agrees to a Historical Rate Roll, the exchange rate of your Forward Exchange Contract will be altered. For convenience, we will quote you an extension margin to your existing Forward Exchange Contract exchange rate. The margin will take into account a number of factors, including your existing Forward Exchange Contract exchange rate, the current spot rate, market interest rates and any potential funding or fee implications. It will be expressed in exchange rate points and may be positive or negative. Where it is positive, it will be added to your existing
Forward Exchange Contract exchange rate. Correspondingly, where it is negative, it will be subtracted.

If you accept the quote to extend the delivery date of your Forward Exchange Contract, we will send you a confirmation detailing the amendment.

**Contract Reversal/Cancellation of a Forward Exchange Contract**

You can cancel a Forward Exchange Contract through a contract reversal on the delivery date or at any time prior to the delivery date. To cancel a Forward Exchange Contract, you must fax us your instructions or contact our Foreign Exchange Dealers on 0800 472 353 and instruct them to reverse and settle the Forward Exchange Contract.

At the same time a contract is reversed it must be settled and this may result in additional costs as a result of closing out the contract. The costs, if any, will derive from the market differential between the Forward Exchange Contract rate and the cancellation rate that Centurion Finance can source, at the time of contract reversal. However, if the cancellation rate is more favorable than the Forward Exchange Contract rate then these additional funds may be returned to you.

Example*: You have entered into a Forward Exchange Contract to exchange NZ$50,000 for US$ at the rate of 0.7270 for delivery in 3 months. The US$ to be received on the delivery date is US$36,350. Centurion Finance purchases the US$ amount on your behalf from its suppliers.

Part way through the agreed Forward Exchange Contract term, your circumstances change and you no longer require delivery of the US$. You therefore request American Express to cancel the Forward Exchange Contract. On the date that you request cancellation of the Forward Exchange Contract, the prevailing FX market exchange rate has changed and the spot rate is now 0.7350. American Express sells the US$36,350 back into the foreign exchange market at the rate of 0.7350 and receives NZ$49,455.78. Based on the exchange rate movement, this has generated a loss of NZ$544.22 that is to be paid for by you.

*The example above is for illustrative purposes only and does not reflect the specific circumstances or the obligations that may arise under a forward exchange contract entered into by the client.

**Transfer of a Forward Exchange Contract**

Centurion Finance does not provide a market amongst or between its clients. Each Forward Exchange Contract is an individual agreement made between that client and Centurion Finance and is not transferable, negotiable or assignable to or with any third party.

3. **Risks of these derivatives**

Centurion Finance considers that Forward Exchange Contracts are only suitable for persons who understand and accept the risks involved in financial products involving foreign exchange rates. Centurion Finance recommends that you obtain independent financial, legal, taxation and other professional advice that you require before you acquire our Forward Exchange Contracts.
Product Risks

The following are product risks associated with a Forward Exchange Contract:

- **Opportunity Loss**: Where the Forward Exchange Contract rate is worse than the exchange rate on the delivery date of the contract, there may be a loss of opportunity to access the delivery date spot exchange rate. By protecting against potential unfavourable exchange rate movements, you are not able to take advantage of favourable exchange rate movements.

- **Market Volatility**: The foreign exchange markets in which Centurion Finance operates can change rapidly. These markets are speculative and volatile with the risk that prices will move quickly. When this occurs the value of your Forward Exchange Contract with Centurion Finance may be significantly less than when you entered into the contract.

- **Amendments**: Where a Forward Exchange Contract needs to be utilised on a day other than the delivery date, there may be an adjustment required to the Forward Exchange Contract rate, thus negating some of the benefits or increasing the cost to you.

- **Cooling off**: There is no cooling-off period. Once you confirm agreement to the exchange rate, you can only cancel the Forward Exchange Contract in accordance with the ‘Cancellation’ section of this PDS, which may result in a cost to you.

Issuer Risks

Centurion Finance is the counterparty to your Forward Exchange Contract. You are relying upon Centurion Finance to be able to perform its obligations to you. As a result, you are exposed to the risk that Centurion Finance becomes insolvent and is not able to fulfill its obligations to you under the Forward Exchange Contract.

In order for you to assess for yourself our financial ability to meet our counterparty risk, you can view the public file relating to Centurion Finance, including a copy of Centurion Finance’s most recent financial statements on the Companies Office website at [www.companiesoffice.govt.nz](http://www.companiesoffice.govt.nz) at no cost.

Centurion Finance’s creditworthiness has not been assessed by an approved rating agency. This means that Centurion Finance has not received an independent opinion of its capability and willingness to repay its debts from an approved source.

Risks when entering or settling the derivatives

When entering or settling derivatives, you may be exposed to the risk of loss resulting from inadequate or failed internal processes, people and systems or external events.

You are reliant on Centurion Finance to price and settle your transaction in a timely and accurate manner. In turn, Centurion Finance is dependent on the reliability of its own operational processes such as communications, computers and computer networks. Disruptions in Centurion Finance’s processes may lead to delays in the execution and settlement of your transaction. Such disruptions may result in contractual outcomes that are less favorable to you. However, once you have entered into a transaction, the management of risks associated with its own operational processes is the responsibility of Centurion Finance.
4. Fees

When you enter into a Forward Exchange Contract the amount that you pay us is determined by the exchange rate that we agree upon at the point of the transaction. This exchange rate includes a margin which covers an allowance for our costs and a profit margin for providing you with this product, and is described in more detail in the “Payment” section of section 2 of this document.

In addition, the following fees and charges may be applicable in respect of Forward Exchange Contracts:

**Establishment**: nil

**Delivery**: nil – however, a fee may be payable for the underlying transaction depending on the actual settlement method (e.g. a fee may be payable for a Telegraphic Transfer as outlined in the Telegraphic Transfer Product Disclosure Statement and Terms and Conditions).

**Cancellation**: nil – however, you may incur costs in reversing and settling a Forward Exchange Contract (see Contract Reversal).

If you fail to pay us any fees or charges or any amount when due and payable we may terminate your Foreign Exchange International Payments Facility immediately and without notice.

The fees and charges may be changed from time to time, but any such change will only take effect for new Forward Exchange Contracts entered into after the date of such change. We will notify our customers prior to any change being made.

5. How Centurion Finance treats funds received from you

Centurion Finance generally does not hold funds received from you. In the event that Centurion Finance holds funds received from you, it will hold and disburse such funds in accordance with the Financial Markets Conduct Act 2013.

6. About Centurion Finance Limited

**About**

Centurion Finance Limited was incorporated under the Companies Act 1955 on 6 June 1973 and was re-registered under the Companies Act 1993 on 1 July 1997. Centurion Finance Limited is part of the global American Express group that provides global payment and foreign exchange services. The ultimate holding company of the American Express group is American Express Company, an American bank holding company. The American Express Company is regulated by the Board of Governors of the Federal Reserve System.

Centurion Finance Limited holds a derivatives issuer licence under Part 6 of the Financial Markets Conduct Act 2013, licence number FSP43662.
General Enquiries
General enquiries in relation to the products described in this PDS may be made by contacting our Foreign Exchange Dealers by any of the means described below.

Phone: 0800 472 353
Email: fes.ip.services@aexp.com

Mailing Address:
American Express Foreign Exchange International Payments
PO BOX 4005
Auckland

7. How to complain

Centurion Finance is committed to customer satisfaction as part of its service philosophy. We have established internal procedures to resolve the complaints regarding our products.

If you have a complaint about the service or products provided to you, please take the following steps: direct your complaint, at first instance, to the point of purchase or otherwise, contact Centurion Finance by telephone on 0800 472 353.

If your complaint is not satisfactorily resolved within 20 business days, please address your complaint in writing to:

The Complaints Manager
Foreign Exchange Services
Centurion Finance Limited
600 Great South Road, Ellerslie
Auckland, 1051, New Zealand

We make every endeavor to resolve the complaints in a prompt and fair manner.

If you are still dissatisfied with the resolution of a complaint you have the right to refer the complaint for investigation and resolution to the following approved independent dispute resolution scheme:

Financial Services Complaints Ltd
PO Box 5967
Lambton Quay
Wellington, 6145

Toll free number: 0800 347 257
Website: www.fscl.org.nz
Email: info@fscl.org.nz

Financial Services Complaints Ltd will not charge a fee to you to investigate or resolve a complaint.

8. Where you can find more information

Further information relating to Centurion Finance Limited including copies of the company's most recent financial statements can be viewed on the offer register of the
Companies Office at www.companiesoffice.govt.nz/disclose at no cost. A copy of the information on the offer register is available on request to the Registrar of Financial Service Providers at www.companiesoffice.govt.nz.

For further information about Forward Exchange Contracts, please visit our website at http://americanexpress.co.nz/fxip.

If you would like further information about the way in which Centurion Finance collects, uses, shares and keeps your personal information, please refer to our Online Privacy Statement which is available at https://www.americanexpress.com/nz/content/online-privacy-statement.html?inav=nz_legalfooter_privacy.

9. How to enter into a client agreement

**Applying for a Forward Exchange Contract**

Please contact us on 0800 472 353 to apply for a Forward Exchange Contract. One of our Relationship Managers will explain our product to you and make arrangements for you to complete our new account application form.

All applications must include evidence of the establishment of your business, your business finances including audited financial statements and details of the types of transactions undertaken by your business.

Your application will be reviewed in terms of relevant identification checks and credit policies. You will normally be advised of the outcome of your application within 14 days.