

KEY INFORMATION DOCUMENT

Purpose

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

Product

**PRIP Name:** Commodity Swap (Client Buys)

**PRIP Manufacturer:** Lloyds Bank Corporate Markets plc (“Lloyds Bank”)

Call 0203 578 0064 for more information

**Website:** <http://www.lloydsbankcommercial.com>

**Date of Production:** 23/04/2024

You are about to purchase a product that is not simple and may be difficult to understand

What is this product?

**Type:** An Over the Counter (OTC) contract - Commodity Instrument

Objective:

The objective of this product is to manage adverse movements in the Commodity Floating Price that you may experience. Note that it may not provide you with complete protection against such exposures. The product achieves its objectives by Lloyds Bank agreeing the terms of an OTC contract with you under which you will agree to pay Lloyds Bank a Fixed Price (defined below) in return for receiving a Floating Price (defined below), in respect of an agreed amount (Notional) of the underlying Commodity. Sample parameters and pre-agreed circumstances and conditions are set out below:

Instrument	Swap	Total Notional	10 bbl/month (117 bbl total)
Commodity	ICE Brent Crude Oil	Calculation Periods	01/05/2024 to 30/04/2025
Commodity Ref Price (Floating Price)	CO1 COMDTY	Settlement Frequency	Monthly
Price Source	Bloomberg	Fixed Price	85.80 USD/bbl

The product achieves its objectives as follows:

- The Swap is cash-settled. Payments are made at the end of each Calculation Period (defined above) and the settlement amount is the net difference between the Floating Price and Fixed Price multiplied by the Notional for that relevant period;
  - If the Settlement amount is positive (i.e. where the Floating Price > Fixed Price), the Client will receive the net amount from Lloyds Bank at the end of the Calculation Period;
  - If the Settlement amount is negative (i.e. where the Floating Price < Fixed Price), the Client will be liable to pay the net amount to Lloyds Bank at the end of the Calculation Period.

Intended Retail Investor:

This product is intended for retail investors with a short time horizon who:

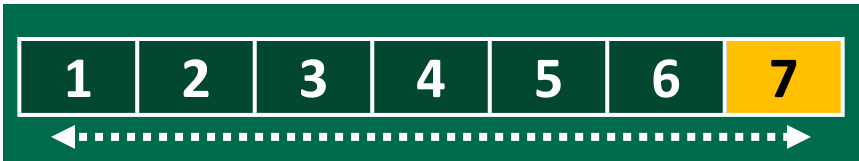
- (i) have sufficient knowledge or experience to understand complex financial products; and
  - (ii) have exposure to the relevant commodity and want a level of protection against adverse movements in commodity prices.

Term:

The term of the Commodity Swap will depend on how long you wish to protect against adverse movements in commodity prices and will be agreed with you before you enter into the Commodity Swap. The product is a bilateral agreement that cannot ordinarily be terminated unilaterally by either you or Lloyds Bank, unless certain events of default or other termination events occur. In this case early termination payments may apply, and you may incur significant losses.

What are the risks and what could I get in return?

Risk Indicator:



## Lower risk



## Higher risk

The risk indicator assumes you keep the product until the agreed Maturity Date. The actual risk can vary significantly if you cash in at an early stage and you may get back less. You may not be able to end your product early. You may have to pay significant extra costs to end your product early.

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.

We have classified this product as 7 out of 7, which is the highest risk class. This rates the potential losses from future performance at a very high level. **Be aware of currency risk. Where you receive payments in a different currency the final return you get depends on the exchange rate between the two currencies. This risk is not reflected in the indicator shown above.** This product does not include any protection from future market performance so you could incur significant losses.

If we are not able to pay you what is owed you could incur significant losses.

## Investment Performance Information

### a) Factors likely to affect future returns

The factors affecting returns will also affect the product's performance. For this product the Commodity Reference Price (Floating Price) is the only factor affecting return. Your return will vary depending on how the Floating Price performs against the Fixed Price.

### b) Most relevant Index

The most relevant index is the Floating Price of the Commodity Swap. The level of the Floating Price over the lifetime of the swap directly affects the performance and volatility of the swap.

### c) What could affect my return positively?

If the Floating Price increases above the Fixed Price over a calculation period, the Bank will make a payment to you. The higher the floating price above the Fixed Price, the more you will receive from us, and your return will be higher.

### d) What could affect my return negatively?

If the Floating Price is below the Fixed Price over a calculation period, you must make a payment to the Bank. The lower the Floating Price below the Fixed Price, the more you must pay to us, and your return will be lower.

### e) Performance in severely adverse market conditions

Commodity prices can be zero, or even go negative. Should this happen, you could end up paying each of the remaining Fixed Price settlements and receive nothing. You could also end up paying more than the Fixed Price for each calculation period if the Floating Price is negative. i.e., you could lose your investment.

## What happens if Lloyds Bank Corporate Markets plc is unable to pay out?

You may be exposed to a risk that Lloyds Bank might be unable to fulfil its obligations in respect of the Commodity Swap. The product is not protected by any local investor compensation or guarantee scheme. This means that if Lloyds Bank is unable to pay out, you may not receive any amount from Lloyds Bank under the product.

## What are the costs?

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the performance of the product. The total costs take into account one-off, ongoing and incidental costs. The amounts shown here are the cumulative costs of the product itself, over the recommended holding period. They include potential early exit penalties. The figures assume a nominal value of \$ 10,000. The figures are estimates and may change in the future.

### Costs over time:

The person selling you this product may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

Investment Scenarios [USD 10,000]	If you cash in at the end of the recommended holding period
Total costs	USD 300
Impact on return (RIY) per year	3.09 % each year

### Composition of costs:

The table below shows:

- the impact each year of the different types of costs on the performance of the product at the end of the recommended holding period;
- the meaning of the different cost categories.

The costs below are the maximum values shown and will vary depending on the underlying parameters of the transaction.

### This table shows the impact on return per year

One-off costs	Entry costs	3.09 %	The impact of the costs you pay when entering your investment.
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Ongoing costs			This is the most you will pay, and you could pay less.
	<b>Exit costs</b>	0.00 %	The impact of the costs of exiting your investment when it matures.
	<b>Portfolio transaction costs</b>	0.00 %	The impact of the costs of us buying and selling underlying investments for the product.
	<b>Other ongoing costs</b>	0.00 %	The impact of the costs we take each year for managing your investments.

## How long should I hold it and can I take it out early?

**Recommended holding period:** This product is designed to be held to the Agreed Expiry Date. It is a product designed to be entered into for its term and cannot be easily sold. Early termination may occur if certain events of default or other termination events occur, in which case early termination payments may apply.

**Early exit impact:** If the product is terminated early, in whole or in part, an Early Termination Payment may become payable by either you or Lloyds Bank. The Early Termination Payment is linked to market parameters and could be a substantial loss or gain to you. Settlement on early termination will be specific to your Commodity Swap and will be influenced by a number of factors which include but are not limited to: the length of time remaining on the contract; the movement of the underlying Commodity Floating Price since the transaction Trade Date; the amount affected by the early termination.

**The Early Termination Payment is not a penalty charge.** The sum represents the economic value of what Lloyds Bank would have paid or received if the product continued as agreed. Depending on market conditions at the time of the early termination, the settlement calculated could result in a substantial amount being due from you to Lloyds Bank.

## How can I complain?

### Contact us

Should you have any complaints about the product, the conduct of Lloyds Bank and/or the person selling the product, please follow the below steps:

- Include the following information so we can resolve your complaint as quickly as possible: as much information as possible about your complaint; any actions you wish us to take to resolve your complaint;
- Contact your Relationship Manager
- Call us on **0800 072 3572** or **+441733 462 267**
- Contact us online at <http://commercialbanking.lloydsbank.com/contact-us/>; or
- Write to us at **Lloyds Banking Group, Customer Services, BX1 1LT**

## Other Relevant Information

Additional relevant information may be set out in the confirmation, as supplemented and amended by the applicable definitions and the master agreement terms. These are available upon request from your Lloyds Bank representative. Information about your relationship with us can be found at <http://www.lloydsbankcommercial.com>.