LLOYDS BANK

COMMERCIAL BANKING

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

PRIIP Name: Foreign Exchange (FX) Non Deliverable Forward (NDF)
PRIIP Manufacturer: Lloyds Bank plc. ("Lloyds Bank")
Call 0203 578 0064 for more information
Website: http://www.lloydsbankcommercial.com
Date of Production: 27/01/2024

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 - Foreign Exchange Instrument
Objective:
The objective of the FX NDF is to manage adverse movements in currency rates that you may experience. Note that it may not provide you with complete protection against such exposures. The product is specific for currencies, (Reference Currency) where delivery restrictions prevent the physical exchange into another currency (Settlement Currency).
The product achieves its objectives by Lloyds Bank agreeing the terms of an OTC contract with you under which you will agree a foreign currency exchange rate (Forward Rate) on a fixed future date (Settlement Date) and a Reference Currency Amount. The Forward Rate will be dependent upon your choice of Currency Pair and Settlement Date. It will be calculated from a foreign currency exchange rate (FX Spot Rate) and adjusted by the appropriate Forward Points (as defined below).
Two days prior to the Settlement Date the Forward Rate will be compared to the FX Spot Rate on the day and the net difference, times the Reference Currency Amount will be paid in the Settlement Currency. If the net difference is a positive number Lloyds Bank will make the payment to you and in the case of a negative number you will be required to make the payment to Lloyds Bank.
Sample Parameters are set out below for the sale of USD and purchase of INR:

Currency Pair	USD/INR	Reference Currency Amount	INR 766,400	Forward Points	3.8696
Reference Currency	INR	Settlement Date	12 months	Forward Rate	83.4648
Settlement Currency	USD	FX Spot Rate	79.5952		

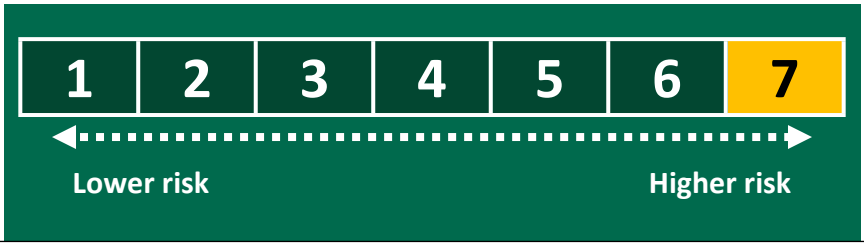
Intended Retail Investor:
This product is intended for retail investors with a short to medium time horizon who:

(i) Have sufficient knowledge or experience with complex financial products; and
(ii) Have exposure to the relevant foreign currency and want a level of protection against adverse movements in foreign currency exchange rates.

Term:
The term of the FX NDF will depend on how long you wish to protect against adverse movements in foreign currency exchange rates and will be agreed with you before you enter into the product. 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:





The risk indicator assumes you keep the product until the agreed Settlement 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 Spot rate of the currency pair is the only factor affecting return. Your return will vary depending on how the Spot rate varies between inception and two working days prior to the settlement date.

b) Most relevant Index

The most relevant index is the underlying currency pair Spot rate of the FX NDF. The Spot rate directly affects the performance and the expected range of returns of the FX NDF on two days prior to settlement of the contract.

c) What could affect my return positively?

If, between the inception date and two days prior to the settlement date, the currency you are purchasing by proxy (Reference Currency) strengthens against the currency you are selling by proxy (Settlement Currency) the bank will make a payment to you. This means your return will be higher.

d) What could affect my return negatively?

If, between the inception date and two days prior to the settlement date, the currency you are purchasing by proxy (Reference Currency) weakens against the currency you are selling by proxy (Settlement Currency) then you must make a payment to the Bank. This means your return will be lower.

e) Performance in severely adverse market conditions

Foreign Exchange rates can be zero. This means that you could end up making a payment to the Bank equal to the notional of the Non-Deliverable Forward i.e. you would lose your investment.

What happens if Lloyds Bank 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 FX NDF. 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 USD 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 122
Impact on return (RIY) per year	1.25 % 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**	1.25 %	The impact of the costs you pay when entering your investment.

			This is the most you will pay, and you could pay less.
	Exit costs	0.00 %	The impact of the costs of exiting your investment when it matures.
Ongoing costs	**Portfolio transaction costs**	0.00 %	The impact of the costs of us buying and selling underlying investments for the product.
	Other ongoing costs	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 Settlement Date in order to match your investment requirement. 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 FX NDF and will be influenced by a number of factors which include but are not limited to: whether it is an increasing or decreasing foreign exchange rate environment; the movement of the FX Spot Rate 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.