COMMERCIAL BANKING

BANK OF SCOTLAND

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: Interest Rate Collar
PRIIP Manufacturer: Bank of Scotland plc ("Bank of Scotland plc")
Call 0203 578 0064 for more information
Website: http://business.bankofscotland.co.uk
Date of Production: 29/03/2024

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 - Interest Rate Instrument
Objective:
The objective of this product 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 achieves its objectives by Bank of Scotland plc agreeing the terms of an OTC contract with you under which your interest rate costs will remain within a pre-agreed minimum (Floor Rate) and maximum (Cap Rate) level to an agreed date (Maturity Date). If interest rates (Floating Rates) rise above the Cap Rate Bank of Scotland plc will make a payment to you, and if Floating Rates fall below the Floor Rate you will make a payment to Bank of Scotland plc.
Sample parameters and pre-agreed circumstances and conditions are set out below:

Notional Amount	GBP 10,000	Floor Rate	4.2900 %
Effective Day	03/04/2024	Floating Rate	3-month GBP-LIBOR
Maturity Date	5 Years	Calculation Period and Payment Dates	Quarterly
Cap Rate	4.7900 %	Premium Payable	None

The product achieves its objectives as follows:
Bank of Scotland plc will compare the Floating Rate over agreed periods (Calculation Period) to the Cap and Floor Rates as follows.
If, the Floating Rate is above the Cap Rate Bank of Scotland plc will make a net payment to you, based on the difference between the Floating Rate and Cap Rate referenced to the Notional Amount.
If, the Floating Rate is between the Cap Rate and Floor Rate no payments will be made by either party.
If, the Floating Rate is below the Floor Rate you will make a net payment to Bank of Scotland plc, based on the difference between the Floor Rate and Floating Rate multiplied by the Notional Amount.

Note that this key information document contains a worked example of the structure of the product, using a SONIA floating rate. Our proposed trade with you may be against other floating rates, but the structure of the payments due is the same.

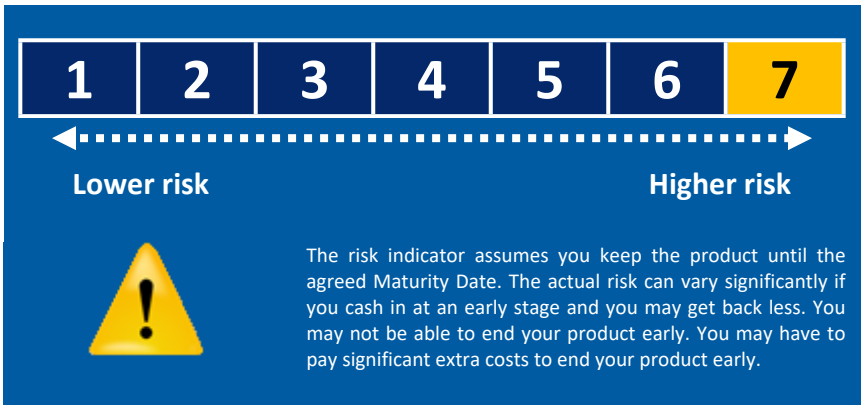
Intended Retail Investor:
This product is intended for retail investors with a short, medium or long time horizon who:

(i) have sufficient knowledge or experience to understand complex financial products; and
(ii) have a loan and want a level of protection against adverse movements in interest rates.

Term:
The term of the Interest Rate Collar will depend on how long you wish to protect against adverse movements in interest 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 Bank of Scotland plc, 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 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 floating rate is the only factor affecting return. Your return in each calculation period will vary depending on how the floating rate performs against the floor rate and the cap rate.

b) Most relevant Index

The most relevant index is the specific floating rate benchmark of the interest rate collar. The level of the floating rate during the life of the contract directly affects the performance and the expected range of returns for the Interest Rate Collar.

c) What could affect my return positively?

If the floating rate increases above the cap rate over a calculation period, we will make a payment to you. The higher the floating rate above the fixed rate, the more you will receive from us, and your return will be higher.

d) What could affect my return negatively?

If the floating rate decreases below the floor rate over a calculation period, you will make a payment to us. The lower the floating rate below the floor rate, the more you will pay, and your return will be lower.

e) Performance in severely adverse market conditions

Floating interest rates can be zero, or even go negative. This means that you could end up paying the floor rate for each of the remaining settlements and receive nothing, or even pay more than the floor rate for each calculation period if the floating rate is negative.

What happens if Bank of Scotland plc is unable to pay out?

You may be exposed to a risk that Bank of Scotland plc might be unable to fulfil its obligations in respect of the Interest Rate Collar. The product is not protected by any local investor compensation or guarantee scheme. This means that if Bank of Scotland plc is unable to pay out, you may not receive any amount from Bank of Scotland plc 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 [GBP 10,000]	If you cash in at the end of the recommended holding period
Total costs	GBP 290
Impact on return (RIY) per year	0.66 % 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**	0.66 %	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 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 Bank of Scotland plc. 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 Interest Rate Collar and will be influenced by a number of factors which include but are not limited to: whether it is an increasing or decreasing interest rate environment; the movement of the interest rates 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 Bank of Scotland plc 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 Bank of Scotland plc.

How can I complain?

Contact us

Should you have any complaints about the product, the conduct of Bank of Scotland plc 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 **0345 300 0268** or **+44 131 549 8724**
- Contact us online at http://business.bankofscotland.co.uk; or
- Write to us at **The Manager, Bank of Scotland, Customer Services Box 761, Leeds LS1 9JF**

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 Bank of Scotland plc's representative. Information about your relationship with us can be found at http://business.bankofscotland.co.uk.