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: Foreign Exchange (FX) Swap
PRIIP Manufacturer: Bank of Scotland plc ("Bank of Scotland plc")
Call 0203 578 0064 for more information
Website: http://business.bankofscotland.co.uk
Competent Authority: Bank of Scotland plc is regulated by the Financial Conduct Authority and the Prudential Regulation Authority.
Date of Production: 10/12/2021

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 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 which allows two simultaneous exchanges of one currency for another currency at fixed currency exchange rates (Initial Exchange Rate and Final Exchange Rate) on fixed future dates (Initial Settlement Date and Final Settlement Date).
The Initial Exchange Rate will comprise of the appropriate foreign currency exchange rate (FX Spot Rate), subsequently adjusted by the appropriate Forward Points (as defined below) to produce the Final Exchange Rate.
Sample Parameters are set out below for the initial sale EUR and purchase of GBP:

Currency Pair	GBP/EUR	Final Settlement Date	14/12/2022
Currency Amount	EUR 10,000	Initial Exchange Rate	1.1712
Initial Settlement Date	14/12/2021	Final Exchange Rate	1.1481

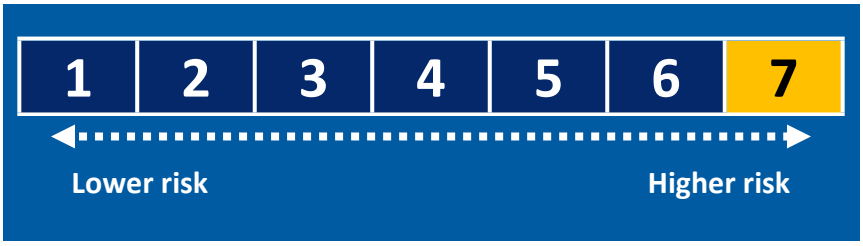
Intended Retail Investor:
This product is intended for retail investors with a short to medium time horizon who:

(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 Swap will depend on how long you wish to protect against adverse movements in foreign currency exchange rates and will be agreed 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. The product terms provide that if certain events of default or other termination events occur, Bank of Scotland plc or you may terminate the product early. In such an event, the early termination payments described below will apply and the return (if any) you receive on such termination is likely to be different from the scenarios described in this document.

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

Risk Indicator:





The risk indicator assumes you keep the product until the agreed Final 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.

Performance Scenarios:
This table shows the money you could get back or pay over the next 12 months, under different scenarios, assuming a nominal value of EUR 10,000. The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products. The scenarios presented are an estimate of future performance based on evidence from the past, and are not an exact indicator. What you get will vary depending on how the market performs and how long you keep the product. The stress scenario shows what you might get back in extreme market circumstances, and it does not take into account the situation where we are not able to pay you. This product cannot be easily ended. This means it is difficult to estimate how much you would get if you end before the recommended holding period. You will either be unable to end early or you will have to pay high costs or make a large loss if you do so. The figures shown include all the costs of the product itself. The figures do not take into account your personal tax situation, which may also affect how much you get back.

Investment: EUR 10,000 **Scenarios**		**12 Months** (Recommended holding period)
Stress scenario	**What you might get back or pay after costs**	-EUR 6,170.7
	Average return/ loss over nominal amount each year	-61.71 %
Unfavourable scenario	**What you might get back or pay after costs**	-EUR 1,197.54
	Average return/ loss over nominal amount each year	-11.98 %
Moderate scenario	**What you might get back or pay after costs**	-EUR 145.39
	Average return/ loss over nominal amount each year	-1.45 %
Favourable scenario	**What you might get back or pay after costs**	EUR 792.59
	Average return/ loss over nominal amount each year	7.93 %

Average return is calculated as the FX Swap's market value under each scenario divided by the notional amount.

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 FX Swap. 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 EUR 10,000. The figures are estimates and may change in the future.

Costs over time:
The person selling you or advising you about 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 [EUR 10,000]	**If you cash in at the end of the recommended holding period**
Total costs	EUR 82
Impact on return (RIY) per year	0.85 %

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**	0.85 %	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 Final 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 (i) if certain events of default or other termination events occur or (ii) at the sole discretion of Bank of Scotland plc 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 FX Swap 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 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 advising on or 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;
- Visit us in branch or 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.