

This is an illustrative Key Information Document (KID) that is intended to contain a description of an example of this product, its performance, risks, and costs involved. The costs and performance of your actual transaction may differ from this example, depending on the details of your transaction.

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 | |
|-------------------------------|--|
| Product Name | Fixed Diesel (ULSD) Price Swap – Client Pays Fixed (“Fixed Diesel (ULSD) Price Swap”) |
| Product Manufacturer | Clydesdale Bank PLC (trading as Virgin Money) (referred to as we/us): virginmoney.com/business/risk-management-solutions/commodity-price-risk-management Registered in Scotland (No.SC001111) Registered Office: 30 St Vincent Place, Glasgow G1 2HL |
| Telephone Number | Call Financial Risk Solutions on 0800 917 5591 for more information |
| Date of production of the KID | 15/09/2022 |

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

What is this product?

Type

The product is an "over-the-counter" (OTC) instrument: Fixed Diesel (ULSD) Price Swap.

Objectives

A Fixed Diesel (ULSD) Price Swap allows you to manage the risk associated with exposure to movements in Diesel (ULSD) prices. It is an agreement between you and us, whereby you agree to pay a fixed price (swap price) on an agreed amount of Diesel (ULSD). The contract is separate to the physical delivery of your Diesel (ULSD). The terms of the transaction will be agreed in advance with us. The contract is cash settled on pre-agreed payment dates until maturity. Cash settlement is determined by calculating the difference between the agreed swap price and the average of daily published Diesel (ULSD) reference price (Platts Assessment known ULSD10 (ppm), Cost Insurance Freight North West Europe Cargoes) for the appropriate pricing period.

The use of this product for the purpose of Diesel (ULSD) price speculation is not permitted.

Intended retail investor

The product is intended for retail investors who (i) have sufficient knowledge and/or experience of this type of product, and an ability to bear investment loss, and (ii) have exposure to, and want a level of protection against, adverse movements in the Diesel (ULSD) reference price.

Term

The term of your actual Fixed Diesel (ULSD) Price Swap will depend on how long you wish to protect against adverse movements in Diesel (ULSD) reference price and will be agreed at the outset and set out in an individual trade confirmation. The product is a bilateral agreement that cannot ordinarily be terminated unilaterally unless certain events of default or other termination events happen. It is expected that you will hold the product until final settlement.

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

Risk Indicator



The risk indicator assumes you keep the product until the end of the recommended holding period. 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. However, you may benefit from a consumer protection scheme (see the section “what happens if we are unable to pay you”). The indicator shown above does not consider this protection.

Investment performance information

This is a risk management tool to hedge your position against the volatility of the commodity price. It is not a return product. The main factor which will affect the way this product performs is the movement of the Diesel reference price level. By committing to a Fixed Diesel (ULSD) Price Swap transaction to take place in the future, you will need to assess in advance how much Diesel you will need. This may be difficult and could expose you to the risk of having to complete a transaction you don't need or having to enter a further transaction in the open market if you need to buy more or sell Diesel.

The contract is cash-settled on predetermined dates (Payment Dates) until the agreed maturity date.

What could affect my return positively?

On each Payment Date, if the average Diesel (ULSD) reference price level is higher than the swap price, you would receive an amount based on the difference between them, offsetting the increase in physical Diesel (ULSD) costs.

If the prices are the same, no payments would be made by either party.

The benefit of the transaction depends on the degree to which movements in the actual price paid for physical Diesel (ULSD) change in line with movements in the Diesel (ULSD) reference price (or GBP equivalent).

What could affect my return negatively?

Taking this product means you will not benefit from any reduction in the Diesel (ULSD) reference price.

On each payment date, if the average Diesel (ULSD) reference price level is below the swap price, you would pay an additional amount based on the difference between them, offsetting the decrease in physical Diesel (ULSD) costs. So, although your physical fuel costs will likely have reduced you are paying an additional payment on the swap and your overall costs will remain stable.

If you decide to terminate the transaction before its maturity date, you may have to pay breakage costs or you may receive a break gain. Any cost or gain will be calculated by reference to prevailing market prices, the lower the market prices below the swap price, the higher the breakage cost will be. Please note that such breakage costs may be substantial and will worsen the further the market price moves from the swap price. Once you terminate you will no longer have the protection of the Diesel Price Swap.

At the agreed maturity date, commodity price protection will end, and you will be exposed to market prices at that time if you still have outstanding exposure to these commodities. If the product matures or is redeemed or encashed under severely adverse market conditions, such as significantly higher market prices, we would be unable to put in place the same or similar protection on the same or similar terms. It would be much more expensive to put in place the same or similar protection.

What happens if we are unable to pay out?

If we cannot meet our obligations, you may be exposed to a risk that you may not receive payment of any funds due to you, you may lose any investment you have made and/or have to pay a higher price than expected. We are covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim. Where an entitlement to compensation is established, the compensation payable will be the total of your net loss or £85,000 (whichever is the lesser). Further information about compensation arrangements is available from the Financial Services Compensation Scheme (fscs.org.uk).

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, for 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 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. These costs are based on an illustrative 1-year Fixed Diesel (ULSD) Price Swap with a recommended holding period of 1 year.

| Nominal amount of £10,000 | If you retain the product until the end of the recommended holding period |
|---------------------------|---|
| Total costs | £312.82 |
| Impact on return (RIY) | 3.13% |

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.

This table shows the impact on return

| | | | |
|------------------|-----------------------------|-------|---|
| One-off costs | Entry costs | 3.13% | The impact of the costs already included in the price. This is the most you will pay, and you could pay less. |
| | Exit costs | Nil | The impact of the costs of exiting your investment when it matures. See section recommended holding period below for the impact of the costs to terminate the investment prior to its recommended holding period. |
| Ongoing costs | Portfolio transaction costs | N/A | The impact of the costs of us buying and selling underlying investments for the product. |
| | Other ongoing costs | N/A | The impact of the costs that we take each year for managing your investments. |
| Incidental costs | Performance fees | N/A | The impact of the performance fee. We take these from your investment if the product outperforms its benchmark. |
| | Carried interests | N/A | The impact of carried interests that we take when the investment has performed better than specified benchmark. |

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

Recommended Holding Period (RHP): 1 year

The product is designed to be held until the agreed maturity date. If you decide to close out the transaction before its maturity date, you may have to pay breakage costs or you may receive a break gain. Any cost or gain will be calculated by reference to prevailing market rates. Please note that such breakage costs may be substantial. If you wish to terminate then we will require your express instruction and once this has been actioned, you will no longer have the protection of the Fixed Diesel (ULSD) Price Swap.

How can I complain?

You can make a complaint about this product, or any aspect of the sale of this product or the conduct of the person advising on or selling the product, through any of the methods outlined below. When you contact us, please provide us with as much information as possible. This should include your account information, details of your complaint and what you would like us to do to put things right. We won't charge you for raising a complaint. The complaints section of our website can be found here: virginmoney.com/contact/#how-to-make-a-complaint

By telephone Contact your relationship manager directly

Via email customerrelations@virginmoney.com

In writing Write to our Customer Assist Team, 1st Floor Guildhall, 57 Queen Street, Glasgow, G1 3ER

Other relevant information

Once entered into, the terms and conditions of the product will be set out in the confirmation, as supplemented and amended by the applicable definitions and the master agreement terms. These documents can be provided on your request by phoning Financial Risk Solutions on 0800 917 5591.