

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	Deliverable Foreign Exchange Swap – (“FX Swap”)
Product Manufacturer	Clydesdale Bank PLC (trading as Virgin Money) (referred to as <b>we/us</b> ): <a href="https://virginmoney.com/business/risk-management-solutions/foreign-exchange-risk-management/">virginmoney.com/business/risk-management-solutions/foreign-exchange-risk-management/</a> 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: Foreign Exchange Swap

### Objectives

An FX Swap is a combination of two individual foreign exchange transactions undertaken at the same time. Under the first transaction you agree with us to exchange an amount of one currency (currency A) for another currency (currency B) at a pre-agreed exchange rate on a pre-agreed settlement date. This is called the near leg of the FX Swap. Simultaneously, under the second transaction, you agree with us to exchange the agreed amount of currency B for currency A at a pre-agreed exchange rate on a later pre-agreed settlement date. This is called the far leg of the FX Swap. It will usually have a different rate to the near leg as there tends to be a forward points adjustment for the future date. These forward points will either be added or deducted from the spot rate. This depends on whether the currency you are buying or selling has a higher or lower interest rate relative to the other currency being exchanged. You are obliged to exchange the currencies at the pre-agreed exchange rates on each settlement date regardless of whether the prevailing FX spot rate at that time is more or less favourable.

**The use of this product for the purpose of foreign exchange 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 an exposure to a currency exchange rate and are looking to mitigate the impact of adverse movements in the underlying exchange rate.

### Term

The term of your actual FX Swap will depend on how long you wish to protect against adverse movements in foreign currency exchange rates 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 exchange rates. This is not a return product. The main factor which will affect the way this product performs is the movement of the prevailing FX spot rate (the current exchange rate driven by the market).

By committing to a currency transaction to take place in the future, you will need to assess in advance how much of the currency you will need to exchange. 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 currency.

### What could affect my return positively?

You will have certainty over the price you will pay despite adverse movements in the foreign currency exchange rates. The benefit of the transaction depends on the degree of movement between the exchange rate agreed at the time of entering into the FX Swap and the prevailing FX spot rate at the time of the relevant settlement.

In addition, if the prevailing FX spot rate worsens after you enter into the FX Swap, and in particular on its settlement date, you will be better off than if you had purchased or sold the currency on the open market.

### What could affect my return negatively?

If the prevailing FX spot rate improves after you enter into the FX Swap, and in particular on the far leg's settlement date, then you would have been better off if you had not purchased the product and instead purchased/sold the relevant amount of the relevant currency at the prevailing rate on that settlement date. This is because you will have to transact at a rate that is worse than the spot rate at the time.

If the two legs of the FX swap have different agreed exchange rates there will be a cash flow difference. For example, if the reason for the FX swap is to extend a forward contract that has matured there will be a cash flow difference if the near leg of the FX swap is different to the matured forward contract rate.

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 FX Swap.

If the product matures or is redeemed or encashed under severely adverse market conditions, such as significantly better market rates, 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](http://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 GBP/EUR Spot/6-month FX Swap with a recommended holding period of 6 months.

Nominal amount of £10,000	If you retain the product until the end of the recommended holding period
Total costs	£49.09
Impact on return (RIY)	0.49%

### 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	0.49%	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): 6 months

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 FX 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](http://virginmoney.com/contact/#how-to-make-a-complaint)

By telephone Contact your relationship manager directly

Via email [customerrelations@virginmoney.com](mailto: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 or FX terms and conditions, as the case may be. These documents can be provided on your request by phoning Financial Risk Solutions on 0800 917 5591.