

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	Interest Rate Swap – Client pays fixed ("Interest Rate Swap")
Product Manufacturer	Clydesdale Bank PLC (trading as Virgin Money) (referred to as we/us): virginmoney.com/business/risk-management-solutions/interest-rate-risk-management/ Registered in Scotland (No.SC001111) Registered Office: 177 Bothwell Street, Glasgow G2 7ER
Telephone Number	Call Financial Risk Solutions on 0800 917 5591 for more information
Date of production of the KID	01/10/2025

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: Interest Rate Swap

Objectives

An Interest Rate Swap allows you to manage the risk associated with movements in interest rates. An Interest Rate Swap is a separate contract to, and operates independently of, any underlying loan agreement. It is an agreement between you and us whereby you agree to pay a fixed rate of interest (swap rate) on an agreed notional amount in exchange for us paying a variable rate of interest (floating rate) on the same agreed notional amount. You will agree the notional amount, tenor, and swap rate and the corresponding floating rate in advance with us.

The use of this product for the purpose of Interest Rate 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 interest rates and are looking to mitigate the impact of adverse movements in the underlying interest rate, and (iii) are not utilising the product for speculative or investment purposes.

Term

The term of your actual Interest Rate Swap will depend on how long you wish to protect against adverse movements in interest 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

a) Factors likely to affect future returns

The main factor which will affect the way this product performs is the movement of the floating rate, such as Base Rate or SONIA compounded.

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

Cash settlement is determined by calculating the difference between the Swap price agreed under the contract and the actual level of the specific floating rate throughout the appropriate calculation period.

b) Most relevant Benchmark

The most relevant index is the specific floating rate benchmark of the interest rate swap. 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 Swap.

c) What could affect my return positively?

If the floating rate increases above the swap rate because market rates rise, you will receive an amount based on the difference between the floating rate and the swap rate. In this instance the swap payment will offset the increase in underlying loan interest payments and your overall costs will remain stable.

If the rates are the same, no payments under the swap would be made by either party.

d) What could affect my return negatively?

If the floating rate decreases below the swap rate, as a result of falling market rates, you would pay an amount based on the difference between the floating rate (including if the floating rate is negative) and the swap rate. In this instance, although underlying loan interest payments will have reduced, you will be paying under the Interest Rate Swap. The amount you pay will be based on the difference between the floating rate and swap rate even if the floating rate is negative.

Taking this product means you will not benefit from any reductions in your floating rate.

e) Performance in severely adverse market conditions

Under severely adverse market conditions the reference rate could drop very low and your payment obligation would increase accordingly.

For example, if the reference rate drops to zero you will pay the full swap rate and if the reference rate drops below zero you would pay the difference between the swap rate and the negative rate.

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 a recommended holding period of five years.

Notional amount of £10,000	If you retain the product until the end of the recommended holding period
Total costs	GBP 282.10
Impact on return (RIY) per year	0.56%

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 per year			
One-off costs	Entry costs	0.56%	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. 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): 5 years

The product is designed to be held until the agreed maturity date. Any early termination would require agreement from Virgin Money. If you decide to terminate the transaction before its maturity date, or in the event of default or disruption situation, you may have to pay breakage costs which could be substantial, 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 Interest Rate 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 The team at Virgin Money, Sunderland, SR43 4JB

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.