# Risk Disclosure Statement

This general Risk Disclosure Statement (the "Notice") supplements the **Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH** ("we", "us" or "our") General Terms of Business (the "General Terms"), which you may receive from us from time to time and which can be accessed by clicking here or typing in the following link:

https://www.lloydsbank.com/business/corporate-banking/important-information/commercial-banking-regulatory-information.html

Defined terms used in this Notice have the same meaning as those in the General Terms unless otherwise indicated.

This Notice contains information that has been designed to assist you to understand the nature and risks of the financial instruments and services (our "Products" and "Services") we offer, highlighting specific risks and considerations relevant to specific Products, and enabling you to take an informed decision before entering into any contract.

This Notice cannot disclose all of the possible risks or other significant information relating to our Products. It is designed to assist you in understanding the nature of our Products and the possible extent of your exposure to risk and potential loss.

Please note that, by its very nature, the risks described in this Notice are not exhaustive and other risks or combination of risks not set out could have a material impact on a Product or Service. Various risks may occur simultaneously and/or may compound each other resulting in an unpredictable effect.

You should have regard to your own experience, objectives, financial circumstances or any other circumstances when considering whether to enter into any of our Products or Services and, where necessary, you should seek appropriate independent advice in advance of any decisions to enter into any Products.

Your counterparty for the product(s) is Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH, a wholly-owned subsidiary of Lloyds Bank Corporate Markets plc. This is a separate entity to Lloyds Bank plc, Lloyds Bank Corporate Markets plc and Bank of Scotland plc. Lloyds Bank Corporate Markets plc covers all of the Group exposure to risk. Clients should also be satisfied that the product offerings, the counterparties and the markets in which they operate, Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH may be exposed to a different degree of risk compared to Lloyds Bank plc, Lloyds Bank Corporate Markets plc or Bank of Scotland plc. This is a reflection of the separation of the wholesale and investment banking activities which Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH may undertake, from the retail banking activities of the other entities.

**Different Products and Services involve different levels of exposure to risk and some of our Products are unsuitable for retail clients. You should be aware of and consider each of the following before entering into or dealing in any of our Products or Services:**

## 1. Debt securities (including bonds and notes)

(a) Debt securities (for example, bonds and notes) are financial instruments which contain a promise by the issuer, normally a company or a government entity, to pay the holder of the instrument a defined amount on or by a specified date (the "maturity date"), usually with interest. Debt securities may be issued in bearer, registered, certificated or dematerialised form. The maturity date of the debt securities as well as the terms and conditions of repayment are determined in advance. Unless otherwise stipulated, debt securities are repaid either at the maturity date, by means of annual or more frequent payments.

(b) Debt securities may be secured or unsecured. In the case of secured debt, the issuer grants a security interest over particular assets and/or cash flows, which typically can be enforced if the issuer fails to fulfil its obligations. The credit risk in relation to the issuer is to some extent mitigated through this security interest.

(c) In some cases, payment by the issuer under the debt securities may also be guaranteed by another party. The guarantor will agree to make certain payments under the debt securities in case the issuer fails to make its payments. The credit risk in relation to the issuer is to some extent mitigated through this guarantee.

(d) Debt securities usually provide for interest payments. Interest rates could include (i) a fixed rate; (ii) a floating rate calculated by reference to a fluctuating benchmark such as the new risk free rates (e.g. SOFR, SONIA or EURIBOR), (iii) a variable rate whereby the interest rate will step up or down at certain times or following certain triggers during the life of the debt security, or (iv) a combination of these rates.

(e) Debt securities may involve risks including but not limited to:

### i. Insolvency risk:

The issuer may become insolvent, resulting in its inability to pay interest or redeem the debt security. The solvency of an issuer may change due to one or more of a range of factors including the general or financial prospects of the issuer, the economic sector of the issuer and/or political and economic developments in the countries where the issuer and/or its business is located. The impact of this risk is limited if the debt securities are secured and/or guaranteed. However, in such cases, the additional protection granted to the investor will have to be assessed on the basis of the assets securing the debt security and/or the status and creditworthiness of the guarantor. The
deterioration of the issuer's solvency will influence the price of the debt securities

that it issues, including the risk that the holder of the debt security (ies) receives less that the original investment or nothing.

## ii. Credit risk:

A credit risk is the risk of default on a debt security that may arise from an issuer failing to make the required payments. The value of debt securities will fall in the event of an issuer's default under the debt security. Generally, the higher the relative rate of interest the higher the perceived credit risk of the issuer.

## iii. Rating risk:

Debt securities can be rated by one or several rating agencies. The rating of a debt security does not necessarily reflect all the risks attached to it nor the impact that those risks could have on its value. A rating is not a recommendation for the purchase, sale or holding of debt securities and can, at any time, be suspended, modified or withdrawn by a rating agency. However, any suspension, modification or withdrawal of a rating given to a debt security may impact the value of, and/or the costs related to it.

## iv. Country risk:

Payments to which an investor is entitled may be defaulted on in the event of there being no availability of foreign currency, or if limits are imposed on foreign currency transfers. Also, if the debt securities are issued in a foreign currency, as an investor you may risk receiving repayments in a currency that may not be convertible because of exchange controls. A country risk may exist even if the issuer of a debt security is solvent.

## v. Contract risk:

If a debt security is issued on a foreign market, it will often be governed by the law of the country of issue. You should enquire about the possible impact of the applicability of such foreign laws on your rights.

Also, in some cases, the exercise of rights by others may impact your investment. For example, a Product such as a bond may permit a majority of bondholders to decide on certain matters whilst such decision will be binding on bondholders who did not take part in such decision or who voted against such decision.

## vi. Interest rate risk:

Fluctuations in interest rates may have adverse consequences on the price or the value of debt securities. Debt security prices have an inverse relationship to debt security yields: when yield rises (for example, because of a general rise in market interest rates), prices will fall. The longer the maturity of the debt security and the lower the interest rate, then the higher a debt securities' sensitivity is to a rise in the market rates. The uncertainty concerning interest rate movements also means that purchasers of fixed rate debt securities carry the risk of a fall in the prices of the securities if interest rates rise.

### vii. Early redemption risk:

The issuer of a debt security may include a provision allowing early redemption of the debt security if market interest rates fall. Such early redemption may result in a change to the expected yield.

### viii. Unlisted debt securities:

Unlisted debt securities are not listed (or traded) on an exchange. Investments in unlisted debt securities carry higher risk than listed securities. Unlisted debt securities can often be illiquid and their price formation may be imperfect and lack transparency. There are also fewer information disclosure requirements placed on issuers of unlisted debt securities leading to less transparency than in relation to listed debt securities.

### ix. Risks specific to certain types of debt securities:

Additional risks may be associated with other types of debt securities including floating rate debt notes, reverse floating rate notes, zero coupon bonds, foreign currency bonds, convertible bonds, indexed or inflation-linked bonds, subordinated bonds, collateralised debt obligation, collateralised loan obligation, and asset backed securities. For such debt securities, you should make enquiries about the risks referred to in the issuance prospectus and related documentation and you should not purchase such debt securities before being certain that all risks are fully understood.

## 2. Money market instruments

a) A money-market instrument with a borrowing for a period, generally no longer than six (6) months but occasionally up to one (1) year, in which the lender takes a deposit from the money markets in order to lend (or advance) it to the borrower.

Unlike in an overdraft, the borrower must specify the exact amount and the period for which they wish to borrow. Similarly to debt securities (see paragraph above), money market instruments may be exposed to the following risks, in particular credit and interest rate risk.

### x. Liquidity risk:

The insufficiency of liquidity may result from the level of supply and demand as well as from characteristics inherent to the Product in question, or from the market practices. The insufficiency of liquidity due to supply and demand occurs when the supply or the demand for one Product at a certain price is non-existent or extremely low. Under those circumstances it can be impossible to execute transactions immediately, or even to partly execute them, and execution may not be possible on favourable terms. In addition the cost of a transaction may be higher.

The insufficiency of liquidity due to the characteristics inherent to a Product or to market practices may occur, for example, because of long execution delays, a short-term liquidity need that cannot be covered quickly enough by the sale of Product or long lock-in periods that must expire before a transaction may be executed.

Low market liquidity may result in you not being able to enter into transactions, liquidate all or part of your Products, assess a value or your exposure or determine a fair price, as and when you require.

### xi. Foreign exchange risk:

Currency movements are linked to economic, social and political factors amongst other things, and can fluctuate greatly even during the course of a single day.

Fluctuations in foreign currency rates will have an impact on your profit and loss where a Product involves a foreign currency element (for example, where you are issuing a Product or entering into a Money Market instrument denominated in a currency other than that in which your account is denominated).

### xii. Credit risk:

Credit risk is the risk of loss caused by counterparties, issuers or other relevant parties failing to fulfil (in other words, “defaulting on”) their obligations (including following insolvency) or the risk of such parties’ credit quality deteriorating.

The insolvency of, or default by, the counterparty with whom you are dealing may lead to positions being liquidated or closed out without your consent or Products not being returned to you.

### xiii. Interest rate risk:

Interest rates can rise as well as fall. Fluctuations in interest rates, whether short- term or long-term, may have adverse consequences on the price or the value of Products. In addition, interest rate changes may affect price or cost of a Product, Service or Transaction so that your expected return would be reduced in case of an interest rate increase.

## 3. Repurchase Agreements

A repurchase agreement is a form of short term borrowing where one party sells to the other a specific quantity of certain financial instruments for a certain period of time and on certain terms and conditions, and at the same time commits to repurchase those financial instruments at a certain date in the future, at a specified price and for a pre- agreed amount of money.

The effect of the repurchase agreement is to transfer title to these financial instruments to the purchaser for the duration of the repurchase agreement. At the end of this period the seller receives back securities of the same issuer and type. The purchaser's obligation to transfer equivalent securities is secured against collateral. Both parties to a repurchase agreement are exposed to credit risk, although this may be mitigated by the posting of collateral. Repurchase agreements may also affect your tax position.

Lloyds Bank is a trading name of Lloyds Bank plc, Lloyds Bank Corporate Markets plc and Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH. Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH is a wholly- owned subsidiary of Lloyds Bank Corporate Markets plc. Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH has its registered office at Thurn-und-Taxis Platz 6, 60313 Frankfurt, Germany. The company is registered with the Amtsgericht Frankfurt am Main, HRB 111650. Vat number: DE321667438. Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH is authorised and supervised by the Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin").

As defined in the Markets in Financial Instruments Directive II (Directive 2014/65/EU, MiFID II)

***LBCMW_RDS_ (09/24)***