



LLOYDS BANK

# Our approach to pricing our Financial Instruments

We've designed our pricing structures to deliver transparent and fair pricing. We will apply these structures consistently across all transactions in order to ensure they deliver fair value.

## Financial Instruments

Financial Instruments include, without limitation, all fixed income and currency products offered by Lloyds Bank. It does not include deposits, short term or variable rate lending.

## Factors that determine pricing of Financial Instruments

When we're pricing Financial Instruments, we take into account the cost of providing our products and what the associated services cost us and then balance this with our need to generate a reasonable financial return for our business.

How we apply this pricing is determined by our understanding of client needs. We recognise some clients prefer pricing structures which provide a defined margin and give certainty over the margin applied to future transactions, while others prefer the opportunity to review pricing for each transaction individually. We've developed our pricing structures to reflect this.

Where individual pricing would not provide our clients with fair value, we will either:

- adjust the margin,
- decline to quote or refuse to complete the transaction.

## Price components

Our price for Financial Instruments is comprised of two parts:

1. The Risk Transfer Price
2. A margin to cover any of our additional costs and charges.

The Risk Transfer Price, or trader price, is the expected price of risk managing the position over time. The factors that impact the Risk Transfer Price include, but aren't necessarily limited to:

- prevailing market prices for similar transactions,
- liquidity and volatility,
- the size and complexity of the transaction,
- what impact the transaction will have on our existing risk position,



## LLOYDS BANK

- the costs of entering into hedging transactions to manage the risk position,
- residual unhedged risk carried by us.

The margin for additional costs and charges include:

- Cost of Capital – credit, funding and capital costs incurred by us,
- Cost to Serve – which includes but is not limited to the cost of providing clients with execution support and the transaction and operational costs incurred in providing the product. Given that a large proportion of the cost to serve that the bank incurs are fixed, we will also take account of a client's overall interaction with the bank to estimate the impact this has on the marginal cost of providing each product and the overall returns generated,
- financial return – an amount required to satisfy our internal capital return targets once costs have been taken into account.

### **Transparent Pricing**

We are committed to providing sufficient pricing disclosures to allow you to make well informed decisions. For example, when we're transacting with you through a third party venue and you want to compare the cost across different providers, we will give you our price information in the same format as other providers. Alternatively, when you are reliant on the bank for price information and you call us directly, we will provide additional margin disclosures directly to you, prior to and at the point of trade.

This pricing disclosure document does not cover Best Execution - for more information on this, please have a look at [www.lloydsbank.com/business/corporate-banking/important-information/best-execution.html](http://www.lloydsbank.com/business/corporate-banking/important-information/best-execution.html)

We will provide you with further information about the costs and charges relating to Financial Instruments in line with our regulatory obligations.

For anything more on the pricing of Financial Instruments please contact your sales representative.

**Please contact us if you'd like this information in an alternative format such as Braille, large print or audio.**

Lloyds Bank is a trading name of Lloyds Bank Corporate Markets plc. Lloyds Bank Corporate Markets plc. Registered office 25 Gresham Street, London EC2V 7HN. Registered in England and Wales no. 10399850. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority under registration number 763256.

DIS.G.J\_LBCM\_EC\_(09/24)