

BENCHMARK TRANSPARENCY STATEMENT

For the attention of customers of Scottish Widows Bank plc

This Benchmark Transparency Statement (this “Statement”) is designed to provide you with general information about the relationship between Scottish Widows Bank and the process by which certain Benchmarks are determined. In addition, this Statement explains the relationship between Scottish Widows Bank and the Administrators of certain Benchmarks as it relates to your dealings with us. However nothing in this statement is intended as a warranty or representation as to the suitability or appropriateness of any Benchmark for any particular purpose.

Terms contained in this Statement are defined in section 6 below.

1. Introduction:

As a result of entering into a lending facility with Scottish Widows Bank; this will be determined by reference to the level of a Benchmark.

In relation to Benchmarks, Scottish Widows Bank may act in any one or more of the following capacities: (i) Administrator, (ii) Submitter; or (iii) User.

2. Benchmark Administrator:

The Administrator of a Benchmark is required to have appropriate governance arrangements in place to protect the integrity of the Benchmark, address conflicts of interests and is primarily responsible for all aspects of the Benchmark determination process. For example, this includes:

- a) Development: The definition of the Benchmark and Benchmark Methodology;
- b) Determination and Dissemination: Accurate and timely compilation and publication and distribution of the Benchmark;
- c) Operation: Ensuring appropriate transparency over significant decisions affecting the compilation of the Benchmark and any related determination process, including contingency measures in the event of absence of or insufficient inputs, market stress or disruption, failure of critical infrastructure, or other relevant factors; and
- d) Governance: Establishing credible and transparent governance, oversight and accountability procedures for the Benchmark determination process, including an identifiable oversight function accountable for the development, issuance and operation of the Benchmark.

Following the transfer of administration of the Halifax House Price Index (HHPI) to Markit Group Limited in June 2016 Lloyds Banking Group plc does not administer any benchmarks.

In the event of Scottish Widows Bank, or any member of Lloyds Banking Group, becoming the Administrator of a Benchmark in respect of any Benchmark that determines the value of a transaction between you and Scottish Widows Bank we will inform you of this prior to your entering into a product, service or transaction with us.

3. Benchmark Submitter:

An Administrator of a Benchmark may determine the Benchmark by reference to Submissions received from market participants acting in the role of a Submitter. These Submissions may involve the application of expert judgement and not be limited to purely factual or transaction data.

Benchmark	Benchmark Administrator
Halifax House Price Index (HHPI)	Markit Group Limited

Scottish Widows Bank has internal controls and procedures in place in order that:

- any transactions that may be used in the determination of a Benchmark where Scottish Widows Bank is not a Submitter are not entered in an attempt to influence the determination of that Benchmark.

4. Benchmark User:

Products or transactions offered to you by Scottish Widows Bank may reference a Benchmark for which Scottish Widows Bank is neither an Administrator nor a Submitter. In such circumstances, Scottish Widows Bank is only a User of the Benchmark that is administered externally and makes no representation or warranty with respect to the Administrators' determination of such Benchmarks.

When acting as a User, Scottish Widows Bank may reference Benchmarks for internal purposes or use Benchmarks to reference products, services or transactions which we provide or carry out with you which, may be used for the purpose of determining any lending facility.

5. Monitoring and Review:

Scottish Widows Bank will monitor and assess the effectiveness of the controls and procedures at least annually or whenever a material change occurs that affects our relationship to the Benchmarks-setting process. Where a member of Lloyds Banking Group is an Administrator any further update to the design, determination, operation or governance process will be made publicly available on the relevant external web page.

6. Definitions:

"Administrator" means an organisation or legal person that controls the creation and operation of the Benchmark administration process, whether or not it owns the intellectual property relating to the Benchmark. In particular, it has responsibility for all stages of the Benchmark administration process, including:

- The calculation of the Benchmark;
- Determining and applying the Benchmark methodology; and
- Disseminating the Benchmark.

"Benchmark(s)" are defined as prices, estimates, rates, indices or values that are:

- a) made available to users, whether free of charge or for payment;
- b) calculated periodically, entirely or partially by the application of a formula or another method of calculation to, or an assessment of, the value of one or more underlying interests;

- c) used for reference for purposes that include one or more of the following:
 - i) determining the interest payable, or other sums due, under loan agreements or under other financial contracts or instruments;
 - ii) determining the price at which a financial instrument may be bought or sold or traded or redeemed, or the value of a financial instrument; and/or
 - iii) measuring the performance of a financial instrument.

"Benchmark Methodology" means the written rules and procedures according to which information is collected and the Benchmark is determined.

"FCA" means the Financial Conduct Authority.

"Lloyds Banking Group" includes all subsidiaries or associates.

"Regulated Market or Exchange" means a market or exchange that is regulated and/or supervised by a governmental or statutory regulatory authority.

"Scottish Widows Bank" means Scottish Widows Bank plc

"Submission(s)" means prices, estimates, values, rates or other information that is provided by a Submitter to an Administrator for the purposes of determining a Benchmark. This excludes data sourced from Regulated Markets or Exchanges with mandatory post-trade transparency requirements.

"Submitter" means a legal person providing information to an Administrator, or their agent, required in connection with the determination of a Benchmark.

"User" refers to a legal person or entity that uses a Benchmark in one of the following manners:

- i) as a reference for a financial transaction or contract that the legal person or entity sells or places, or for Investments that it structures; or
- ii) as a reference for a financial transaction or contract to be entered into by the legal person's or entity's clients, or by itself on behalf of its clients, in the context of its individual or collective portfolio management activities.

Scottish Widows Bank plc. Registered Office: PO Box 12757, 67 Morrison Street, Edinburgh EH3 8YJ. Registered in Scotland no. 154554.

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority under registration number 201601.

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