

# Key Information Document



## 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 (GBP £)
PRIIP Manufacturer Name:	Allied Irish Bank (GB) ("AIBGB", "we", "us")
Website for PRIIP Manufacturer:	aibgb.co.uk/fxcentre
Contact number for PRIIP Manufacturer:	Call +44 (0)20 7863 6950 for more information
Competent Authority:	Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.
Date of production of the Key Information Document:	22nd December 2022

**You are about to purchase a product that is not simple and may be difficult to understand.**

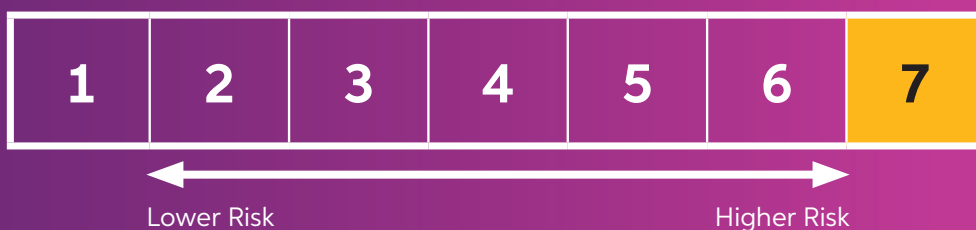
## What is this product?

Type	Over the Counter Derivative (OTC) – Interest Rate Swap
Objectives	<p>The objective of this product is to provide you with protection in a rising interest rate environment and to help you to manage your cash flow more effectively as the maximum cost of interest payments is known.</p> <p>The product achieves its objective by AIBGB agreeing the terms of an OTC contract with you under which: (1) you agree to pay us a fixed interest amount and (2) in return, we agree to pay you a floating interest amount. The fixed interest amount is paid on periodic dates and is calculated on the basis of a fixed per annum interest rate applied to a notional amount. The floating interest amount is typically paid on the same periodic dates and is calculated on the basis of an interest rate reference value, which may fluctuate over time, applied to the notional amount. Typically:</p> <ul style="list-style-type: none"><li>• if the floating interest amount is greater than the fixed interest amount, the amount you receive is the difference between the two;</li><li>• if the fixed interest amount is greater than or equal to the floating interest amount, you will receive nothing and, instead, will pay us the difference between the two. The exact terms of the Interest Rate Swap are flexible in terms of tenor and structure. It can be adjusted to suit your specific requirements.</li></ul> <p>Under an Interest Rate Swap you commit to paying us the fixed rate of interest even where the reference value for the floating rate of interest decreases.</p>
Intended Retail Investor	<p>This product is intended for retail clients who wish to mitigate the risk of an increase in interest payments. An Interest Rate Swap does not affect the terms of the underlying loan facility. In particular it does not affect the borrower's obligations to repay the principal of the loan, to pay interest on the loan to the lender or to pay fees and charges to the lender, in each case in accordance with the terms and conditions of the underlying loan facility.</p>
Term	<p>The length of the Interest Rate Swap will depend on how long you wish to exchange your interest payments with us and will be agreed before you enter into the Interest Rate Swap. The Interest Rate Swap is a bilateral agreement that cannot ordinarily be terminated unilaterally by either you or AIBGB. The ability to transact an Interest Rate Swap is subject to credit approval from your primary relationship team in the bank.</p>

## What are the risks and what could I get in return?

### Risk Indicator

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.



The risk indicator assumes you keep the product until maturity. The actual risk can vary significantly if you terminate it at an early stage and you may get back less. You may not be able to end your product early. You may have to pay significant extra costs to end your product early.

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If you cannot fulfil your contract, you may not be able to terminate it easily before maturity or you may have to end your product at a price that significantly impacts on the performance of your product. In some circumstances you may be required to make payments to pay for losses. **The total loss you may incur may be significant.** This product does not include any protection from future market performance so you could incur significant losses. In the event that we are not able to pay out what is owed, you could incur significant losses.

## Investment performance information

### Main factors likely to affect future returns for the investor

This is a risk management product to hedge your position against the volatility of interest rates. If you hold your Interest Rate Swap to maturity, then it will perform as agreed at deal execution when you agree a schedule of settlements at a fixed rate for the duration of the Interest Rate Swap. Your settlements under the Interest Rate Swap will be determined by calculating the difference between the Interest Rate Swap rate and the variable rate applicable.

The variable rate in the Interest Rate Swap is based on benchmark rates for that currency – typical benchmark rates are EURIBOR for Euro, SONIA for GBP and SOFR for USD. The reference rate to be used will be agreed at the beginning of the transaction.

The inherent value of your Interest Rate Swap will vary in line with the movement in underlying interest rates. This will impact your return in the event that you wish to cancel or amend the terms of your Interest Rate Swap. This value is linked to market conditions and will be influenced by a number of factors which include but are not limited to: whether it is an increasing or decreasing interest rate environment; the movement of the interest rates since the trade date; the amount affected by the early termination and the term remaining till maturity.

### What could affect my return positively?

At each settlement date, if the variable rate is higher than the Interest Rate Swap rate, you will receive an amount based on the difference between the variable rate and the Interest Rate Swap rate.

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

### What could affect my return negatively?

At each settlement date, if the variable rate is lower than the Swap rate, you will pay an amount based on the difference between the variable rate and the Interest Rate Swap rate. With an Interest Rate Swap, you cannot benefit from reductions in the variable rate.

If the Interest Rate Swap matures under severely adverse market conditions, such as significantly higher interest rates, you would be unable to put similar protection in place at the same level and would be subject to much higher variable rates.

This product is designed to be held to the maturity date and you may not be able to terminate your Interest Rate Swap easily before maturity, or you may have to end your product at a price that is significantly different than the Swap rate. If the product is terminated early, in whole or in part, in a significantly lower interest rate environment, you may be liable for a substantial early termination payment. The termination payment is not a penalty charge.

## What happens if Allied Irish Bank (GB) is unable to pay out?

We are covered by the Financial Services Compensation Scheme (FSCS). You may be entitled to compensation from this scheme if we are unable to meet any of our liabilities to you. Where an entitlement to compensation is established, the compensation payable will be the total of your net loss or GBP 85,000 (whichever is the lesser). Further information about compensation arrangements is available from the Financial Services Compensation Service ([www.fscs.org.uk](http://www.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 three different holding periods. They include potential exit penalties. The figures assume a nominal value of GBP 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.

Notional Amount Scenarios GBP 10,000	If you cash in at the end of the recommended holding period
Total Costs	GBP 100
Impact on return (RIY) per year	1%

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## 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	1%	The impact of the costs already included in the price.
	Exit costs	0%	The impact of the costs of exiting your investment when it matures.
Recurring costs	Portfolio transaction costs	0%	The impact of us buying and selling underlying investments for the product.
	Other ongoing costs	0%	The impact of the costs that we take each year for managing your investments.
Incidental costs	Performance fees	0%	This product does not have any performance fees or carried interests.
	Carried interests	0%	

## How long should I hold it and can I take money out early?

This product cannot be sold or transferred easily. It is designed to be held to the agreed Maturity Date in order to match your investment requirement. Hence, there is no recommended holding period. This product can only be matured on the date(s) agreed with us. Early termination may occur in the event of a default by either you or AIBGB.

## How can I complain?

You can make a complaint by:

- Contacting your Primary Relationship Manager or assigned Customer Treasury Services Relationship Manager on +44 (0)20 7863 6950 or by writing to Allied Irish Bank GB, Customer Treasury Services Relationship Manager, St Helen's, 1 Undershaft, London, EC3A 8AB. You can also make a complaint via our website [aibgb.co.uk/fxcentre](http://aibgb.co.uk/fxcentre)
- If you are still not satisfied and you come within the jurisdiction of the Financial Ombudsman Service, you can take your complaint to:
  - Financial Ombudsman Service Exchange Tower, London E14 9SR. Telephones: 0800 023 4567; +44 20 7964 7964 0500 (for calls from outside the UK); Email: [complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk); Website: [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk).

## Other relevant information

We will provide you with further documentation relating to a transaction that you enter into with us including a confirmation with a breakdown of costs and charges and an annual statement. We have used a notional amount of GBP 10,000 in this document for simplicity and ease of comparison, however, please note this is not representative of typical notional amount for this product which would generally exceed GBP 1,000,000.

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