

# FX Participating Forward – Key Information Document



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.

## FX Participating Forward

Allied Irish Banks, p.l.c. (“AIB”)

<https://aib.ie/fxcentre>

Call +353 1 772 4005 for more information

AIB is regulated by the Central Bank of Ireland

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**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) – Participating Forward
Objectives	<p>A Participating Forward is a combination of an FX Option and a Forward Contract. It is a hedging solution which provides protection against adverse foreign exchange rate movements above pre-agreed levels, ending on the expiry date. The agreed total amount you wish to hedge is divided into two parts. You determine what portion of the structure is an FX Option and a Forward Contract (50/50 is a typical split).</p> <p>The objective of the Participating Forward is to provide you with a worst-case foreign exchange rate (the “Strike Rate”) for a future specified foreign exchange transaction. A worst case rate (the strike rate) is agreed, which protects you on 100% of your exposure. This rate is determined by the proportion of the Forward Contract and Vanilla FX Option, and will be worse than the prevailing forward contract rate at the time of dealing.</p> <p>The first part of the agreed total amount will be dealt as a traditional Forward Contract at the strike rate.</p> <ul style="list-style-type: none"> <li>By dealing the forward contract element at a rate which is worse than the conventional forward contract rate, you reduce or eliminate the upfront premium payable on the Vanilla FX Option.</li> <li>The Forward Contract is a binding contract between you and AIB to exchange a specific amount of two currencies at an agreed rate, on an agreed future date(s). Once you have executed a contract at the forward rate you cannot benefit from any subsequent favourable exchange rate movements.</li> <li>You are obliged to use the rate regardless of where the spot rate is at maturity. 100% of the invested amount is protected at maturity.</li> </ul> <p>The second part of total amount is dealt as a Vanilla FX Option.</p> <ul style="list-style-type: none"> <li>The Vanilla FX Option gives you the right, <b>but not the obligation</b>, to to exchange one currency for another at a fixed future date (the expiry date), at this agreed strike rate.</li> <li>The percentage dealt as a Vanilla FX Option allows unlimited opportunity to benefit from favourable rate moves with full protection at the strike rate.</li> </ul>
Intended Retail Investor	<p>This product is intended for retail clients for the purpose of hedging future foreign exchange exposures to mitigate the risk of an adverse currency move. The Participating Forward is appropriate if the client is able to meet the obligation of the FX Forward Contract portion of the trade to hedge known exposures and manage downside FX risk but also where they want to express a market view that spot rates will trade in their favour. The transaction shall not be for speculative purposes. As such you are expected to hold the product to maturity to match your exposure. Please note that AIB does not provide investment or other advice in the sale of this product.</p>
Term	<p>The expiry date of the Participating Forward will be agreed with AIB before you enter into the transaction. The product is a bilateral agreement that cannot ordinarily be terminated unilaterally by either you or AIB.</p>

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

#### Risk Indicator



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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.

## Performance scenarios

**Market developments in the future cannot be accurately predicted. The scenarios shown are only an indication of some of the possible outcomes based on recent returns. Actual returns could be lower.**

This table shows the money you could get back over the recommended holding period, under different scenarios, assuming that you invest €100,000. The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products. The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies, and are not an exact indicator. What you get will vary depending on how the market performs and how long you keep the product. The stress scenario shows what you might get back in extreme market circumstances, and it does not take into account the situation where we are not able to pay you. This product cannot be easily cashed in. This means it is difficult to estimate how much you would get back if you cash in before the end of the recommended holding period. You will either be unable to cash in early or you will make a large loss if you do so. The figures shown include all the costs of the product itself and include the costs of your advisor or distributor. The figures do not take into account your personal tax situation, which may also affect how much you get back.

Nominal Amount €100,000				
Scenarios		Maturity (6 mths)	3 Year	5 Year
Stress Scenario	What you might get back/or pay after costs. Average return/loss over nominal amount each year	(€10,000) -10%	N/A	N/A
Unfavourable Scenario	What you might get back/or pay after costs. Average return/loss over nominal amount each year	(€5,300) -5.30%	N/A	N/A
Moderate Scenario	What you might get back/or pay after costs. Average return/loss over nominal amount each year	€300 0.30%	N/A	N/A
Favourable Scenario	What you might get back/or pay after costs. Average return/loss over nominal amount each year	€5,100 5.10%	N/A	N/A

## What happens if AIB is unable to pay out?

AIB is a member of the Irish compensation scheme established under the Investor Compensation Act 1998 (the 1998 Act). The 1998 Act provides for the establishment of a compensation scheme and payment, in certain circumstances, of compensation to certain clients (defined in the Act as eligible investors) of authorised investment firms. 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 90% of your net loss or €20,000 (whichever is the lesser).

## 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 €100,000. The figures are estimates and may change in the future.

### Table 1: 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 €100,000	If you cash in at the end of the recommended holding period
Total Costs	€1,400
Impact on return (RIY) per year	1.40%

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## Table 2: 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	1.40%	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%	

\*In all cases, the transaction margin is limited to a maximum ceiling of 1.4% of the nominal amount of the transaction. There are no further recurring costs applicable.

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

This product cannot be sold or transferred. It is designed to be held to the agreed Expiry 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 AIB. Early termination may occur in the event of a default by either you or AIB.

## How can I complain?

You can make a complaint by:

- Contacting your AIB Primary Relationship Manager or assigned AIB Treasury Relationship Manager on +353 1 772 4005 or by writing to Allied Irish Banks, p.l.c., AIB Customer Treasury Services, 10 Molesworth Street, Dublin 2. You can also make a complaint via our website [aib.ie/fxcentre](http://aib.ie/fxcentre).
- If you are still not satisfied and you come within the jurisdiction of the Financial Services and Pensions Ombudsman, you can take your complaint to:
  - The Financial Services and Pensions Ombudsman, 3rd Floor, Lincoln House, Lincoln Place, Dublin 2. Phone: +353 1 567 7000; Email: [info@fspo.ie](mailto:info@fspo.ie); Website: [www.fspo.ie/](http://www.fspo.ie/)

## Other relevant information

Under the European Union (Markets in Financial Instruments Regulation) Regulations 2017, commonly known as MiFID II, as amended, we are required to provide you with further documentation, including, a confirmation including a breakdown of costs and charges for the transaction and an annual statement.

AIB Customer Treasury Services is a registered business name of Allied Irish Banks, p.l.c.  
Allied Irish Banks, p.l.c. Registered Office: 10 Molesworth Street, Dublin 2. Registered in Ireland, No. 24173. Allied Irish Banks, p.l.c is regulated by the Central Bank of Ireland. Directors' names and particulars are available at the company's registered office and on the AIB Group website.