

# 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 Cap (GBP £)
PRIIP Manufacturer Name:	Allied Irish Banks, p.l.c. ("AIB") London Branch
Website for PRIIP Manufacturer:	aib.ie/fxcentre
Contact number for PRIIP Manufacturer:	Call +44 (0)20 7863 6950 for more information
Competent Authority:	Allied Irish Banks, p.l.c. is authorised and regulated by the Central Bank of Ireland. Authorised by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority.
Date of production of the Key Information Document:	22nd December 2023

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

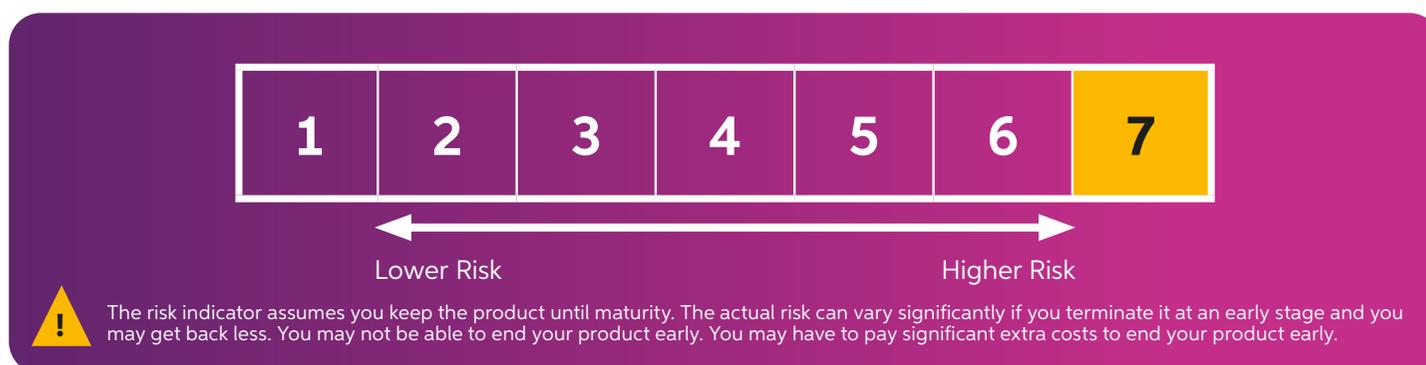
## What is this product?

Type	Over the Counter Derivative (OTC) – Interest Rate Cap
Objectives	<p>Interest Rate Caps are binding agreements between you (the buyer) and AIB (the seller), where you will receive a compensation payment at the end of each calculation period (the payment date) if the agreed reference rate on the fixing date is above the agreed cap strike rate. The Cap can be Exercised (or converted) at the Cap Rate, on one, or a series or rollover or Reset Dates under the agreed term.</p> <p>The objective of this product is to provide you with protection against adverse movements in interest rates that you may experience and to help you to manage your cash flow more effectively as the maximum cost of interest payments is known. A Cap is a hedging tool. It provides protection against rising interest rates, while maintaining the ability to participate in favourable movements.</p> <p>The payments are calculated in each case on the basis of the Interest Rate Cap notional amount and the length of the relevant calculation period applying the interest calculation method.</p> <p>In exchange for the purchase of the Interest Rate Cap, you will pay a one-time option premium to us at the beginning of its term. The premium is paid up-front.</p> <p>If the Floating Rate (agreed reference rate) is equal to or below the Strike Rate you will continue to benefit from the Floating Rate. You can tailor an Interest Rate Cap by selecting from a range of rollover frequencies, Terms, Strike Rate and Face Values over the Term. You can determine the Commencement Date of the Interest Rate Cap.</p> <p>An Interest Rate Cap 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>
Intended Retail Investor	This product is intended for retail clients who borrow and are seeking to mitigate the impact of adverse movements in the underlying interest rates and a subsequent increase in interest payments.
Term	The length of the Interest Rate Cap will depend on how long you wish to protect against adverse movements in interest rates and will be agreed before you enter into the product. The product is a bilateral agreement that cannot ordinarily be terminated unilaterally by either you or AIB. Typically an Interest Rate Cap cannot be automatically terminated.

## 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.



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## 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 Cap to maturity, then it will perform as agreed at deal execution when you agree the maximum interest rate (the Cap strike rate) that you are prepared to pay at each settlement over the term of the Interest Rate Cap. You will pay a premium cost at the outset for this interest rate protection. Your settlements under the Interest Rate Cap will be determined by the underlying benchmark rate. Your effective interest rate for the period will be the lower of the benchmark rate or the Cap strike rate.

The variable rate in the Interest Rate Cap 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 Cap will vary in line with the movement in underlying interest rates. This will impact you in the event that you wish to cancel or amend the terms of your Interest Rate Cap. 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 Cap strike rate, you will receive an amount based on the difference between the variable rate and the Cap strike rate.

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

### What could affect my return negatively?

At each settlement date, if the variable rate is lower than the Cap strike rate, no payments under the Interest Rate Cap would be made by either party.

If the Interest Rate Cap 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 Cap easily before maturity. If you wish to early terminate your Interest Rate Cap, and are able to do so, the Interest Rate Cap may have a residual value, which will be payable by to you. The value that we will quote may be substantially below what you paid for the product and may result in a loss for you. In severely adverse market conditions, the value may also be zero.

## 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 1998 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 EUR 20,000 (whichever is the lesser).

As a customer of AIB London Branch you may be entitled to compensation from the Financial Services Compensation 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 40
Impact on return (RIY) per year	0.40%

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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	0.40%	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%	

## 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 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 Primary Relationship Manager or assigned Customer Treasury Services Relationship Manager on +44 (0)20 7863 6950 or by writing to AIB, Customer Treasury Services Relationship Manager, St Helen's, 1 Undershaft, London, EC3A 8AB. 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 depending on the circumstances in each case to:
  - The Financial Services and Pensions Ombudsman, Lincoln House, Lincoln Place, Dublin 2, D02 VH29. Phone: +353 1 567 7000; Email: [info@fspo.ie](mailto:info@fspo.ie); Website: [www.fspo.ie](http://www.fspo.ie)
  - Financial Ombudsman Service Exchange Tower, London E14 9SR, Telephones: 08000234567; 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.

Allied Irish Banks, p.l.c is authorised and regulated by the Central Bank of Ireland. Registered No. 24173. Registered Office 10 Molesworth Street, Dublin 2. Authorised by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request.