

# Interest Rate Swap – 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.

## Interest Rate Swap (GBP £)

Allied Irish Banks, p.l.c. (“AIB”) London Branch

<https://aib.ie/fxcentre>

Call +44 (0)20 7863 6950 for more information

Date of publication: 22nd December 2021

**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 AIB agreeing the terms of an OTC contract with you under which: (1) you agree to pay AIB a fixed interest amount and (2) in return, AIB agrees 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 AIB 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 AIB 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 AIB 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 AIB. 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.

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 AIB is not able to pay out what is owed, you could incur significant losses.

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## 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 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.

## 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 tax legislation of the United Kingdom may have an impact on your actual payout. 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		1 Year	3 Year	5 Year
<b>Stress Scenario</b>	What you might get back/or pay after costs. Average return/loss over nominal amount each year	-£6,860 -6.86%	-£6,660 -6.67%	-£6,420 -6.42%
<b>Unfavourable Scenario</b>	What you might get back/or pay after costs. Average return/loss over nominal amount each year	-£6,030 -6.03%	-£6,330 -6.33%	-£6,060 -6.06%
<b>Moderate Scenario</b>	What you might get back/or pay after costs. Average return/loss over nominal amount each year	-£3,800 -3.80%	-£5,390 -5.39%	-£5,440 -5.44%
<b>Favourable Scenario</b>	What you might get back/or pay after costs. Average return/loss over nominal amount each year	£1,690 1.69%	-£2,200 -2.20%	-£4,410 -4.41%

## 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).

AIB London Branch has entered the Temporary Permissions Regime. As a customer of AIB London Branch you may therefore 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 £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 £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. The costs below may vary depending on the underlying parameters of the transaction.

Notional Amount Scenarios £100,000	If you cash in at the end of the recommended holding period
<b>Total Costs</b>	£1,000
<b>Impact on return (RIY) per year</b>	0.20%

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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	0.20%	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 can I complain?

You can make a complaint by:

- Contacting your AIB Primary Relationship Manager or assigned AIB Treasury Relationship Manager on +44 (0)20 7863 6950 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 depending on the circumstances in each case to:
  - The Financial Services and Pensions Ombudsman, 3rd Floor, Lincoln House, Lincoln Place, Dublin 2. Phone: +353 1 567 7000; Email: [info@fspoi.ie](mailto:info@fspoi.ie); Website: [www.fspoi.ie/](http://www.fspoi.ie/)
  - The 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

Under the European Union (Markets in Financial Instruments Regulation) Regulations 2017, commonly known as MiFID II, or as applicable, the UK version of MiFID II being part of UK law by virtue of the European Union (Withdrawal) Act 2018, 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 is regulated by the Central Bank of Ireland. Allied Irish Banks, p.l.c London Branch is authorised and regulated by The Central Bank of Ireland. Registered No.24173. Registered Office 10 Molesworth Street, Dublin 2. Deemed authorised by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority's website.