

# 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.**

This document sets out the generic risks of, performance scenarios for and costs of an **Interest Rate Swap**, being a PRIIP (Packaged Retail and Insurance-Based Investment Product) that you may be considering as an investment product, in order that you can compare it to other products. The specific terms of the product that you enter into will be set out in the confirmation and other transaction documents relating to that product.

## Product

|   |  |
|---|--|
| <b>PRIIP Name:</b>                            | Interest Rate Swap (USD)                                 |
| <b>PRIIP Manufacturer:</b>                    | The Governor and Company of the Bank of Ireland ("BOI")  |
| <b>Website for PRIIP Manufacturer:</b>        | www.bankofireland.com                                    |
| <b>Contact number for PRIIP manufacturer:</b> | Call 00353 (0)1 790 0000 for more information            |
| <b>Competent Authority:</b>                   | Authorised by the Central Bank of Ireland                |
| <b>Date of this Key Information Document:</b> | The date of this Key Information Document is 01 Jan 2021 |

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

## What is this product?

**Type:** An Over the Counter Derivative (OTC) contract – Interest Rate Swap – Fixed Rate Payer

### Objectives:

The objective of this product is to provide you with a regular cash flow linked to a floating interest rate, in return for you making regular fixed payments for a fixed term. The product achieves its objective by BOI agreeing the terms of an OTC contract with you under which: (1) you agree to pay BOI a fixed interest amount and (2) in return, BOI agrees to pay you a floating interest amount.

The fixed interest amount is paid on pre-agreed dates and is calculated on the basis of a fixed per annum interest rate applied to a Notional amount. The floating interest amount is paid on pre-agreed dates and is calculated on the basis of a benchmark rate, which may fluctuate over time, applied to the same Notional amount. Typically:

- if the floating interest amount is greater than the fixed interest amount, you will receive from BOI the difference between the two;
- if the floating interest amount is below the fixed interest amount, you will pay BOI the difference between the two. If the floating interest rate turns negative you will have to pay BOI the fixed interest amount and the floating interest amount.

The product terms typically provide that if certain exceptional events occur (1) BOI may make adjustments to the product and/or (2) BOI or you may terminate the product early. These events are specified in the transaction documents for the specific product ("the Transaction Documents", which Transaction Documents typically constitute a confirmation and ISDA Master Agreement between BOI and you) and principally relate to the underlying, the product and the condition of you and/or BOI. The return (if any) you receive on such early termination is likely to be different from the scenarios described above.

Sample product terms are set out below, which are indicative of the terms of a BOI Interest Rate Swap but which may not reflect the exact terms you agree with BOI. The exact terms of the product are flexible and can be adjusted to suit your requirements. The figures provided below are illustrative and may differ from the actual terms of the Transaction Documents. This applies in particular to the calculation of the performance scenarios and the costs, which are based on the following example parameters.

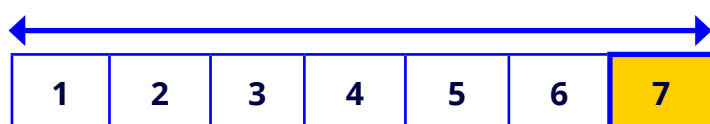
|                              |                          |  |                                 |
|------------------------------|--------------------------|--|---------------------------------|
| <b>Fixed term</b>            | 02/01/2021 to 02/01/2026 | <b>Benchmark rate</b>                  | 3 month LIBOR                   |
| <b>Notional amount</b>       | \$1,000,000              | <b>Pre-agreed dates (for payments)</b> | Quarterly (i.e. every 3 months) |
| <b>Fixed interest amount</b> | 0.64%                    |  |                                 |

**Intended retail investor:** This product is intended for retail investors for the purpose of hedging interest rate risk with the view that the floating interest rate will rise during the term of the Interest Rate Swap.

**Term:** The length of the Interest Rate Swap will depend on how long you wish to exchange your interest payments with BOI 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 BOI. Typically, the Interest Rate Swap cannot be automatically terminated.

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

**Lower Risk** **Higher Risk**



The risk indicator assumes you keep the product until its termination date. You may not be able to end your product early. You may have to pay significant extra costs to end your product early. You may not be able to end your product easily or you may have to end your product at a price that significantly impacts on the performance of your product.

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. This classification rates the potential losses from future performance at a very high level, and poor market conditions are very likely to impact your return in the event of an early termination of this product. Additional materially relevant risks of this product are outlined in **BOI's Terms of Business** and in our **'Managing IR Exposure'** document. This product does not include any protection from future market performance so you could incur significant losses. If we are not able to pay you what is owed, you could incur significant losses.

**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/losses. Actual returns could be lower.** This table shows the money you could get back or pay on the termination date, under different scenarios, assuming a nominal value of \$1,000,000. 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, and are not an exact indicator. What you get will vary depending on how the market performs and how long you keep the investment/product. The stress scenario shows what you might get back or pay 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 ended. This means it is difficult to estimate how much you would get if you end before the end of the recommended holding period. You will either be unable to end early or you will have to pay high costs or make a large loss if you do so. The figures shown include all the costs of the product itself, but may not include all the costs that you pay to your advisor or distributor. The figures do not take into account your personal tax situation, which may also affect how much you get back.

## Performance Scenarios Nominal amount \$1,000,000

| Scenarios                    |   | 1 year post-trade | 3 years post-trade | 5 years (Maturity Date) |
|------------------------------|---|-------------------|--------------------|-------------------------|
| <b>Stress Scenario</b>       | What you might get back or pay after costs        | -\$21,100         | -\$27,300          | -\$30,800               |
|                              | Average return/loss over nominal amount each year | -2.11%            | -2.73%             | -3.08%                  |
| <b>Unfavourable Scenario</b> | What you might get back or pay after costs        | -\$16,000         | -\$23,300          | -\$26,600               |
|                              | Average return/loss over nominal amount each year | -1.60%            | -2.33%             | -2.66%                  |
| <b>Moderate Scenario</b>     | What you might get back or pay after costs        | -\$11,300         | -\$15,100          | -\$17,200               |
|                              | Average return/loss over nominal amount each year | -1.13%            | -1.51%             | -1.72%                  |
| <b>Favourable Scenario</b>   | What you might get back or pay after costs        | -\$4,300          | \$5,400            | \$9,700                 |
|                              | Average return/loss over nominal amount each year | -0.43%            | 0.54%              | 0.97%                   |

In the above table and in each case, average return/loss is calculated as the Interest Rate Swap's market value under each scenario divided by the Nominal amount of \$1,000,000.

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

The product is not protected by either the Investor Compensation Scheme in Ireland, the Financial Services Compensation Scheme in the United Kingdom or any other investor compensation or guarantee scheme. This means that if BOI is unable to pay out, you may not receive any amount from BOI under the Interest Rate Swap.

## 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 cumulative costs of the product itself, over the recommended holding period (in this example 5 years). They include potential early exit penalties. The figures assume a nominal value of \$1,000,000. 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. For the avoidance of doubt, BOI provides this product on a non-advised basis only.

| Notional amount \$1,000,000 Scenarios | If you end at the end of the recommended holding period |
|---------------------------------------|---|
| Total costs                           | \$7,500   |
| Impact on return (RIY) per year       | 0.15%   |

**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 and the meaning of the different cost categories.

|               |                             |       |   |
|---------------|-----------------------------|-------|---|
| One-off costs | Entry costs                 | n.a   | The impact of the costs you pay when entering your investment. The impact of the costs already included in the price. This is the most you will pay, and you could pay less. This includes the costs of distribution of your product. |
|               | Exit costs                  | n.a   | The impact of the costs of exiting your investment at the end of the recommended holding period.  |
| Ongoing costs | Portfolio transaction costs | n.a   | The impact of the costs of us buying and selling underlying investments for the product.  |
|               | Other ongoing costs         | 0.15% | The impact of the costs that we take each year for managing your investment (i.e. credit spread and execution costs which incorporate BOI's risk, administration costs and revenue margin).   |

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

**Recommended holding period:** This product is designed to be held until its expiry date based on the requirements you have identified when executing this product with BOI and may not be easily sold or transferred. Early termination may occur in the event of a default or disruption situation or if you or BOI agree for it to be terminated early, in which case, additional costs to those costs outlined under "What are the costs?" above may be incurred.

## How can I complain?

Complaints will be dealt with in accordance with Clause 28 of **BOI's Terms of Business**. Complaints about the product, the conduct of BOI and/or the person advising on, or selling the product, can be referred in writing to Head of Customer Group Dublin, Bank of Ireland Global Markets, 3rd Floor, Baggot Plaza, 27-33 Upper Baggot Street, Dublin 4, D04 VX58 or by **email**. Separately, information about the general feedback and complaints process for customers of BOI can be found on the BOI group's **website**.

## Other relevant information

The terms and conditions for dealing in these products are set out in **BOI's Terms of Business**. Further information on these products is available in our information document entitled '**Managing IR Exposure**'. The specific terms of the product that you enter into will be set out in the Transaction Documents relating to that product.