Products to Manage Interest Rate Exposure

Bank of Ireland

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The Governor and Company of the Bank of Ireland acting through its business unit Global Markets (hereafter referred to as "Bank of Ireland") provides a range of tools for managing interest rate exposure. This booklet provides information on three of the most commonly used products; Interest Rate Swaps, Interest Rate Caps and Interest Rate Collars. (An Interest rate Collar is a combination of an Interest Rate Cap and an Interest Rate Floor and is an Interest Rate Option).

In this booklet, an overview of each of the aforementioned products is presented with an example to assist you in your understanding of the basic principles of the products. In addition, the key benefits and risks of each product are outlined, together with an explanation of Early Termination and an example of potential Early Termination costs in order to help you understand and assess your potential risk in entering into such an arrangement.

Bank of Ireland does not provide products for speculative purposes. Bank of Ireland Global Markets only distributes MiFID products to those classified as Professional or Eligible Counterparty. Products are provided by Bank of Ireland in order to manage a known exposure e.g. where you have a loan that is exposed to variable interest rates and you require protection from this risk. Products to manage Interest rates do not directly incur additional loss once entered into, rather they provide rate certainty for the duration of product tenor or the option to transact at an agreed rate. Indirect Cost or risk of adverse outcome can arise in some scenarios.

Please note, this booklet has been prepared by Bank of Ireland as an information communication. If you would like more details on these products, please contact your Bank of Ireland Relationship Manager or your Bank of Ireland Global Markets contact. For ease of understanding a glossary can be found at the end of this document. This defines some of the more technical terms used in this booklet.

Other mechanisms/products for managing interest rate exposures are available in addition to those presented in this booklet.

Should you require any other product (e.g. Fixed Rate Lending) to manage your interest exposure please contact your Bank of Ireland Relationship Manager. We may be able to provide a solution tailored to your particular requirements dependent on your knowledge and experience. Please note that whilst historically the typically used EUR and GBP Reference Rates have had positive readings, it is possible for Reference Rates to be negative. Any product can be tailored to protect you from an exposure to negative interest rates if required.

Some loans facilities incorporate a minimum Reference Rate to be charged at all times e.g. 0% therefore your interest management product should be matched to your underlying loan facility. Should you choose not to match your interest management product to your loan characteristics, the risk for a mismatch exists.

PLEASE NOTE: Bank of Ireland Global Markets does not provide investment advice and provides risk management solutions on a strictly non-advised or execution only bais.

You should consider seeking your own independent advice on the financial and legal aspects of any transaction before entering into any derivative transaction.

All Derivative products are governed by rules and requirements set out by both the European Union Markets in Financial Instruments Regulations (MiFID) and the Financial Conduct Authority conduct of business rules (COBs). The products outlined in this booklet are intended for Elective Professional and Professional clients as per our published target market matrix.

Bank of Ireland completes both annual and pre new product launch analysis on each MiFID product it provides to measure the generic risks, potential future exposure (PFE),credit line usage or requirement, and reduction in yield or costs and charges. This analysis, which includes stressed, unfavourable, moderate and favourable scenario testing,forms part of our MiFID Product Governance responsibilities and feeds into our Target Market Matrix Disclosure which is available on our website on: **https://corporate.bankofireland.com/library/**.

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

Lower Risk **Higher Risk**

1	**2**	**3**	**4**	**5**	**6**	**7**

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 risk indicator is a guide to the level of risk of a MiFID derivative. 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 MiFID Derivative products 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. 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.

Price Formation

The price at which we transact in a particular instrument with you, is called the **“Final Instrument Price”**.

Formation of a Final Instrument Price in the **Macro businesses** (consists of Foreign Exchange, Rates and e-Trading of Macro products) generally takes the following approach:

- A basic instrument price is determined which, for vanilla OTC financial instruments, is based on the mid-price of the relevant instrument.
- This basic instrument price is adjusted to take account of other factors including observable market prices, liquidity, executed transactions, volatility data, other market data, internal models and observable trade flows.
- Internal hedging costs are applied to create an instrument price.
- Additional costs and charges, taking into account factors including credit and trade margin related to the financial instrument, are then applied on top of the instrument price to form the Final Instrument Price.

The margins applied are negotiable taking into consideration a variety of factors relevant to the transaction. These factors may vary from transaction to transaction and from client to client. Therefore, we may offer different prices to different clients. In order to provide full transparency, on request we will provide you with disclosure of costs and charges post trade based, where possible, on the mid-price of the financial instrument. In some cases we may base the post trade disclosure on the actual price at which we have transacted in the external market.

Interest Rate Swap

Product Overview

An Interest Rate Swap ('Swap') is a tool for managing interest rate exposure. It typically provides a method of fixing Interest Rate Payments on the variable portion of your variable rate loan (where the variable rate is a published Reference Rate), to achieve certainty regarding Interest Rate costs.

Other mechanisms / products are available to manage interest rate risk including, but not exclusively, Fixed Rate Lending, Interest Rate Caps and Interest Rate Collars. (Please contact your Bank of Ireland Relationship Manager for further details).

A Swap is an agreement between the Bank of Ireland and a customer to swap Floating Interest Rate Payments, linked typically to a Reference Rate, (e.g. EURIBOR/SONIA), for Fixed Interest Rate Payments over a specified Term for an agreed Notional Amount. The Notional Amounts are not exchanged and, on each interest Payment Date, the cash flows are netted.

For the purpose of illustration, this product overview is from the perspective of you as a borrower with an exposure to variable interest rates, (due to a variable rate loan) seeking to manage your interest rate risk.

Typically, borrowers may need to protect against rates rising by agreeing to pay a fixed interest rate on an agreed amount over an agreed term.

In the event that your loan contains a rate floor you may purchase a floor with the swap in order to match the flows of the loan. This would however result in a premium being charged or a higher fixed rate if the cost is embedded into the Swap.

Key Benefits

Certainty

Interest Rate Swaps provide you with protection against upward interest rate movements.

Flexibility

Your Swap can be tailored to match your debt profile and will provide certainty of interest rate hedging costs over the life of the trade. By locking in an agreed Fixed Interest Rate, you can hedge a variable rate loan. This can allow for more accurate cash flow management and budgeting. An Interest Rate Swap can be customised to your particular needs by varying some or all of the following elements:

- Notional Amount (this Notional Amount can remain constant over the Term or can vary)
- Currency of your Notional Amount
- Effective Date / Start Date
- Term / Maturity Date
- Interest Payment frequency (monthly, quarterly or semi-annually)
- Floating Reference Rate
- Interest Payment Dates
- Preferred Cap and Floor rates

Your Bank of Ireland Global Markets Relationship Manager will provide you with a Term Sheet tailored to your specific requirements.

No Upfront Premium

There is typically no upfront cash Premium payable by any party to the Swap.

Portability

It may also be possible to novate i.e. transfer a Swap to another entity or another bank, subject to credit approval.

Early Termination

It may be possible to terminate the product during the life of the swap, at prevailing market rates. This may incur costs. Please refer to Early Termination section for further information.

Key Risks

Interest Rate Risk

Interest rate markets can be unpredictable and can move in either direction. As a result, your fixed rate may be higher or lower than the prevailing rates in the market. This may result in an adverse outcome. I.E your outcome may be more favourable had you not entered into the product. (Rates may have moved against your position).

Note: The Swap only hedges the Floating Interest Rate and does not hedge the loan margin or other costs on the floating debt.

For example:

- If you are a borrower and have chosen to lock in a Fixed Interest Rate and receive Floating Interest Rate Payments and the rates in the market have decreased since you entered into the Swap, your interest costs will be higher than if you had not entered into the Swap.
- In this example a Swap will provide protection against higher interest rates but it is important to note that there is no potential to benefit from a fall in interest rates over the life of the Swap.
- If the Reference Rate is set at a negative rate, the Fixed Interest Rate will no longer be the maximum rate of interest on the Swap. In this situation the Fixed Interest Rate side pays the Floating Interest Rate amount in addition to the Fixed Interest Rate amount.
- You should examine your loan facility to ascertain whether your loan reference rate includes a floor or not.

Early Termination / Changes to the Terms of the Swap

- It is sometimes possible to terminate your Swap early or alter other pre-agreed terms during the life of the Swap. However, depending on prevailing interest rates at the time, there may be a cost to you or you may realise a gain. Given these risks, it is important that you consider carefully the terms and duration of your Swap at the time of trading. Please refer to the Early Termination section for further information.

Counterparty Risk

- By entering into a Derivative contract with Bank of Ireland you have an exposure to Bank of Ireland in the event of insolvency or related events such as bail in.

How Does an Interest Rate Swap Work?

Each Interest Rate Swap involves a Fixed Interest Rate and a Floating Interest Rate.

A Swap is a legally binding agreement between you and Bank of Ireland where one party agrees to pay the other (in cash) the difference between a fixed interest rate (the 'Fixed Rate') and a series of variable interest rates (the 'Floating Rates') over an agreed period of time.

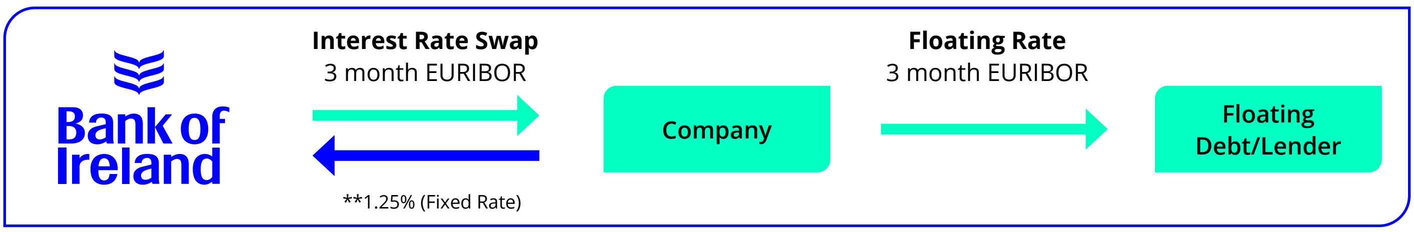
The Swap is based on an agreed Notional Amount (the 'Notional Amount'). The Notional Amount can vary over the Term depending on your underlying interest rate exposure and/or cash-flow requirements.

The Fixed Interest Rate is agreed at the start of the transaction while the Floating Interest Rate is based on a 'Reference Rate' determined on periodic 'Reset Dates'. The commonly used variable Reference Rates are '3 Month EURIBOR' or 'SONIA' *, but others are available.

The interest amounts payable based on the pre-agreed Fixed Interest Rate and the Floating Interest Rate will be netted on the Payment Dates.

The table below shows the interest flows where a borrower pays a Fixed Interest Rate to Bank of Ireland. In exchange the borrower receives a floating Payment linked to 3 month EURIBOR from Bank of Ireland if the Reference Rate sets as a positive number and uses this to pay their floating debt also linked to 3 Month EURIBOR.

*An example of a Sonia reference rate would be Sonia compounded in arrears with a 5 day lag payable quarterly. In this instance, the client would only know the payment due/payable 5 days before the payment date. This would be different from a EURIBOR based swap where the client would know the payment due/payable two days before the period begins.



** This is for illustration purposes only in a positive rate environment

At each Payment Date:

- if the Floating Interest Rate is greater than the Fixed Interest Rate, the Borrower ("Company") will receive a cash Payment from Bank of Ireland.
- if the Floating Interest Rate is less than the Fixed Interest Rate, the Borrower ("Company") will pay a cash Payment to Bank of Ireland.
- If the Floating Interest Rate is equal to the Fixed Interest Rate, no payments will be made by either party.

In each case, the cash Payment will be determined as the difference between the Floating Interest Rate and the Fixed Interest Rate and one net Payment will be made. If, however, the Floating Interest Rate and the Fixed Interest Rate are the same, no cash Payment is made.

How is the Floating Rate Determined?

The Floating Rate used to determine the Floating Interest Payments may be based for Reference Rates on EUR, GBP or another currency of your choosing.

Typically, Reference Rates available are:

- One month (EURIBOR) or Sonia compounded paid monthly
- Three months (EURIBOR) Sonia compounded paid Quarterly
- Six months (EURIBOR) or Sonia compounded paid Semi-annually
- Bank of England Official Base Rate

The period/Term of the Reference Rate will be the same as the Interest Payment Frequency you have chosen and should match the rollover frequency of your loan with a view to hedging your interest rate exposure, for example if your variable rate loan has a quarterly rollover against 3 month EURIBOR it will be appropriate to choose 3 month EURIBOR as your Reference Rate.

While historically the typically used EUR and GBP Reference Rates have had positive readings, Reference Rates may also be negative. In this situation, the net payment would be higher than the Fixed Interest Rate, for the Fixed Interest Rate payer.

Note: The EURIBOR/SONIA floating rate will not fully match the interest cost on your underlying loan, i.e. excludes any other costs to your borrowing such as your lending costs.

EURIBOR and Sonia are widely used as Interest Rate Reference rates by investment banks, fund managers and retail banks.

Reference Rate	EUR/USD after
EURIBOR	EURIBOR [Euro Interbank Offered Rate] is the benchmark rate of the large euro money market. A detailed explanation of EURIBOR and how it is calculated may be found at: **https://www.emmi-benchmarks.eu/euribor-org/euribor-reform.html**
SONIA	The Sterling Overnight Index Average, abbreviated SONIA, is the effective overnight interest rate paid by banks for unsecured transactions in the British sterling market. A detailed explanation of SONIA and how it is calculated may be found at **www.bankofengland.co.uk**

It is important to understand that EURIBOR and SONIA are NOT the European Central Bank or Bank of England's Base Rate. EURIBOR and SONIA do not necessarily reflect nor follow movements in these rates but generally trend in a consistent manner.

How is the Fixed Rate Determined?

The Fixed Rate takes into account a number of factors, including:

- The Term of the swap;
- Prevailing market interest rates;
- Market Volatility;
- The Net Interest Payment frequency;
- The Reset Dates and Payment Dates;
- Any changes in the Notional Amount during the Term;
- Credit assessment;
- Transaction execution margin.

How are Net Interest Payments Calculated?
The Fixed Rate Interest Payments will be:

- calculated using the pre-agreed Fixed Interest Rate on every interest Payment Date; and
- usually paid in arrears on each Payment Date in respect of the period since the last Payment date or since the Start Date if it is the first interest period.

If you choose to vary the Notional Amount during the Term of your Swap, your Net Interest Payments will be calculated based on the Notional Amount applying for that interest period.

Both the Fixed Interest Rate Payment and the Floating Interest Rate Payment can be calculated using the following formula:

A = B x C x (D/360) *

where

A = The Interest Payment;

B = The Notional Amount for that interest rate period;

C = either the Fixed Interest Rate expressed as a percentage, or the Floating Interest Rate expressed as a percentage, as determined on the preceding Reset Date (or the Start Date, as the case may be); and

D = the number of days since (but not including) the previous Payment Date, or in the case of the first Payment

Date, the number of days since (but not including) the Commencement Date.

***This will be divided by 365 for a GBP notional.**

There is no payment of Notional Amounts – only exchange of Net Interest Payments.

When are Net Interest Payments Made?
You can choose the Net Interest Payment dates to match the cash flow on your underlying exposure. Net Interest Payment dates can be monthly, quarterly, semi-annual or annual. Typically;

- At the beginning of each interest rate period (on each Reset Date), the Floating Interest Rate will be set.
- At the end of each interest rate period (on each Payment Date) the respective Fixed Interest Rate and Floating Interest Rate Payments will be netted and paid in arrears.

Details of the Reset Dates and Payment Dates that have been agreed between parties will be set out in your Confirmation.

Could the Notional Amounts vary during the Term of the Swap?
When agreeing the details of the Swap on the Trade Date, you can decide to have a constant Notional Amount or to vary the Notional Amount during the life of the trade. At the outset, you will need to give details of the proposed Notional Amount schedule on each Payment Date.

Example
The examples below are indicative only. In order to assess the merits of any particular Swap, you would need to use the actual rates and figures quoted to you at the time.

ABC Ltd has a €1m 3 year floating loan which rolls on a 3 month EURIBOR basis. ABC Ltd would like to remove any uncertainty on future interest rate Payments and so, enters into a 3 year Swap with Bank of Ireland. A Fixed Interest Rate of 0.5% is agreed for this Swap, for a 3 year Term, based on a Notional Amount of €1m. On every 3 month rollover date, ABC Ltd pays 0.5% to Bank of Ireland and receives the 3 month EURIBOR rate set at the beginning of that period. In this way, the ABC's equivalent floating obligation on their loan is offset by the floating receipts from BOI on the Swap. This does not offset loan margin or other charges associated with the loan.

Rollover Period	3 Month Euribor	ABC pays Interest Rate Swap Rate of 0.5%	ABC receives 3 Month Euribor	Net rate on the Interest Rate Swap	Net Cost of funds (of Debt and Swap)*
1	-0.30%	0.50%	-0.30%	0.80%	0.50%
2	-0.30%	0.50%	-0.30%	0.80%	0.50%
3	-0.30%	0.50%	-0.30%	0.80%	0.50%
4	-0.20%	0.50%	-0.20%	0.70%	0.50%
5	-0.10%	0.50%	-0.10%	0.60%	0.50%
6	-0.10%	0.50%	-0.10%	0.0%	0.50%
7	0.00%	0.50%	0.00%	0.50%	0.50%
8	0.05%	0.50%	0.05%	0.45%	0.50%
9	0.10%	0.50%	0.10%	0.40%	0.50%
10	0.30%	0.50%	0.30%	0.20%	0.50%
11	0.60%	0.50%	0.60%	-0.10%	0.50%
12	0.70%	0.50%	0.70%	-0.20%	0.50%

The rates in this example are for illustrative purposes only.

*Based on variable loan without EURIBOR Floor

Generic Example of an Early Termination

If you wish to terminate early or partially terminate a transaction before its Maturity Date, we will consider such request as soon as reasonably practicable. Should we agree to such a request, the termination may result in a breakage cost payable by either you (to Bank of Ireland) or the Bank of Ireland (to you) (the "Breakage Cost"). This cost will be dependent on the time remaining on the transaction and the relevant market rate available to Bank of Ireland on the day on which such Early Termination takes effect. The market rate available is not controlled by Bank of Ireland and is impacted by external factors such as volatility, liquidity or lack thereof and economic or political turbulence. All of these factors will impact the breakage cost. You are strongly advised to discuss potential Early Termination cost with us in advance of requesting an Early Termination of a transaction.

Example of Early Termination Cost Calculation for a Swap

If you are the fixed rate payer under a Swap (with a constant notional amount) the Early Termination cost would be determined by:

The Notional Amount of the Swap x the remaining Term of the Fixed Interest Rate period (expressed in years) x difference between the interest rate available to Bank of Ireland for the remaining term of the Swap and your Fixed Interest Rate for that period. This calculation takes the expected future Net Interest Payments into account, as these payments were scheduled to happen at later dates, their value is adjusted to account for receiving their sum at the Early Termination date and to reflect their current or (net present) value.

E.g. ABC Ltd have entered into a Swap of €1m (with a constant notional amount i.e. €1m for the life of the transaction) with Bank of Ireland for a Term of three years and agreed to pay a Fixed Interest Rate of 3.50% for the life of the Swap and in return to receive a Floating Interest Rate matched to a pre-agreed EURIBOR or SONIA** rate. If ABC Ltd wish to Early Terminate this Swap in full after two years and the Fixed Interest Rate available in the market to Bank of Ireland is then 1.50%, ABC Ltd will be obliged to make a Payment to Bank of Ireland in the amount of €20,000 which is calculated (€1m x 1year x 2.00% = €20k). Conversely, if the Fixed Interest Rate at the time of breakage is 3.75%, Bank of Ireland will have to make a Payment to ABC in the amount of €2,500 (€1m x 1 year x 0.25% = €2,5k).

**Following the current standard loan market convention adopted by BOI, this would be a Sonia compounded in arrears with a 5 day lag payable quarterly Floating interest rate. In this instance, the client would only know the payment due/payable 5 days before the payment date. This would be different from a EURIBOR based swap where the client would know the payment due/payable two days before the period Begins.

Should you wish to Transact an Interest Rate Swap

Please follow the steps below to enter into a Swap:

- Talk to your Bank of Ireland Relationship Manager who will refer you to the relevant interest rate derivative contact in our Global Markets unit.
- Ensure you have read and understood this document.
- You will be required to sign an ISDA Master Agreement.
- Talk to your Bank of Ireland Global Markets contact about the particular parameters of the Swap you require.

In accordance with the rules and requirements set out by the European Union (Markets in Financial Instruments) Regulations 2017 and the Financial Conduct Authority the Bank of Ireland is required to categorise each client either as Eligible Counterparty, Elective Professional, Professional client or Retail client. Bank Of Ireland does not provide complex MiFID Instruments to Retail clients. Before your first transaction, you should receive a categorisation letter and associated Terms of Business. If you do not receive these before the proposed transaction, please contact your Bank of Ireland Global Markets contact.

Your Bank of Ireland Global Markets contact will give you an indicative quote based on the details of your Swap. Once you have decided you would like to enter into a Swap, you will be required to provide the necessary documentation, such as:

- Mandate and other account opening requirements
- Credit approval will be required before entering into a Swap
- Confirmation of capacity as detailed in your Memorandum and Articles of Association (if applicable)
- Execution of an ISDA Master Agreement
- Any other relevant documents

All conversations such as telephone conversations and electronic communications will be recorded (even where they do not lead to the conclusion of an agreement). Transactions are also executed on recorded lines.

As the prevailing market rates are constantly changing, the rate quoted is only valid for immediate acceptance. This rate may differ from the indicative quote given previously.

Any person authorised in your mandate to trade the relevant product may engage and conclude transactions with Bank of Ireland.

Confirmations

Post transaction Bank of Ireland will send you a Confirmation outlining the relevant commercial terms of the transaction. It is important you check the Confirmation to make sure that it matches your understanding of the Trade. If so, please sign and return the Confirmation as directed. In the case of a discrepancy, you will need to raise the matter with your Bank of Ireland Global Markets contact as a matter of urgency.

What are the Fees and Charges?

Typically there are no upfront fees. However, the Fixed Rate agreed will incorporate Bank of Ireland’s risk, execution, administration costs and revenue margin.

An itemised break down of costs will be provided on request.

An Interest Rate Cap

Product Overview

An Interest Rate Cap ('Cap') is a tool for managing interest rate exposure. It typically provides a method of setting a maximum interest rate on the variable portion of your variable rate loan (where the variable rate is a published Reference Rate).
A Cap may protect against a rise in interest rates and maintain the ability to benefit from a fall in interest rates.

A Cap works in conjunction with a variable rate bank facility. It protects you against increases in interest rates by limiting the interest rate applicable to your underlying loan facility to a maximum rate. This maximum interest rate is known as the Strike Rate. In exchange for the protection of the Cap, you pay a Premium. This is paid as a one-off up front Premium.

Please note: the Cap only hedges the Floating Interest Rate and does not hedge the loan margin or other costs on the floating debt.

For the purpose of illustration, this product overview is from the perspective of a borrower with an exposure to variable interest rates, (due to a variable rate loan) seeking to manage their interest rate risk.

Typically, borrowers may need to protect against rates rising by agreeing a maximum rate on an agreed amount over an agreed Term. In return for this protection an upfront Premium is paid by the customer.

Other mechanisms / products are available to manage interest rate risk including, but not exclusively, Fixed Rate Lending, Interest Rate Caps and Interest Rate Collars. (Please contact your Bank of Ireland Relationship Manager for further details).

Key Benefits

Certainty

Caps provide you with protection against upward interest rate movements above the Strike Rate, while allowing you to benefit from downward interest rate movements.

Flexibility

Caps are flexible interest management tools and can be tailored to suit your requirements. The Strike Rate can be positioned to reflect the level of protection you seek. However the amount of Premium payable is affected by the choice you make, typically the lower the Strike rate, the higher the Premium. By locking in an agreed Strike Rate, you can hedge a variable rate loan. This can allow for more accurate cash flow management and budgeting. The Term of the Cap does not have to match the term of the underlying loan facility.

A Cap can be customised to your particular needs by varying some or all of the following elements

- Notional Amount (this Notional Amount can remain constant over the Term or can vary)
- Currency of your Notional Amount
- Effective Date / Start Date
- Term / Maturity Date
- Interest Payment frequency (monthly, quarterly or semi-annually)
- Floating Reference Rate
- Interest Payment Dates
- Premium-upfront cost of the Cap
- Preferred Strike rate

Your Bank of Ireland Global Markets Relationship Manager will provide you with a Term Sheet tailored to your specific requirements.

Portability

It may be possible to novate (i.e. transfer) a Cap to another entity or another bank, subject to credit approval.

Early Termination

It may be possible to terminate the product during the life of the Cap, at prevailing market rates.

Key Risks

Interest Rate Risk

- Interest rate markets can be unpredictable and can move in either direction.
- If the reference rate remains at or below the Strike rate for the duration of the Cap, your Cap will expire unutilised. Your Premium will not be refunded.
- You will be exposed to interest rate movements if the term of the Cap is shorter than that of your underlying loan or less than the full amount of your floating rate loan.
- You should examine your loan facility to ascertain whether your loan reference rate includes a floor or not.

Early Termination / Changes to the Terms of the Cap

- It is sometimes possible to terminate your Cap early or alter other pre-agreed terms during the life of the Cap. However, depending on prevailing interest rates at the time, there may be a cost to you or you may realise a gain. Given these risks it is important that you consider carefully the terms and duration of your Cap at the time of trading. Please refer to the Early Termination section for further information.

Counterparty Risk

- By entering to a Derivative contract with Bank of Ireland you have an exposure to Bank of Ireland in the event of insolvency or related events such as bail in.

How Does an Interest Rate Cap Work?

When you buy a Cap, you agree the Strike Rate which is the maximum interest rate (excluding loan costs) that you are prepared to pay over the term of the Cap. The Strike Rate is agreed at the start of the transaction.

In return for the Cap, you pay Bank of Ireland an upfront Premium. This is a cash amount paid by you to Bank of Ireland at the start of the trade and is non-refundable. We calculate the Premium at the time you purchase the Cap. We will advise you of the Premium for your Cap before you enter the transaction.

To calculate the Premium, we take several factors into account, including;

- Strike Rate
- Notional Amount
- Reference Rate
- Currency
- Term
- Reset Dates selected
- Current market interest rates
- Market Volatility

The following factors impact the Premium as follows:

- The lower the Strike Rate; the more expensive the Premium.
- The greater the Notional Amount; the more expensive the Premium.
- The longer the Term; the more expensive the Premium.
- The higher the Market Volatility; the more expensive the Premium.

The Premium must be paid in cleared funds within two business days of entering into the transaction.

The Cap is also based on an agreed Notional Amount. This is the predetermined principal on which the interest rate payments are based. The Notional Amount can vary over the Term depending on your underlying interest rate exposure and/or cash-flow requirements. If you choose to vary the Notional Amount on your Cap, your Payments will be calculated based on the Notional Amount applying for the relevant period.

An appropriate Reference Rate will also be agreed. The Reference Rate of the Cap should match that of your loan. For example if your variable rate loan has a quarterly rollover against 3 month EURIBOR it would be appropriate to choose 3 month EURIBOR as your Reference Rate. The Reference Rate to be used will be agreed at the beginning of the transaction. In addition, the Reset Dates, the dates which the readings of your Reference Rate will be taken for the next period and payments made for the previous period, will also be agreed at the beginning of the transaction.

Typical Reference Rates available are:

- One month EURIBOR or Sonia compounded paid monthly
- Three months EURIBOR or Sonia compounded paid Quarterly
- Six months EURIBOR or Sonia compounded paid Semi-annually
- Bank of England Official Base Rate

Note: the EURIBOR /SONIA floating rate may not fully match the interest cost on your underlying loan i.e. excludes any other costs to your borrowing such as your lending costs.

EURIBOR and SONIA are widely used as interest rate reference rates by investment banks, fund managers and retail banks.

Reference Rate	EUR/GBP after
EURIBOR	EURIBOR [Euro Interbank Offered Rate] is the benchmark rate of the large euro money market. A detailed explanation of EURIBOR and how it is calculated may be found at: **https://www.emmi-benchmarks.eu/euribor-org/euribor-reform.html**
SONIA	The Sterling Overnight Index Average, abbreviated SONIA, is the effective overnight interest rate paid by banks for unsecured transactions in the British sterling market A detailed explanation of SONIA and how it is calculated may be found at **www.bankofengland.co.uk**

It is important to understand that EURIBOR and SONIA are NOT the European Central Bank or Bank of England's Base Rate. EURIBOR and SONIA do not necessarily reflect nor follow movements in these rates but generally trend in a consistent manner.

How are Cap Payments Calculated?

On each payment date, Bank of Ireland will compensate you if the prevailing Reference Rate exceeds the Strike Rate. This amount is used to offset the higher interest rate applying to your underlying loan facility. If the Reference Rate is less than the Strike Rate, then no payments will be made under the Cap, and the interest rate applicable to your variable rate bank facility will be the rate applying under your loan agreement.

To summarise your effective interest rate for the period will be the lower of the Reference Rate or the Strike Rate (excluding any fees and margins payable under your loan agreement).

The table below shows the interest flows where you have bought a Cap on a €1m Notional Amount with a Strike Rate of 1% over a 90 day period from Bank of Ireland under three different hypothetical EURIBOR, (a typical Reference Rate) scenarios.

Scenario	EURIBOR	Strike Rate	Net Interest Costs on Loan without a Cap*	Amount Received from the Cap	Net Cost of funds (of Debt and Swap)*
1	0.50%	1.00%	€1,250	No Flows	€1,250
2	1.00%	1.00%	€2,500	No Flows	€2,500
3	2.00%	1.00%	€5,000	€2,500	€2,500

*excluding other lending costs

- In the first scenario the Reference Rate (0.5%) is less than the Strike Rate (1%). You will not receive a cash payment from Bank of Ireland under the Cap.
- In the second scenario, the Reference Rate (1%) is the same as the Strike Rate (1%). As a result, no payment is made under the Cap.
- In the final scenario, the Reference Rate (2%) is greater than the Strike Rate (1%), thus you receive a cash payment from Bank of Ireland to compensate you for this difference.

Note: The Cap only hedges the Floating Interest Rate and does not hedge the loan margin or other costs on the floating debt.

For explanation purposes only, a simple way to calculate the amount payable by Bank of Ireland is to look at the amount that you would pay at the Reference Rate and the amount payable at the Strike Rate. The difference between these amounts is the amount receivable, if greater than zero. Using the figures in the example above, i.e. a Reference Rate of 2% and a Strike Rate of 1% and a Notional of €1m this is calculated as follows;

Amount Payable at Reference Rate: $\frac{€1m * 90 * 2\%}{360} = €5,000$

Amount Payable at Strike Rate: $\frac{€1m * 90 * 1\%}{360} = €2,500$

As the Amount Payable at the Reference Rate is more than the Amount Payable at the Strike Rate, Bank of Ireland will make a payment of (€5,000 - €2,500) = €2,500.

When are Cap Payments Made?

Payments are usually paid in arrears on each Payment Date covering the previous Reference Rate period.
You can choose the Payment Dates to match the cash flow on your underlying exposure or loan. Payment Dates can be monthly, quarterly, semi-annual or annual.

Typically:

- At the beginning of each interest period (on each Reset Date), the Reference Rate will be set.
- At the end of each interest period (on each Payment Date) the difference between the Reference Rate and the Strike Rate Payments will be calculated, and if greater than Zero, paid in arrears, at that time.

Details of the Reset Dates and Payment Dates that have been agreed will be set out in your Confirmation.

Example**

The example below is indicative only. In order to assess the merits of any particular Cap, you would need to use the actual rates and figures quoted to you at the time.

ABC Ltd has a £1m 3 year variable loan which rolls quarterly, on a SONIA basis *. ABC Ltd would like to limit their borrowing cost to a maximum interest rate of 1%. They decide to purchase a Cap with a Strike Rate of 1%, for an upfront Premium cost of 0.9% of the Notional (£9,000). They decide to hedge the full amount of the £1m Notional for the full 3 year Term.

On every 3 month rollover date, Bank of Ireland will compensate ABC Ltd if Reference Rate rises above 1% for the Notional Amount specified. Regardless of how high 3 month Sonia rises*, the Company is protected for the Notional Amount specified against any rate moves above 1% for the life of the Cap. This excludes loan margin or other costs associated with the loan.

- For the purposes of this example, we assume a Sonia compounded in arrears with a 5 day lag payable quarterly Floating interest rate. In this instance, the client would only know the payment due/payable 5 days before the payment date. This would be different from a EURIBOR based swap where the client would know the payment due/payable two days before the period begins.

** The table below and the body of the example above abbreviates the above assumption to 3 month Sonia
For the purposes of this example, we assume a Sonia compounded in arrears with a 5 day lag payable quarterly Floating interest rate. On every 3 month rollover date, Bank of Ireland will compensate ABC Ltd if Reference Rate rises above 1% for the Notional Amount specified. Regardless of how high 3 month Sonia rises**, the Company is protected for the Notional Amount specified against any rate moves above 1% for the life of the Cap. This excludes loan margin or other costs associated with the loan.

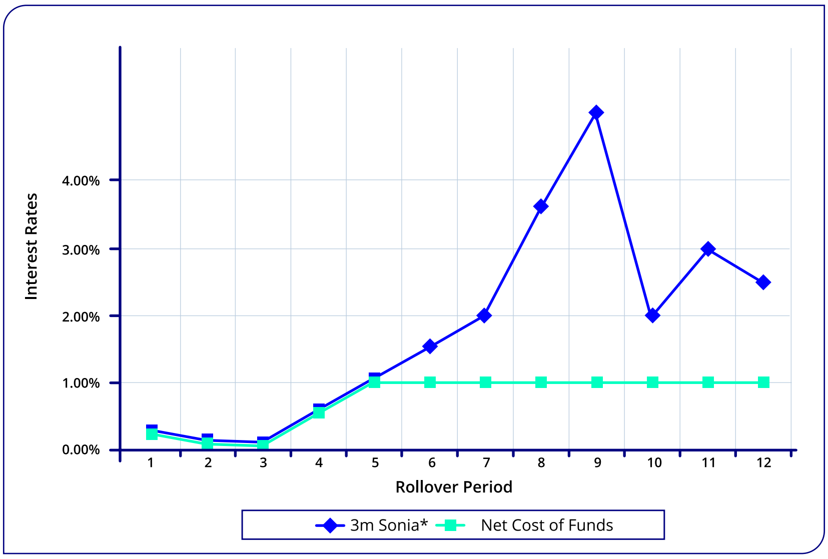
Rollover Period	3 Month Sonia	Is 3 Month Sonia above the Cap strike rate of 1%?	Cashflow on the Cap	Net Int Cost on Loan * (3 Month Sonia paid on debt minus any receipts on the Cap)
1	0.20%	No	Zero	0.20%
2	0.10%	No	Zero	0.10%
3	0.05%	No	Zero	0.05%
4	0.50%	No	Zero	0.50%
5	1.00%	No	Zero	1.00%
6	1.50%	Yes	0.50%	1.00%
7	2.00%	Yes	1.00%	1.00%
8	3.50%	Yes	2.50%	1.00%
9	5.00%	Yes	4.00%	1.00%
10	2.00%	Yes	0.00%	1.00%
11	3.00%	Yes	2.00%	1.00%
12	2.50%	Yes	1.50%	1.00%

*Excluding other lending costs.

Early Termination

If you wish to terminate or partially terminate a Cap transaction before its Maturity Date, we will consider such a request as soon as reasonably practicable. Should we agree to such a request, the termination may result in a benefit payable by Bank of Ireland to you. Your Cap may have a residual value, depending on the time remaining on the transaction and the relevant market rates available to the bank on the day on which such Early Termination takes effect. The market rate available is not controlled by the Bank and is impacted by external factors such as volatility, liquidity or lack of thereof and economic or political turbulence. All of these factors will impact the breakage cost. Please discuss potential terminations with us at the earliest possibility.

As you will have bought a Cap from Bank of Ireland at the start of the trade, you will be the owner of an asset. If you wish to sell this back to Bank of Ireland, we will quote a value, if any, at which we are willing to purchase the asset from you.



The rates in this example are for illustrative purposes only.

*An example of a Sonia reference rate would be Sonia compounded in arrears with a 5 day lag payable quarterly. In this instance, the client would only know the payment due/payable 5 days before the payment date. This would be different from a EURIBOR based swap where the client would know the payment due/payable two days before the period begins.

Our quote will be based on the same variables used when pricing the original Cap. These will be adjusted for prevailing market rates over the remaining Term of the Cap. Bank of Ireland will also need to consider the cost of reversing or offsetting your original transaction. If you accept the Early Termination quote, the Cap will be terminated. Where you continue to have interest rate exposure, you should appreciate that you may be exposed to all future interest rate movements.

Should you wish to transact an Interest Rate Cap

Please follow the steps below to enter into an Interest Rate Cap:

- Talk to your Bank of Ireland Relationship Manager who will refer you to the relevant interest rate derivative contact in our Global Markets unit.
- Ensure you have read and understood this document.
- Although not specifically required, before you enter into your first Interest Rate Cap you or we may wish to enter into an ISDA Master Agreement.
- Talk to your Bank of Ireland Global Markets contact about the particular parameters of the Interest Rate Cap that you require.

In accordance with the rules and requirements set out by the European Union (Markets in Financial Instruments) Regulations 2017 and the Financial Conduct Authority the Bank of Ireland is required to categorise each client either as Eligible Counterparty, Elective Professional, Professional client or Retail client. Bank of Ireland does not provide complex MiFID Instruments to Retail clients. Before your first transaction, you should receive a categorisation letter and associated Terms of Business. If you do not receive these before the proposed transaction, please contact your Bank of Ireland Global Markets contact.

Your Bank of Ireland Global Markets contact will give you an indicative quote based on the details of your Cap. Once you have decided you would like to enter into a Cap, you will be required to provide the necessary documentation, such as:

- Mandate and other account opening requirements
- Confirmation of capacity as detailed in your Memorandum and Articles of Association (if applicable)
- Any other relevant documents

All conversations such as telephone conversations and electronic communications will be recorded (even where they do not lead to the conclusion of an agreement). Transactions are also executed on recorded lines.

As the prevailing market rates are constantly changing, the Premium quoted is only valid for immediate acceptance. This Premium may differ from the indicative quote given previously.

Any person authorised in your mandate to trade the relevant product may engage and conclude transactions with Bank of Ireland.

Confirmations

Post transaction, Bank of Ireland will send you a Confirmation outlining the relevant commercial terms of the transaction. It is important you check the Confirmation to make sure that it matches your understanding of the trade. If so, please sign and return the Confirmation as directed. In the case of a discrepancy, you will need to raise the matter with your Bank of Ireland Global Markets contact as a matter of urgency.

What are the Fees and Charges?

Typically there are no upfront fees other than the Premium specified. However the Premium agreed will incorporate Bank of Ireland’s risk, administration costs and revenue margin.

An itemised break down of costs will be provided on request.

Interest Rate Collar

Product Overview

An Interest rate Collar is a combination of an Interest Rate Cap and an Interest Rate Floor and is an Interest Rate Option. A Collar can be used to manage interest rate exposure. It typically provides a method of setting a maximum interest rate and a minimum interest rate on the variable portion of your variable rate loan (where the variable rate is a published Reference Rate). A Collar may protect against a rise in interest rates beyond a certain level and maintain the ability to benefit from a fall in interest rates to a specified point.

A Collar works in conjunction with a variable rate bank facility. It protects you against increases in interest rates by limiting the interest rate applicable to your underlying loan facility to a maximum rate. This maximum interest rate is known as the Cap Strike Rate ('Cap Rate'). You will also be allowed to take advantage of falling interest rates down to a pre-determined level known as the Floor Rate. The Floor Strike Rate ('Floor Rate') is the lowest possible interest rate available to you once you establish a Collar.

Please note: the Cap and Floor rates only hedge the Floating Interest Rate and do not hedge the loan margin or other costs on the floating debt.

This product overview is from the perspective of a borrower with an exposure to variable interest rates (due to a variable rate loan) seeking to manage their variable interest rate risk.

Other mechanisms / products are available to manage interest rate risk including, but not exclusively, Fixed Rate Lending, Interest Rate Caps and Interest Rate Collars. (Please contact your Bank of Ireland Relationship Manager for further details).

Key Benefits

Certainty

A Collar provides you with protection against upward interest rate movements above the Cap Rate while allowing you to participate in interest rate decreases down to the pre-agreed Floor Rate. By selecting a maximum and minimum rate, you can hedge a variable rate loan. This can allow for more accurate cash flow management and budgeting. The term of the Collar does not have to match the maturity term of the underlying loan facility.

Flexibility

A Collar is a flexible interest rate management tool and can be tailored to suit your requirements. The Cap and Floor rates can be positioned to reflect the level of protection you seek. However the amount of Premium payable, if any, is affected by the choice you make. Typically a lower Cap rate is more expensive and a higher Floor rate can be used to offset some or all of this expense. A Collar can be customised to your particular needs by varying some or all of the following elements:

- Notional Amount (this Notional Amount can remain constant over the Term or can vary)
- Currency of your Notional Amount
- Effective Date / Start Date
- Term / Maturity Date
- Interest Payment frequency (monthly, quarterly or semi-annually)
- Floating Reference Rate
- Interest Payment Dates
- Preferred Cap and Floor rates

Collars can be structured so that there is no up-front Premium payable (zero cost structure). As you can also set your own Cap and Floor Rates, a Premium may be payable in other circumstances.

Your Bank of Ireland Global Markets Relationship Manager will provide you with a Term Sheet tailored to your specific requirements.

Portability

It may be possible to novate (i.e. transfer) a Collar to another entity or another bank, subject to credit approval etc.

Early Termination

It may be possible to terminate the product during the life of the Collar, at prevailing market rates.

Cost

Generally, the Cap rate and the Floor rate can be set at particular levels in order to create a zero cost structure. If, however, you wish to select a different Cap or Floor rate, an upfront non-refundable Premium may be payable. We will determine the amount of the Premium and advise you of that before entering into the transaction.

A collar can be priced by its component parts and provided separately if requested e.g. a Cap and a Floor can be transacted separately and priced individually if required.

Key Risks

Interest Rate Risk

Interest rate markets can be unpredictable and can move in either direction.

- If the Reference Rate remains below the Cap Rate and above the Floor Rate for the duration of the Collar, your Collar will expire unutilised. If you have paid a Premium upfront, it will not be refunded.
- There is no potential to benefit from any interest rate movement below the Floor Rate.
- To provide a zero cost structure or a reasonable reduction in Premium payable under the Cap, the Floor Rate may need to be set at a high level. This will reduce the potential to take advantage of favorable interest rate movements.
- You will be exposed to interest rate movements if the term of the Collar is shorter than that of your underlying loan facility, or less than the full amount of your floating rate loan.
- There is a possibility that a Reference Rate may set as a negative number. In this situation, the difference between the negative Reference Rate and the Floor Rate is calculated, and this difference is payable by the borrower. You should examine your loan facility to ascertain whether your loan reference rate includes a floor or not.

Early Termination / Changes to the Terms of the Collar

- It is sometimes possible to terminate your Collar early or alter other pre-agreed terms during the life of the Collar. However, depending on prevailing interest rates at the time, there may be a cost to you or you may realise a gain. Given these risks it is important that you consider carefully the terms and duration of your Collar at the time of trading. Please refer to the Early Termination section for further information.

Counterparty Risk

- By entering to a Derivative contract with Bank of Ireland you have an exposure to Bank of Ireland in the event of insolvency or related events such as bail in.

How Does an Interest Rate Collar Work?

An Interest Rate Collar is created by purchasing a Cap and selling a Floor. When you buy a Collar, you agree the Strike Rate on the Cap (the maximum interest rate) and the Strike Rate on the Floor (the minimum interest rate) that you are prepared to pay over the term of the Collar. Both Strike Rates will exclude other loan costs and will be agreed at the start of the transaction. The Cap Rate and the Floor Rate can be set at a particular level in order to generate no upfront Premium payable to you. Alternative Cap and Floor Rates may require an upfront non-refundable Premium payable by you.

Your Collar is based on an agreed Notional Amount. The Notional Amount can vary over the Term depending on your underlying interest rate exposure and/or cash-flow requirements. If you choose to vary the Notional Amount on your Collar, any Payments will be calculated based on the Notional Amount applying for the relevant period.

An appropriate Reference Rate will also be agreed. The Reference Rate of the Collar is best suited to match that of your loan. For example if your variable rate loan has a quarterly rollover based on 3 month EURIBOR it would be appropriate to choose 3 month EURIBOR as your Reference Rate. The Reference Rate to be used will be agreed at the beginning of the transaction.

Typical Reference Rates available are:

- One month EURIBOR or Sonia compounded paid monthly
- Three months EURIBOR or Sonia compounded paid monthly
- Six months EURIBOR or Sonia compounded paid monthly
- Bank of England Official Base Rate.

Note: The EURIBOR/SONIA floating rate will not fully match the interest cost on your underlying loan; i.e. excludes any other costs to your borrowing such as your lending costs.

EURIBOR and SONIA are widely used as interest rate reference rates by investment banks, fund managers and retail banks.

Reference Rate	EUR/GBP after
EURIBOR	EURIBOR [Euro Interbank Offered Rate] is the benchmark rate of the large euro money market. A detailed explanation of EURIBOR and how it is calculated may be found at: **https://www.emmi-benchmarks.eu/euribor-org/euribor-reform.html**
SONIA	The Sterling Overnight Index Average, abbreviated SONIA, is the effective overnight interest rate paid by banks for unsecured transactions in the British sterling market. A detailed explanation of SONIA and how it is calculated may be found at **www.bankofengland.co.uk**

It is important to understand that EURIBOR and SONIA are NOT the European Central Bank or Bank of England's Base Rate. EURIBOR and SONIA do not necessarily reflect nor follow movements in these rates.

How are Collar Payments Calculated?

Typically on each pre-agreed date:

- BOI will compensate you if the Floating Rate is higher than the Cap Strike Rate. You will receive from BOI the difference between these two interest rates;
- If the Floating Rate is equal to or below the Cap Strike Rate and equal to or above the Floor Strike Rate you will continue to benefit from the Floating Rate; and
- If the Floating Rate is below the Floor Strike Rate, you will pay BOI the difference between the two interest rates.
- If the Reference Rate sets as a positive number, your effective interest rate for the period will be between the lower Floor Rate and the higher Cap Rate, (excluding any fees and margins payable under your loan agreement). If the Reference Rate sets as a negative number, the difference between the negative Reference Rate and the Floor Rate is calculated and this difference is payable by the borrower.

The table below shows the interest flows where you have bought a Cap on a €1m Notional Amount with a Cap Rate of 1.75% and a Floor Rate of 0.75% over a 90 day period from Bank of Ireland under four different hypothetical EURIBOR scenarios.

Notional	EURIBOR	Cap Rate	Floor Rate	Net Interest Costs on a Loan without a Collar*	Payment Under the Collar	Net Interest Cost on a Loan with a Collar*
1,000,000	0.50%	1.75%	.75%	1,250	625	1,875
1,000,000	1.00%	1.75%	.75%	2,500	0	2,500
1,000,000	-0.20%**	1.75%	.75%	500	-2,375	1,875
1,000,000	2.00%	1.75%	.75%	5,000	+625	4,375

* excludes other lending costs

** Note negative rate

Looking at the above scenario we can analyse how the Payments under a Collar are calculated. We have assumed that there is no floor in the loan agreement for all four scenarios.

In the first scenario you would pay the difference between the Floor and the Reference Rate. This is calculated as follows;

Amount Payable by you: €1m * 90 * (0.75%-0.5%) = €625 to Bank of Ireland
360

In the second scenario the Reference Rate is higher than the Floor Rate, and lower than the Cap Rate therefore no Payments are made by either party.

In the third scenario EURIBOR sets as a negative therefore you would pay the difference between the Floor and the Reference Rate. This is calculated as follows;

Amount Payable by Bank of Ireland: €1m * 90 * (0.75%+-2%) = €2375 to Bank of Ireland
360

In the fourth scenario as the Amount Payable at the Reference Rate is more than the Amount Payable at the Strike Rate, Bank of Ireland will make a payment of (€5,000 - €2,500) = €2,500.

Amount Payable by Bank of Ireland: €1m * 90 *(2%-1.75%) = €625 to you
360

Note: the Collar only hedges the Floating Interest Rate and does not hedge the loan margin or other costs on the Floating Debt.

When are Collar Payments made?

Payments are usually paid in arrears on each Payment Date covering the previous reference period. You can choose the Payment Dates to match the cash flow on your underlying exposure or loan. Payment Dates can be monthly, quarterly, semiannual or annual.

Typically;

- At the beginning of each interest rate period (on each Reset Date), the Reference Rate will be set.
- At the end of each interest rate period (on each Payment Date) the difference between the Reference Rate and the Strike Rates on the Cap and Floor will be calculated, and duly paid.

Details of the Reset Dates and Payment Dates that have been agreed will be set out in your Confirmation.

Example

The example and rates below are indicative only. In order to assess the merits of any particular Collar, you would need to use the actual rates and figures quoted to you at the time.

ABC Ltd has a €1m 3 year floating loan which rolls on a 3 month EURIBOR basis. ABC would like to limit their exposure to the Reference Rate moving above 1.75%, while benefiting from any potential fall in interest rates to a certain level. Additionally ABC would like to limit the amount that they spend to put this in place. ABC decides to purchase a Collar with a Cap Rate of 1.75% and a Floor Rate of 0.75%. This structure has a zero cost to ABC. They decide to hedge the full amount of the €1m Notional for the full 3 year term.

On every 3 month rollover date, the Reference Rate setting will be compared to the Cap and Floor Rates. Bank of Ireland will compensate ABC if the Reference Rate rises above 1.75% for the Notional specified. Regardless of how high EURIBOR rises, ABC is protected for the Notional specified against any Reference Rate moves above 1.75% for the life of the Collar.

If the Reference Rate sets below the Floor Rate of 0.75%, then ABC Ltd makes a Payment to Bank of Ireland to reflect this. ABC Ltd can benefit from the reduction in the Reference Rate from 1.75% to 0.75% but no lower. 0.75% is the lowest interest rate available to ABC Ltd regardless of how low the Reference Rate falls.

The below table and diagram illustrate one hypothetical path of interest rates over the 3 years of the product.

Rollover Period	3 Month Euribor	Is 3 Month EURIBOR above the Cap Rate or below the Floor Rate?	Cashflow on on the Collar	Net Int Cost on Loan * (EURIBOR paid on debt including Payments on the Collar)
1	0.20%	Below the Floor	-0.55%	+0.75%
2	0.10%	Below the Floor	-0.65%	+0.75%
3	0.05%	Below the Floor	-0.70%	+0.75%
4	0.50%	Below the Floor	-0.25%	+0.75%
5	1.00%	Neither	No Flows	1.00%
6	1.50%	Neither	No Flows	1.50%
7	2.00%	Above the Cap	+0.25%	1.75%
8	3.50%	Above the Cap	+1.75%	1.75%
9	5.00%	Above the Cap	+3.25%	1.75%
10	2.00%	Above the Cap	+0.25%	1.75%
11	3.00%	Above the Cap	+0.25%	1.75%
12	2.50%	Above the Cap	+0.75%	1.75%

The rates in this example are for illustrative purposes only.

As an illustration of Early Termination, if ABC Ltd decided to unwind the collar specified in the example above one year into the trade, the value of the collar will have changed and it will no longer have a zero cost. Assuming a 0.1% upward move in interest rates then the collar could have a value of €1,800 payable to ABC to unwind at this date. A similar downward change in interest rates could lead to the collar having a cost to ABC Ltd of €1,500 to unwind. These moves in interest rates and values are for illustrative purposes only.

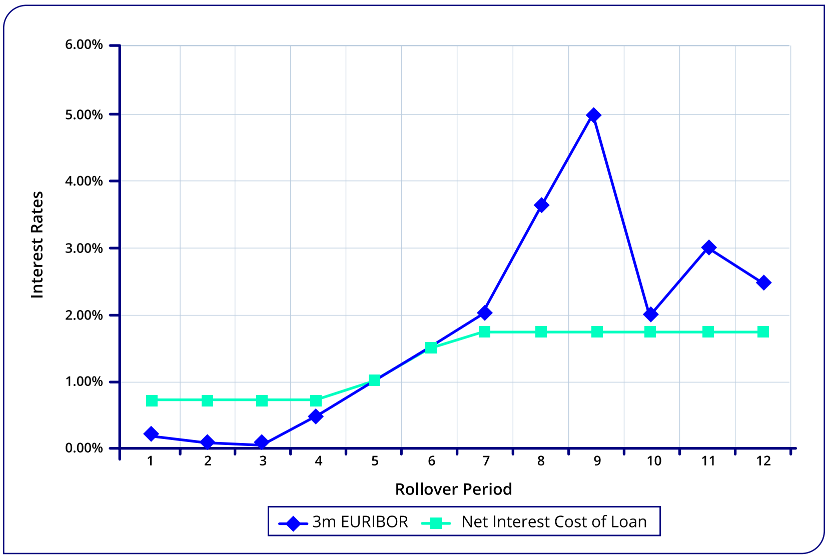
Early Termination

If you wish to terminate or partially terminate a Collar Transaction before its Maturity Date, we will consider such a request as soon as reasonably practicable. Should we agree to such a request, the Early Termination may result in a cost or a benefit to you. Your Collar may have a residual value, depending on the time remaining on the transaction and the relevant market rates available to the Bank on the day on which such early termination takes effect. The market rate available is not controlled by the Bank and is impacted by external factors such as volatility, liquidity or lack of thereof and economic or political turbulence. All of these factors will impact the breakage cost. Please discuss potential terminations with us at the earliest possibility.

Our quote will be based on the same variables used when pricing the original Collar:

- Cap Strike Rate
- Floor Strike Rate
- Notional Amount
- Reference Rate
- Currency
- Term
- Reset Dates selected
- Current market interest rates
- Market Volatility

These will be adjusted for prevailing market rates over the remaining term of the Collar. Bank of Ireland will also need to consider the cost of reversing or offsetting your original transaction. If you accept the termination quote, the Collar will be terminated. Where you continue to have interest rate exposure, you should appreciate that you may be exposed to all future interest rate movements.



Should you wish to transact an Interest Rate Collar

Please follow the steps below to enter into an Interest Rate Collar:

- Talk to your Bank of Ireland Global Markets contact about the particular parameters of the Interest Rate Collar that you require.
- Talk to your Bank of Ireland Relationship Manager who will refer you to the relevant interest rate derivative contact in our Global Markets unit.
- Ensure you have read and understood this document;
- Before you enter into your first Interest Rate Collar you will be required to sign an ISDA Master Agreement.

In accordance with the rules and requirements set out by the European Union (Markets in Financial Instruments) Regulations 2017 and the Financial Conduct Authority the Bank is required to categorise each client either as Eligible Counterparty, Elective Professional, Professional client or Retail client. Bank Of Ireland does not provide complex MiFID Instruments to Retail clients. Where relevant, Bank of Ireland completes an assessment of the appropriateness of the product for each customer. Therefore, you may be required to supply supporting evidence in order to establish the client category and appropriateness of the transaction you have requested. Before your first transaction, you should receive a categorisation letter and associated Terms of Business. If you do not receive these before the proposed transaction, please contact your Bank of Ireland Global Markets contact.

Your Bank of Ireland Global Markets contact will give you an indicative quote based on the details of your Collar. Once you have decided you would like to enter into a Collar, you will be required to provide the necessary documentation, such as:

- Mandate and other account opening requirements
- Credit Approval
- Execution of an ISDA Master Agreement
- Confirmation of capacity as detailed in your Memorandum and Articles of Association (if applicable)

All conversations such as telephone conversations and electronic communications will be recorded (even where they do not lead to the conclusion of an agreement). Transactions are also executed on recorded lines.

As the prevailing market rates are constantly changing, the rates quoted are only valid for immediate acceptance. The Premium, if any, may differ from the indicative quote given previously.

Any person authorised in your mandate to trade the relevant product may engage and conclude transactions with Bank of Ireland.

Confirmations

Post transaction, Bank of Ireland will send you a Confirmation outlining the relevant commercial terms of the transaction. It is important you check the Confirmation to make sure that it matches your understanding of the transaction. If so, please sign and return the Confirmation as directed. In the case of a discrepancy, you will need to raise the matter with your Bank of Ireland Global Markets contact as a matter of urgency.

What are the Fees and Charges?

Typically there are no upfront fees other than the specified Premium, if any. However the Premium agreed will incorporate Bank of Ireland's risk, execution, administration costs and revenue margin.

Where the Collar is on a zero cost basis, Bank of Ireland recovers its execution and margin cost. In effect, you pay for the Collar by accepting the Cap Rate and Floor Rate quoted by us.

An itemised break down of costs will be provided on request.

How Can I Complain?

If you are not satisfied with any aspect of our service or products and wish to make a complaint, you can do so:

(a) by writing to Head of Customer Group Dublin, Bank of Ireland Global Markets, Baggot Plaza, 27-33 Upper Baggot St, Dublin 4. D04 VX58;

(b) by emailing **customergroupconductandregulation@boi.com**;

(c) through our complaints form, available on the Bank of Ireland Group Website at the following link **Customer Feedback & Complaints Process - Bank of Ireland Group Website** or;

(d) orally directly to your Global Markets Dealer or contact our team on **0818 200 365** or **+353 1 404 4000** from outside ROI. Where we receive a complaint orally, we will offer you the opportunity to have it handled in accordance with our complaints process.

Our aim is to try and resolve your complaint within five Business Days of us receiving it. If this is not possible, we will write to you within five Business Days of us receiving the complaint in order to acknowledge receipt while we look into it further.

If it takes longer than five Business Days for us to resolve your complaint, we will provide you with regular updates until it has been resolved and will issue a communication to you in writing with details of how your complaint has been resolved. We will seek to ensure that your complaint is resolved within 40 Business Days of receiving it.

In exceptional circumstances, if complaints are not resolved within 20 Business Days of us receiving it, we will write to you to provide you with an update.

We are subject to the procedures of the Financial Services and Pensions Ombudsman (FSPO), a statutory scheme which deals independently with complaints from consumers about their individual dealings with financial services providers that have not been resolved to the satisfaction of consumers through the internal complaints procedures of financial service providers. If you are a consumer and are unhappy with how your complaint has been resolved by us, you can contact the Financial Services and Pensions Ombudsman at 3rd Floor, Lincoln House, Lincoln Place, Dublin 2, D02 VH29. The contact details of the FSPO are as follows:

Tel: (01) 567 7000, **E-mail:** info@fspo.ie **Website:** www.fspo.ie

Terms of Business

Global Markets Terms of Business can be found at: **https://corporate.bankofireland.com/library/**.

Bank of Ireland website: **www.bankofireland.com.**

Glossary

Aggregated Costs and Charges is the total of all execution, administration, credit margin.

Bank of England Official Base Rate is the interest rate that the Bank of England charges Banks for secured overnight lending.

Cap An Interest Cap is a derivative under which the buyer receives payments at the end of each period in which the interest rate exceeds the agreed Strike Price.

Cap Rate The agreed Strike Rate on a Cap.

Collar A Collar is the simultaneous purchase of a Cap and the sale of a Floor on the same Reference Rate for the same Maturity Date and Notional Amount. (Cap and Floor can also be transacted on a stand-alone basis).

Commencement Date or Start Date means the date on which your Interest Rate Product commences. This will be referred to as the 'Effective Date' in your Confirmation.

Confirmation means the document issued to you by Bank of Ireland following the agreement of the Trade.

A Derivative is a financial contract which derives its value from the performance of an underlying asset or value such as an interest rate.

Early Termination refers to bringing a transaction either partially or wholly to an end before the agreed Maturity Date.

Effective Date is the Start Date of your product. This is not necessarily the same as the Trade Date**.**

EURIBOR [Euro Interbank Offered Rate] is the benchmark rate of the large euro money market. A detailed explanation of EURIBOR and how it is calculated may be found at:
www.EURIBOR-ebf.eu/EURIBOR-org/about-EURIBOR.html

Fixed Interest Rate means the fixed interest rate applying to your Notional Amount during the Term of a Swap.

Fixed Rate Lending refers to a fixed rate loan where the interest rate does not fluctuate during the period of the loan.

Floating Interest Rate means the floating or variable interest rate applying to your Notional Amount during the Term of your Interest Rate Product, expressed as a percentage and based on the Reference Rate**.**

Floor An interest rate floor is a derivative contract under which the buyer receives payments at the end of each period in which the interest rate is below the agreed Strike Price.

Floor Rate The agreed Strike Rate on a Floor.

Interest Rate Exposure means that a move in variable interest rate will impact you or your business.

Interest Rate Product means a Cap, a Collar, a Floor or a Swap.

ISDA stands for International Swaps and Derivatives Association and is also a shorthand reference to the ISDA Master Agreement, 1992 version and 2002 version, which are standard master dealing agreements issued by the Association and used to document your Interest Rate Product(s) with Bank of Ireland.

Macro Business
The Macro business consists of Foreign Exchange, Rates and e-Trading of Macro products. MiFID II costs and charges obligations apply to services and activities and transactions in products that are 'financial instruments' (as defined under MiFID II). In the case of the Macro business this includes, but is not limited to, bonds and derivatives but does not include FX spot.

Maturity Date means the date on which your Interest Rate Product expires. This will be referred to as the 'Termination Date' in your Confirmation.

MiFID The Markets in Financial Instruments Directive.

Glossary Cont.

Negative Interest Rates – means where Reference Rates set below Zero.

Net Interest Payment means the net payment made on an Interest Rate Swap at each Payment Date in respect of the Notional Amount.

Notional Amount is the nominal amount that is used to calculate payments made on an Interest Rate Product. The Notional Amount can be a fixed amount for the full Term or vary over the Term. If the Notional Amount varies, the balance at the beginning of the period is used for calculation purposes.

An **Option** is a derivative which gives the buyer of the Option the right, but not the obligation, to buy or sell an underlying asset at a specified price on or before a specified date. Each contract will specify whether the buyer of the Option has the right to buy or to sell the underlying asset.

Payment is a movement of money either from Bank of Ireland to you, or from you to Bank of Ireland. The economics of the underlying deal and market conditions will decide the direction of the movement.

Payment Date refers to each date on which a payment will be made in respect of your Notional Amount on your Interest Rate Product. The specific Payment Dates applying to your Interest Rate Product will be specified in your Confirmation. If a Payment Date does not fall on a business day, the payment will be processed on the following business day.

Premium The premium is the upfront cost/price the customer pays to the Bank when they purchase a Cap or Collar.

Reference Rate The type of Floating Interest Rate you chose at the start of your transaction. Typical Reference rates are 1 month EURIBOR or SONIA compounded in arrears paid Monthly, 3 month EURIBOR or SONIA compounded in arrears paid Quarterly, Bank of England base rate but other terms and currencies are available. The period/term of the Reference Rate will be the same as the interest payment frequency you have chosen and should match the roll over frequency of your loan with a view to hedging your interest rate exposure. For example, if your variable rate loan has a quarterly rollover against 3 month EURIBOR it will be appropriate to choose 3 month EURIBOR as your Reference Rate.

Reset Date refers to each date on which the Floating Interest Rate is set. The specific Reset Dates applying to your Interest Rate Product will be specified in your Confirmation. If a Reset Date does not fall on a business day, the Floating Rate will be set on the following business day.

SONIA The Sterling Overnight Index Average, abbreviated SONIA, is the effective overnight interest rate paid by banks for unsecured transactions in the British sterling market.
A detailed explanation of SONIA and how it is calculated may be found at **www.bankofengland.co.uk**

Start Date means the date on which your Interest Rate Product commences. This will be referred to as the 'Effective Date' in your Confirmation.

Strike Rate The price at which an option can be exercised. This is the agreed maximum rate applicable in a Cap, or the agreed minimum rate applicable to a Floor.

Swap is a derivative under which two parties (counterparties) swap Floating Interest Rate payments, linked typically to a Reference Rate (e.g. EURIBOR/SONIA), and Fixed Interest Rate payments over a specified Term for an agreed Notional Amount.

Term means the period between the Start Date and the Maturity Date.

A Term Sheet sets out the details of an Interest Rate Product. A draft of the Term Sheet will be compiled prior to trading specifying the details such as Term, Notional Amount, Fixed rate if applicable, Premium if payable, Aggregated Costs and charges, Total Consideration Reference Rate and Start Date.

Total Consideration is the Final agreed rate or premium including aggregated costs and charges.

Trade - the purchase of an Interest Rate Product.

Trade Date is the date on which the trade details are agreed and binding on both parties.

Volatility The relative rate at which the underlying interest rates move up and down over the term of a product.

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