

Fixed Rate Loans for Borrowers

Product Description Sheet

Customer Treasury Services UK



Your view anticipates interest rate uncertainty ✓	Rate protection with this product ✓	Cost paid as a premium X
---------------------------------------------------	-------------------------------------	--------------------------

The product – in brief

Features

A Fixed Rate Loan is a product that provides the borrower with rate protection against adverse rate movements, by committing to borrowing at a fixed rate for a fixed period of time.

You may incur a cost if you break your fixed rate loan early.

Fixed Rate Loans can be tailor-made to suit your requirements.

Scenario

Your company has a borrowing requirement over the next three years.

You believe that interest rates will rise over the course of your borrowing period and you want to protect yourself against this happening.

You have sanction from your bank for the amount required and the period involved.

Action

You lock into a three year Fixed Rate Loan at the fixed offered rate.

How does the product work?

Example: GBP

All interest rates in this example are exclusive of your bank's normal credit margin.

A three year fully amortising Fixed Rate Loan with even repayments every three months over the course of the loan.

Three month offered rate is trading at 0.70%
Current three year fixed rate for this structure 2.30%

- 1) You enter into a Fixed Rate Loan for this structure with a fixed rate of 2.30%.
- 2) Your loan is fully repaid at the end of the three year period.
- 3) You do not pay a premium for this product



A. Interest rate you will borrow at over the three years

Outcome for each three month fixing

You pay interest at a fixed rate of 2.30%.



Do not use this product if:

The use of this structure is out of line with your company's treasury policy.

You do not have the underlying commitment outlined in this structure.

You do not understand the benefits/risk of this structure.

In the worst case scenario, you cannot forego rate gains and endure any potential loss embedded in this structure.

Products to consider

Below is a range of Interest Rate products which should be considered when evaluating Interest Rate risk.

- Caps/Collars/Floors (Vanilla & Knock-In)
- Cross Currency Swaps
- Fixed Loans and Deposits
- Forward Rate Agreements
- Fraptions
- Swaps (Vanilla, Bermudan & Cancellable)
- Swaptions

For further details on these products refer to the relevant product description sheet.

Note: Rates are based on indicative mid-rates at the time of production and for illustration purposes only.

Other issues to consider

The Bank may require confirmation as to the capacity of an entity to enter into particular treasury transactions. The requirements will vary depending on the type of entity involved and its place of incorporation. For example, for entities incorporated in overseas jurisdictions, a legal opinion which confirms capacity to enter into treasury transactions may be required. For certain companies, the Bank may require that the entry into treasury transactions is included as a specific object in the memorandum of association. These requirements can be discussed with you.

Having considered these points, your Treasury Relationship Manager at AIB Customer Treasury Services would be pleased to discuss any queries you may have and also to offer you a competitive price should you wish to proceed.

This product may not be suitable for your particular circumstances; therefore it is strongly recommended that if you have not already done so you should consult an independent professional financial advisor. This publication is for illustration purposes only and does not constitute investment advice. Changes in market rates may have an adverse effect on the value, price or return of this product. This publication is not to be reproduced in whole or part without prior permission. AIB Customer Treasury Services is a registered business name of Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is authorised by the Central Bank of Ireland. Customer Treasury Services UK is a department of Allied Irish Banks, p.l.c. which conducts business on behalf of AIB Group (UK) p.l.c. AIB Group (UK) p.l.c. is authorised and regulated by the Financial Services Authority. First Trust Bank is a trade mark of AIB Group (UK) p.l.c. incorporated in Northern Ireland. Please note that telephone calls may be recorded in line with market practice.