



20<sup>th</sup> December 2017

### AIB Group update on the Tracker Mortgage Examination

AIB's tracker mortgage examination began in August 2015. We fully adopted the parameters of the Central Bank framework in December 2015 and the examination continues to be carried out in line with the framework.

AIB apologises to affected customers for an issue that should never have happened.

The bank has made significant progress in redressing and compensating impacted customers. The examination remains a key priority with up to 500 people working to address the issue. We have undertaken analysis on c.650,000 accounts, with a manual review of c 50,000 accounts. This programme has not been limited to focusing on contractual issues and has considered whether there were inadequate levels of transparency and poor quality customer information at the time.

Customer groups fall under three broad categories with quite different impacts:

#### 1. Customers no longer on a tracker

- On 25<sup>th</sup> October 2017 AIB advised that at the end of Q3 we had identified 3,416 customer accounts no longer on the tracker rate to which they were entitled. In line with commitments made, redress and compensation payments have now been completed for all of these customers. Also in line with previous commitments, customer accounts identified by the end of 2017 will be redressed and compensated by end of Q1 2018 (current estimate c.130).
- Following ongoing review, AIB will pay redress and compensation to an additional c.900 customers. These are customers who had a tracker rate, switched to a fixed rate and were on a fixed rate when trackers were withdrawn in October 2008. While they did not have a contractual right to revert to a tracker other material may have led customers to believe that they could.

Customers no longer on a tracker		Redress and compensation status
Identified at Q3 2017	3,416	<ul style="list-style-type: none"><li>● 100% complete by end 2017 (in line with previous commitments)</li><li>● 96% complete (3,272 accounts) at 30/11/17</li></ul>
Identified by year end (estimated)	c. 130	<ul style="list-style-type: none"><li>● To be complete by end Q1 2018 (in line with previous commitments)</li></ul>
Additional customer group (estimated)	c.900	<ul style="list-style-type: none"><li>● To be complete by end Q2 2018</li></ul>
<b>Total</b>	<b>c.4446</b>	

## 2. Higher tracker margin

As previously advised in October, AIB also identified a number of accounts that remained on a tracker rate but were incorrectly charged a higher margin for a period of time (most of which were impacted by less than €500). The majority of these have also been redressed and compensated with the remaining due to be complete in Q1 2018.

Customers on a higher tracker margin		Redress and compensation status
Identified at Q3 2017	736	<ul style="list-style-type: none"><li>100% complete by end 2017 (in line with previous commitments)</li><li>92% complete (679 accounts) at 30/11/17</li></ul>
Identified by year end (estimated)	c.220	<ul style="list-style-type: none"><li>To be completed by end Q1 2018 (in line with previous commitments)</li></ul>
<b>Total</b>	<b>c.956</b>	

## 3. Contractual option of a prevailing rate – customers never on a tracker

- Following ongoing review, AIB has decided that approximately 4,000 customers who were never on a tracker rate will be paid compensation. These customers had the contractual option to choose a prevailing tracker rate at the end of their fixed rate period. However between October 2008 and December 2013, AIB had withdrawn the prevailing tracker rate and as such these customers were not provided with this choice.
- AIB will pay each of these customers compensation of €1,000 plus €615 towards independent advice. They will also have the option for a 12 month period to avail of the bank's current prevailing tracker rate on a go forward basis and the right to appeal through the independent appeals process.

Contractual option of a prevailing rate		Compensation status
Additional customer group (estimated)	c.4000	<ul style="list-style-type: none"><li>To be complete by end Q1 2018</li></ul>
<b>Total</b>	<b>c.4000</b>	

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Our approach to the Tracker Mortgage Examination has been broad in its scope and our priority is to continue the progress that we have made using all necessary resources at our disposal.

**ENDS.**

**Notes:**

**Redress and Compensation progress – Progress update on October Commitment as at 30 November 2017**

Customers no longer on a tracker		Redress and compensation status
Identified at Q3 2017	3,416	<ul style="list-style-type: none"><li>• 96% complete (3,272 accounts) at 30/11/17</li><li>• 100% complete by end 2017 as per commitment</li></ul>
Customers on a higher tracker margin		Redress and compensation status
Identified at Q3 2017	736	<ul style="list-style-type: none"><li>• 92% complete (679 accounts) at 30/11/17</li><li>• 100% complete by end 2017 as per commitment</li></ul>

**Customer Freephone Helpline**

AIB: 1800 235 460 or EBS: 1800 235 461  
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