

## **Notice to our customers about the Benchmarks Regulation**

This Notice is to customers of Allied Irish Banks, p.l.c and AIB Mortgage Bank. Each of these entities is referred to as the “Lender” in this Notice, which is binding on each of them.

The Lender uses benchmarks in a number of its consumer credit agreements, including agreements for personal loans, car loans, overdraft facilities and mortgages. Examples of benchmarks used by the Lender include Euribor and Libor.

### **What is the Benchmarks Regulation?**

The Benchmarks Regulation 2016/1011 is a new EU regulation on indices used as benchmarks. Among other things, it covers any index which is used to determine the amount payable under the types of credit agreements set out below. The Benchmarks Regulation will apply from 1 January 2018.

Under the Benchmarks Regulation, the Lender must put in place a written plan (the “Plan”) setting out how it will respond if a benchmark used in certain types of credit agreements materially changes or ceases to be provided. The Lender is required to reflect this Plan in the contractual relationship with its customers. These requirements are set out in Article 28(2) of the Benchmarks Regulation.

### **What type of credit agreements using benchmarks does the Benchmarks Regulation cover?**

The Benchmarks Regulation applies to consumer credit agreements as defined in the Consumer Credit Directive 2008/48 and the Mortgage Credit Directive 2014/17.

The above Directives were transposed into Irish law by the European Communities (Consumer Credit Agreements) Regulations 2010 and the European Union (Consumer Mortgage Credit Agreements) Regulations 2016.

A person is considered to be a consumer if he or she enters into a credit agreement when acting outside his or her business, trade or profession.

### **What is the purpose of this Notice?**

The purpose of this Notice is to inform customers whose credit agreements fall within the scope of the Benchmarks Regulation of the Plan, and to reflect the Plan in the Lender’s contractual relationship with those customers.

If you are a party to a credit agreement to which the Benchmarks Regulation applies, the Lender must comply with the Plan in its engagement with you. You may also rely on this Notice if you suffer any loss or detriment arising from the Lender’s failure to comply with the Plan unless the Lender has a good reason (such as a legislative change or other binding legal obligation).

While this Notice is part of the contractual relationship between you and the Lender, it does not create any new rights that the Lender may rely upon.

### **What does the Plan say?**

If a benchmark used in a credit agreement between you and the Lender materially changes or ceases to be provided, the Lender will substitute an alternative benchmark if this is both feasible and appropriate. Otherwise, the Lender will look to find a solution that is transparent and that fairly balances your best interests with those of the Lender.

You will be informed by the Lender if a benchmark used in a credit agreement between you and the Lender materially changes or ceases to be provided. The Lender will also tell you what it has done to address this and the effect that this will have on your loan.

The Lender may vary the Plan from time to time.

**What you need to do:**

You do not need to do anything, but if you have any questions, please contact your local branch or relationship manager.

AIB Mortgage Bank is regulated by the Central Bank of Ireland.

Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland.