General and Regulatory information sheet about our Tracker Interest Rate Retention and Negative Equity Mover Mortgages

Warning: If you do not keep up your repayments you may lose your home.

Warning: You may have to pay charges if you pay off a fixed-rate loan early.

Warning: If you do not meet the repayments on your loan, your account will go into arrears. This may affect your credit rating, which may limit your ability to access credit in the future.

Warning: This new loan may take longer to pay off than your previous loans. This means you may pay more than if you paid over a shorter term.

Warning: The cost of your monthly repayments may increase.

Warning: The entire amount that you have borrowed will still be outstanding at the end of the interest-only period.

Warning: If you switch to an alternative interest rate, you will not be contractually entitled to go back onto a tracker interest rate in the future.

WARNING: YOUR HOME IS AT RISK IF YOU DO NOT KEEP UP PAYMENTS ON A MORTGAGE OR ANY OTHER LOAN SECURED ON IT.

THE PAYMENT RATES ON THIS HOUSING LOAN MAY BE ADJUSTED BY THE LENDER FROM TIME TO TIME. (Note: Applies to variable rate loans only)

About Us

We are Allied Irish Banks, p.l.c. and AIB Mortgage Bank.

AIB plc introduces and arranges AIB Mortgage Bank mortgage loans. AIB Mortgage Bank provides mortgage loans and are the entity that our customers will contract with. AIB plc service the AIB Mortgage Bank mortgage loan for the lifetime of the product.

Our address is Bankcentre, Ballsbridge, Dublin 4.

Allied Irish Banks, p.l.c. and AIB Mortgage Bank are regulated by the Central Bank of Ireland.

Purpose of the mortgage loan

Negative equity mortgage loans enable existing mortgage customers who are in negative equity to purchase a new home. Negative equity mortgage customers may be able to avail of one of the following mortgage options:

- Trade up: moving to a property of greater value than the value of the existing property
- Trade down: moving to a property of lesser or equal value than the existing property
- Top up: take out a top-up on your existing mortgage, to finance improvements to the property

Tracker Interest Retention Rate enable existing customers with a tracker rate mortgage to purchase a new home without losing their tracker interest rate

How much can you borrow?

- Negative Equity Movers:
  - o Trade Up: 90% loan to value (LTV) of the purchase price or valuation whichever is lower. The maximum LTV of the new property including the residual debt cannot be more than 175% subject to a maximum loan balance of €700,000.
  - o Trade Down: 100% LTV of the purchase price or valuation whichever is lower subject to a maximum LTV of 175% including the outstanding balance on the original mortgage loan. The total balance of the new mortgage must be less than or equal to the existing mortgage balance, there is maximum loan amount.
- Negative Equity Top Ups
  - o maximum LTV for the combined balance of the current mortgage and top-up is 175% subject to a maximum loan balance of €700,000
- Tracker Interest Rate Retention:
  - o 80% of the purchase price or valuation whichever is lower
- Up to 80% loan to value is available for a studio apartment valued at €275,000 or above or a one-bedroom property. We do not lend for the purchase of studio apartments valued at under €275,000.

Lending levels are subject to monthly repayment burden, typically not exceeding c. 35% of borrower's disposable income and will vary according to individual circumstances.

Mortgage loan requests are considered on the basis of proof of income, financial status and demonstrated repayment capacity (including capacity to repay at higher interest rates). Mortgage loans are not available to people under 18 years.

If you do not provide us with the requested documentation, we will not be able to assess your application and credit cannot be granted.

Once we receive your application and any other information we ask you to give us as set out in the mortgage application checklist we will contact you within three business days to say we have received it.

(a) If there is any information missing we will tell you, within three business days;

(b) We will let you know our decision on your mortgage application within ten business of receiving all the information we need;

(c) If we cannot make a decision within ten business days we will tell you why and when we are likely to make a decision.

Repayment terms

You can only avail of our tracker interest rate retention product for the amount of time remaining on your existing tracker mortgage loan(s) at the time of application, subject to AIB's maximum age i.e. subject to clearance restrictions, such as, up to your 69th birthday or, up to 71st birthday subject to documentary confirmation of employment or on retirement if earlier or if you are self-employed by your 71st birthday.

Security for the mortgage loan

Mortgage loans are secured by a first legal mortgage/charge over your property. The property must be within the Republic of Ireland.

Foreign currency mortgage loans

If your mortgage loan is a foreign currency loan because its' currency is different to either:

(a) The currency of the income or asset you intend to use to repay the mortgage loan; and/or

(b) The currency of the European Economic Area State in which you are resident.

You should be aware that fluctuations in the relevant currency exchange rates may affect the value of your outstanding mortgage balance and/or your repayment.

This could mean that you may find it difficult to afford your mortgage repayments. We can only facilitate one non-euro currency per mortgage application.

Our mortgage interest rate options

Your AIB Mortgage Advisor can tell you exactly what our current interest rates are and how they translate into monthly repayments. Here is a brief description of the types of interest rates available:

(i) Variable interest rate

- A variable interest rate can go up and/or down resulting in your monthly repayments rising and/or falling over the life of your mortgage loan.
- A variable interest rate gives you more flexibility. You can make extra mortgage repayments or clear your mortgage earlier than agreed without having to pay any penalties.
- You may have the option of switching to a fixed interest rate (if offered by us at that time).
- Our Loan to Value (LTV) variable rate is available to owner occupier mortgage loans. We have a range of LTV variable rates depending on the amount you are borrowing relative to the value of your home.
- As your loan to value may decrease over the term of your mortgage, you may be able to move between LTV rate bands.
- Our Standard Variable rate is available to all buy to let mortgage loans.
- A variable rate mortgage loan may be repaid at any time in full, or in part, without penalty.

(ii) Fixed interest rate

- While on a fixed interest rate, the interest rate and mortgage repayment remains the same for the agreed fixed interest rate period (typically 1 to 10 years). During this time the interest rate will not change.
- At the end of your fixed interest rate period, you will have the option of moving to:

(a) a new fixed interest rate and period, (if offered by us at that time); or

(b) a variable interest rate, at our then prevailing rates applicable to your mortgage loan.

If you do not exercise a choice, our standard variable interest rate will apply to your mortgage loan.

- You may be charged an early breakage cost if you do any of the following while on a fixed interest rate:

(a) Repay the mortgage loan in full (including interest).

(b) Convert your fixed interest rate to an appropriate variable interest rate or another fixed interest rate (if offered by us at that time).

(c) Make a partial out-of-course repayment.

- The formula to calculate the early breakage cost is: (A) x (U) x (D%) = early breakage cost

Definition of terms used in this formula:

(A) the amount of the premature payment or balance of the mortgage loan at date of conversion to another rate.

(U) Unexpired period is the period remaining to the end of the original fixed interest rate period.

(D%) Difference in interest rate is the difference between the fixed interest rate applicable at the start of the fixed interest period and the fixed interest rate applicable as at date of premature payment/conversion, for the unexpired fixed interest rate period.

Worked Example:

A = € 100,000 the amount of the premature payment or balance converted to another rate

U = 2 years (24 months) on basis you fixed for 5 years (60 months) and are now breaking out of fixed rate after 3 years (36 months)

D = 2% on the basis you fixed at a 5 year rate of 5.25% and the fixed rate for the unexpired period (i.e. 24 months) is 3.25%.

So, applying the formula A x U x D: € 100,000 x 24/12 x 2% = € 4,000

We will also conduct a second calculation, where we will change one of the components that we use to calculate early breakage cost. The same formula ((A) x (U) x (D%) = early breakage cost is used but (D) in the formula becomes: The difference between the market interest rate applicable at the start of the fixed period, and the market interest rate applicable at the time of the early repayment, for the unexpired fixed term period.

AIB will calculate the early breakage cost using both the old method and the new method. We will then compare each calculation and will accept the lower amount as an early repayment charge.

- When we calculate the actual early breakage cost using the formula above, credit will be given for:

(a) The reducing balance nature of the Mortgage Loan from date of fixing to breakage date, where applicable, and

(b) The timing of the payment of the early breakage cost.

This means that the actual early breakage cost amount applicable to your Mortgage Loan may be lower than the indicative figure produced using this example.

(iii) Split interest rate

You may choose to have a portion of your mortgage loan on a fixed interest rate and the other portion on a variable interest rate. This will enable you to benefit from the advantages of each interest rate in whatever proportions you choose.

(iv) Tracker interest rate retention (only available to existing AIB Tracker Mortgage customers):

- Tracker Retention allows you to retain your existing tracker interest rate (plus an additional 1% margin) on a new mortgage loan.
- If you are eligible for our tracker interest rate retention product, the tracker interest rate will be made up of two parts:

(a) the European Central Bank's main refinancing operations minimum bid rate (the "ECB rate") which is variable; and

(b) the margin/adjustment above the ECB rate, this will stay static throughout the life of the loan.

- You can make extra mortgage repayments or clear your mortgage earlier than agreed without having to pay any penalties.
- If you move from a tracker interest rate to an alternative interest rate, such as a fixed interest rate, you cannot go back to onto a tracker interest rate in the future.

Please note that due to the changeability of variable and tracker rates, it is not possible to determine at loan offer stage whether a fixed, variable or tracker rate will have the lowest repayment amount over the course of the loan.

You or your legal representative can ask us to give you an idea of how your current or existing mortgage interest rate compares to any other rate we may offer at that time.

Flexible features

You can speak to us about the following flexible repayment options that may be available to you:

- Term extension - You may be able to increase the term of your mortgage loan once affordability criteria has been met.
- Interest Only – You may be able to apply for interest only repayments for a specified duration during the term of your mortgage loan.
- Moratorium - A moratorium is a payment holiday that allows you to take a break from your mortgage or reduce your repayments for up to a maximum of 6 months.

These options are subject to you meeting the eligibility criteria and terms and conditions and, if granted, may affect the repayment amount and/or the term of the mortgage loan.

Fees and charges

You will have some expenses to pay in connection with the mortgage loan. Here are some examples of the expenses that may be payable:

(i) Valuation Report

When appropriate, a valuation of the property must be carried out by a valuer on our residential mortgage valuers panel and can only be arranged by contacting our Central Valuations Team on 1890 100 051. This valuation will cost you €150. If the valuation of the property is undertaken more than four months before the requested date of drawdown of the loan or of the final stage payment, a re-valuation will be required which will cost you €65

(ii) Your own advisors' fees

You will pay any fees, charges and expenses that you are charged by any of your own advisers in connection with the mortgage loan.

(iii) Stamp Duty

Stamp duty is payable on your new home. Your solicitor will work out how much stamp duty you owe.

(iv) Our solicitors' fees

If the security includes a new mortgage over property that is not your private dwelling place or holiday home, you will have to pay our solicitors' fees in connection with the mortgage loan.

(v) Insurance

- For your property

For your own protection as well as ours, it will be a condition in your letter of offer that your property is adequately insured, at your own cost.

- Life assurance

If you or your dependants intend to use the property as a principal place of residence, you must show evidence of mortgage protection insurance, unless you are exempt under the Consumer Credit Act 1995. These policies are designed to pay off your mortgage in full if you or your co-borrower die unexpectedly. The correct type of life assurance will depend on the amount, term and type of borrowing (you can seek this insurance through us or from other sources). Allied Irish Banks, p.l.c. is a tied agent of Irish Life Assurance plc. for life and pensions business.

(vi) Surcharge Interest

Arrears attract surcharge interest at 6% per annum in addition to the interest rate that applies to the loan. Surcharge can be avoided by making all repayments when due.

Paying the mortgage loan

Your letter of loan offer will detail the number, frequency and amount of your mortgage repayments.

If you choose a variable interest rate, there is no guarantee that repaying the monthly repayments detailed in the credit agreement will be sufficient to pay the full amount (including interest) that you owe us under the credit agreement. This is because the detailed monthly repayments are only correct as of the date of the credit agreement and variable interest rates can go up resulting in your monthly repayments rising over the life of your mortgage loan. However, variable interest rate may also go down resulting in your monthly repayments falling over the life of your mortgage loan.

If you cancel or make a claim for reimbursement of a direct debit repaying your mortgage account, and fail to make alternative arrangements for payment, your account will go into arrears.

If you do not repay the mortgage loan when due then you will be in breach of the terms and conditions of your mortgage and AIB will take the appropriate steps to recover the amount due. This could mean that AIB will commence legal proceedings seeking an order for possession against you, which will put your home at risk and affect your credit rating, and limit your ability to access credit in the future. All of your obligations in connection with the mortgage loan will be detailed in your credit agreement.

What is the total amount I will have to pay?

Tracker Interest Rate Retention Mortgage

A typical €100,000, 20 year mortgage for an Owner Occupier Residential Property with interest rate of 2.10% (based on this scenario) (ECB rate currently 0.00% + margin 1.1% + additional margin 1%) and APRC 2.15%, will have 240 monthly repayments of €510.46. If the interest rate does not vary during the term of the mortgage, the total cost of credit i.e. the total amount repayable less the amount of the loan would be €22,784.92 (inclusive of valuation report fees of €215 and security release fee of €60.00). The total amount repayable would be €122,784.92. The effect of a 1% increase in the ECB interest rate for such a mortgage will add €48.76 to the monthly repayments.

Variable Interest Rate Example

Variable Interest Rate Example A typical €100,000, 20 year mortgage for an Owner Occupier Residential Property with LTV >80% will have a variable interest rate of 3.15% and APRC 3.22%, and 240 monthly repayments of €561.72. If the interest rate does not vary during the term of the mortgage, the total cost of credit i.e. the total amount repayable less than the amount of the loan would be €35,088.04 (inclusive of €215.00 valuation report fees and security release fee of €60.00). The total amount repayable would be €135,088.04. The effect of a 1% increase in interest rates for such a mortgage will add €51.43 to the monthly repayments.

Additional information relating to switching lender https://www.ccpc.ie/consumers/money/mortgages/switching-lenders-or-mortgage/ or changing mortgage https://www.ccpc.ie/consumers/money/mortgages/changing-your-mortgage/ type can be found on the www.ccpc.ie website.

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