



## **AIB Variable Rate Policy Statement**

**Warning:** We may change the interest rate on this loan. This means the cost of your monthly repayments may increase or decrease.

This statement details the factors we consider when setting our variable interest rates for mortgage loans.

### **What do we consider when setting our variable interest rates?**

There are a number of factors we consider when we set or change our variable interest rates and these currently include:-

- **Cost of funds;** we obtain funds from multiple sources, for example, customer deposits, wholesale markets (e.g. from other banks) and bonds (i.e. loan funds from investors) which all come with terms attached.
- **Capital requirement;** we are required to maintain a minimum level of capital to support our lending activity.
- **Loan Default risk;** we estimate potential losses on our mortgage loans due to non-payment by borrowers.
- **Mortgage Operational costs;** these costs relate to the general day to day running of the Bank including staff, administration and infrastructure costs.
- **Expected returns;** this is the expected revenue and income generated in line with the Banks financial plan.
- **Market competition;** this relates to external factors such as activity in the market as a result of new entrants, competitor movements and changing customer preferences.

Variations in any of these factors listed above could result in changes to our variable interest rates. This list may change over time due to reasons both within and outside of our control. If this happens, we will tell you about the change as soon as possible and publish an updated variable rate policy statement on our website.

### **How do we make decisions when setting variable interest rates?**

We monitor our mortgage variable interest rates on an ongoing basis. Our Assets & Liabilities Committee assess variable rate change proposals and consider factors outlined above in the process. The Committee meets monthly or as required and will recommend any mortgage variable rate changes for final approval at AIB Board level.

### Why do we have different variable interest rates?

We have different types of mortgage interest rate options depending on whether the loan is an owner occupier mortgage or a buy-to-let mortgage. Consideration is also given to the cost of providing each particular mortgage loan type and the risk associated with the product.

For Owner Occupier mortgage types, a further consideration can be the percentage of the loan to the value of the property i.e. Loan to Value (LTV).

### Mortgage Variable Rate Options:

Mortgage Type	Description	Variable Interest Rates Available
Owner Occupier	An owner occupier mortgage is used for the purchase or refinancing of a Private Dwelling House (PDH)	<ul style="list-style-type: none"><li>• Loan to Value (LTV) Variable Interest Rate</li><li>• PDH Standard Variable Rate</li></ul>
<ul style="list-style-type: none"><li>• <b>Loan to Value (LTV) Variable Interest Rate:</b> The LTV variable interest rate available to you depends on your LTV band. Your LTV band is the percentage representing the difference between your loan amount and the value of your property. For example, if you have a mortgage of €80,000 on a property valued at €100,000, your LTV rate band would be 80%.</li><li>• <b>Private Dwelling House (PDH) Standard Variable Rate</b> is available to existing owner occupier mortgage customers only and is known as “PDH SVR”. Customers who availed of this rate at loan draw-down remain on this rate for the duration of the loan term, unless they request to switch to a PDH fixed interest rate or to our ‘LTV’ variable interest rate.</li></ul>		

Mortgage Type	Description	Variable Interest Rates Available
Buy to Let (BTL)	A Buy-to-Let mortgage is used to purchase or re-finance a residential investment property	<ul style="list-style-type: none"><li>• BTL Standard Variable Rate</li></ul>
<ul style="list-style-type: none"><li>• The <b>BTL Standard Variable Rate</b> (known as “BTL SVR”) is available to new and existing BTL mortgage customers. This rate is different to the PDH SVR mentioned above, as it takes into account the type of facility that is being offered and the profile of the investment opportunity that is being entered into by the customer. Customers who avail of this rate at loan draw-down remain on it for the duration of the loan term, unless they request to switch to a BTL fixed interest rate.</li></ul>		

### Could you get a different type of interest rate or a lower rate?

A mortgage is a substantial financial commitment and you should ensure that you are not paying more for it than you need to. Therefore, it is important to regularly review your

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mortgage and any interest rate options that may be available to you. You may find that we have alternative interest rates available for you to consider. For example, with our agreement, you may be able to choose a fixed interest rate for all or a portion of your mortgage that will be fixed for an agreed period of time. To help you, once a year, we will tell you if we have alternative lower interest rates available for your mortgage loan type.

In circumstances where any changes are made to this statement, we will tell you about the change as soon as possible and publish an updated version on our website.

Further information on our mortgage loans and interest rate options can be found on our website [www.aib.ie/Mortgages](http://www.aib.ie/Mortgages). If you would like to discuss any of these options with us, or if you have any questions about your mortgage, please phone us on 1890 724 724, or call into your local AIB branch.

**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).**