

# **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. loaned 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 the non-payment by borrowers.
- **Mortgage Operational costs;** these costs relate to the general day to day running of the business including staff, administration, and infrastructure costs.
- **Expected returns;** this is the expected revenue and income generated in line with our 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 mortgage 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 and 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 Group 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 enables you to purchase or to secure your borrowing against a residential property in which to reside.	<ul style="list-style-type: none"> <li>• Loan to Value (LTV) variable interest rate</li> <li>• Standard Variable Rate</li> </ul>

### • **Loan to Value (LTV) variable interest rates:**

LTV interest rates are available to new owner occupier mortgage customers. Where EBS offers LTV interest rates, they are based on LTV interest rate bands. LTV interest rate bands are ranges of LTVs set by EBS, for example, between more than 50% (>50%) and less than or equal to 80% (<= 80%). The LTV variable interest rate available to you depends on your loan to value. Your loan to value is the percentage representing the difference between the amount of your loan outstanding and the value of your property. For example, if you have a mortgage loan amount of €80,000 outstanding on a property valued at €100,000, your loan to value would be 80%. This rate is not available to owner occupier customers at the drawdown of a new top up loan.

### • **Standard Variable Interest Rate (SVR)**

This interest rate is available to existing owner occupier mortgage customers and is known as 'SVR'. Customers who availed of this rate at loan drawdown remain on this rate for the duration of the loan term, unless they request to switch to a fixed interest rate or to a LTV variable interest rate. The SVR is the default variable rate for customers who leave or come to the end of a fixed rate and is the applicable variable rate for customers at the drawdown of a new top up loan.

Mortgage Type	Description	Variable Interest Rates Available
Buy to Let (BTL)	A Buy to Let mortgage enables you to purchase or to secure your borrowing against a residential investment property.	<ul style="list-style-type: none"> <li>• BTL Standard Variable Rate</li> </ul>

The BTL standard variable rate is only available to existing mortgage customers. This is because we do not currently offer new business BTL mortgage loans. This rate is different to the owner occupier 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 availed of this rate at loan drawdown remain on it for the duration of the loan term, unless they request to switch to a BTL fixed interest rate or change the classification of the property type to a home loan which may result in alternative rate options being available.

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

As a mortgage is a substantial financial commitment, you should ensure that you are not paying more for it than you need to. Therefore, it is important to regularly review your 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 different interest rate, such as a fixed interest rate that will be fixed for an agreed period of time or an LTV rate, based on the loan to value of your property at that time. To help you, once a year we will tell you if we have alternative lower interest rates available for your mortgage loan type.

When you are considering your interest rate options, it is important to consider the overall cost of the loan over the full term of the mortgage rather than just what you are paying at a particular point in time. For example, if you were to switch from an LTV variable interest rate to a fixed interest rate and the fixed interest rate period expires, it is important to be aware that the new interest rate you will then move to (either a SVR if you do not choose another rate on offer by EBS at that time or an alternative interest rate chosen by you from the interest rates on offer by EBS at that time) may be higher than the LTV variable interest rate you were originally on. The effect of this is that your new loan repayment after the fixed interest rate period may be higher than your original repayments, which could result in you paying more in total over the term of your loan compared to what you would pay if you had not switched to a fixed rate.

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 rates options can be found on the Mortgages section of our website [www.ebs.ie](http://www.ebs.ie). 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 Locall 0818 654 322, or visit your local EBS office.

**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)**