

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.

Please note: This statement details the factors we consider when setting our variable interest rates for mortgage loans. This document is subject to change and should any changes occur we will advise you of these changes as soon as possible. A copy of this statement is also available on our website.

What do we consider when setting our variable interest rates?

A variable interest rate is an interest rate that can rise or fall over time as it is based on ICS Mortgages' cost of funds together with a margin to cover both credit risk and operational costs, while at the same time ensuring that ICS Mortgages continues to retain a strong competitive position in the Irish mortgage market.

The cost of funds to ICS Mortgages is mainly based on the 3-month European Interbank Offered Rate (Euribor). This rate can change from time to time due to changes in the international bank funding markets. The providers of funding to ICS Mortgages charge a margin which is added onto the 3-month Euribor rate.

We also consider the risk that a percentage of our mortgage customers may experience financial difficulty and may not make their expected mortgage payment.

ICS Mortgages as a regulated entity seeks always to remain profitable. It operates as efficiently as possible and, like any enterprise, has on-going operational costs which should be covered by income to ensure the long-term profitability of ICS Mortgages. The setting of the variable interest rate is a very important component in the long-term sustainability of ICS Mortgages.

Because variable rates can rise and fall, your mortgage repayments can go up or down during the term of your loan. A variable interest rate allows you to increase your repayments, pay lump sums off the capital or pay off the mortgage entirely without penalty.

How do we make decisions when setting variable interest rates?

Within ICS Mortgages, interest rates are set by the Product and Conduct Committee. The Product and Conduct Committee is made up of the Executive Directors and Senior Management. In the relatively stable interest rate environment we have experienced in the last couple of years the Product and Conduct Committee has met on a normal basis to review market conditions and the competitiveness of all ICS Mortgages interest rates together with the pricing of its Buy-To-Let (BTL) mortgage products and the launch of ICS Mortgages new Owner Occupiers Mortgage product.

The responsibility for making decisions relating to the introduction of new products, the amendment of products, the removal of products and/or amending the interest rates charged in existing products is reserved by the Product and Conduct Committee. Except for the Board of Directors, no other person or group of people in ICS Mortgages' parent company, Dilosk,



may make decisions related to ICS Mortgages product offering, unless such powers are formally delegated to them by the Product and Conduct Committee.

Why do we have different variable interest rates?

We have different types of mortgage rate options depending on whether the loan is an owner occupier mortgage or a Buy-to-Let mortgage.

We currently offer our variable interest rates using a risk-based approach.

For Owner Occupier Mortgages, the variable interest rates available to you depend on your Loan-To-Value (LTV).

For Buy-To-Let mortgage customers, the variable interest rates available to you depend on your LTV and consider the type of mortgage loan e.g. Interest-Only or Flexi-Mortgage product.

For example: a customer with an LTV of 40% has significantly less risk than a customer having a 70% LTV mortgage.

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

A mortgage is a substantial financial commitment; therefore, we would urge all of our customers to consider their mortgage options on a regular basis because a better offer may be available should your circumstances change.

It is possible over time to get a lower interest rate if the risk profile on your loan changes, for example, if the LTV on the property falls due to you paying a lump sum off your mortgage or the value of your property has risen significantly.

Further information about our mortgage loans and interest rate options can be found on our website www.icsmortgages.ie

If you would like to discuss any of these options, or you have any questions about your mortgage, please contact us 1890 542 542.

We would also encourage you to visit the 'Switching your Mortgage' section of the Competition and Consumer Protection Commission website on

<https://www.ccpc.ie/consumers/money/mortgages/switching-lenders-or-mortgage/>