

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.

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.

The charge for credit risk is based on several factors including the loan-to-value of the mortgage, credit history of the borrower, the credit worthiness of the borrower and the borrower's ability to repay.

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 Committee. The Product 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 Committee has met on a normal basis to review market conditions and competitiveness of ICS Mortgages interest rates together with the pricing of products for the launch of ICS Mortgages new Owner Occupiers Mortgages.

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 on existing products is reserved by the Product 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 Committee.

Why do we have different variable interest rates?

Different variable rates apply to different customers due to the different risk profiles of the customers. For instance, a customer having a loan-to value of 40% has significantly less risk than a customer having a 90% loan-to-value. No two customers are the same from a credit risk perspective hence we have different variable rates. Another factor which determines the risk profile is the overall indebtedness of the borrower, which affects the borrower's ability to repay.

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

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

The interest rates currently available to ICS Mortgages customers are outlined below. These rates are based on the Loan-to-Value (LTV) of your property and you will need to provide an up-to-date valuation to avail of these rates*.

- 3.89% – LTV above 70%
- 3.69% – LTV above 50% and below 70%
- 3.49% – LTV less than 50%

****ICS Mortgages require an up-to-date valuation report which needs to be completed by a valuer on our approved panel. Please contact us if you wish to arrange this.***

You should consider your mortgage options regularly and we would encourage you to check our website at www.icsmortgages.ie on a regular basis to familiarise yourself with our product and interest rate offerings because a better offer may be available should your circumstances change.

If you would like to discuss the above in more detail, or you would like to apply for one of the other rates on our website, please contact our Customer Support Team on **1890 542 542**.