

### **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, our decision making process, why we have different variable interest rates, and whether you could get a different type or lower variable rate. 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. ICS Mortgages' variable interest rate is based on a number of factors, including: (i) funding costs, (ii) a margin to cover both credit risk and (iii) a margin to cover operational costs, and (iv) a margin to ensure ICS Mortgages continues to be profitable and sustainable.

##### **(i) Funding Costs**

We obtain funds from multiple sources (e.g. wholesale markets, bond markets), with each source of funding having different interest rate terms. Therefore our funding cost can change from time to time due to changes in interest rates in these markets or by other factors outside of our control.

##### **(ii) Credit Risk**

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

##### **(iii) Operational Risk**

We operate as efficiently as possible and, like any enterprise, has on-going operational costs, e.g. administrative costs, staff costs,.

##### **(iv) Business Profitability/Sustainability**

ICS Mortgages as a regulated entity seeks always to remain profitable. The setting of the variable interest rate is a very important component in the long-term sustainability of ICS Mortgages and ensures it retains a strong competitive position in the Irish mortgage market.

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, including the pricing of its Owner Occupiers Mortgage products and its Buy-To-Let (BTL) mortgage products.



### 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**, we offer variable interest rates available to you depending on your Loan-To-Value (LTV).

**For Buy-To-Let Mortgages**, we offer variable interest rates available to you depending on your LTV and also 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 with a 90% 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.

It may be 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

For Owner Occupier customers:

[Existing Customer Rates | ICS Mortgages | Residential Mortgages](#)

For Buy-To-Let customers:

[Rates | ICS Mortgages | Residential Mortgages](#)

In the event that any decision is made to alter your variable interest rate we will contact you within 30 working days.

If you would like to discuss any of these options, or you have any questions about your mortgage, please contact us 0818 542 542 or **email us at** [customerservice@icsmortgages.ie](mailto:customerservice@icsmortgages.ie).

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/>

This document is subject to change and notification of any changes will be provided by Dilosk. The current version of this document can be found on [www.icsmortgages.ie](http://www.icsmortgages.ie)