

## Ulster Bank Ireland DAC Variable Rate Policy Statement

This document is for information purposes only. It does not have any impact on or change your current mortgage arrangements but is designed to give you an overview of how Ulster Bank set their variable interest rates. It contains information on factors which influence our variable rate pricing decisions.

**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?

Ulster Bank Ireland DAC has a range of Loan to Value (LTV) variable interest rate mortgages for residential and Buy to Let customers. We also have a Standard Variable Rate (SVR) which is no longer available to new mortgage customers as a follow-on rate once an initial fixed rate period comes to an end. Ulster Bank Ireland DAC's 'Pricing Principle' is to set price points at a level where we generate long term sustainable returns for shareholders whilst being fair to consumers. Variations or changes in the factors listed below could result in changes to the variable interest rates.

<b>Cost of Funds</b>	The bank needs to pay for the funds which are lent to customers. For instance, paying credit interest on savings accounts.
<b>Operational costs</b>	It costs a certain amount each year to maintain each mortgage, for instance the cost of providing statements and employing staff to deal with customer queries, overpayments, product switching etc. These costs may vary with changing consumer behaviours, legal changes and a range of other factors.
<b>Regulatory/Compliance Costs</b>	Various levies and compliance costs are charged to a Bank e.g. levies charged on a Bank's deposit base. If these costs are increased/decreased then this will have an impact on mortgage Cost of Funds (see 'Cost of Funds' factor above).
<b>Capital costs</b>	The Bank has a Regulatory requirement to hold a certain level of capital for each mortgage (driven by Loan to Value – LTV). The Bank will incur costs associated with the level of these holdings.
<b>Costs of managing accounts for which repayments are not up-to-date</b>	If customers are unable to keep up their mortgage repayments up to date, the Bank will incur costs in relation to working with the customer to agree a way forward, or possibly for recovering a bad debt.
<b>Taxation Levels</b>	Change in tax levels will lead to an impact on overall profitability.

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

Mortgage pricing proposals are formally presented to the Customer Pricing Committee which is a group of senior staff from Personal Banking, Credit Risk, Products, Finance and Treasury. The committee will assess all pricing proposals in line with the factors outlined above and has final authority to approve or reject mortgage pricing changes. At any time, the committee may escalate any decisions which are considered to have a significant impact on our customers or the bank to an Executive level committee.

## Why do we have different variable interest rates?

We offer a range of variable interest rates that differ depending on when the mortgage was offered and individual customer circumstances such as:

<p><b>Loan to Value (LTV)</b></p>	<p>We offer variable interest rates using a risk based approach which considers the amount of mortgage borrowing in relation to the value of the mortgaged property (Loan to Value variable rates). For instance, if your mortgage was €200,000 and your property was valued at €250,000 your Loan to Value would be 80% (i.e. <math>200,000 / 250,000 \times 100</math>).</p> <p>Variable interest rates are offered to new mortgage customers and to existing mortgage customers as a follow-on rate once a fixed interest rate period ends. The LTV is determined as at the time the fixed rate was taken.</p> <p>We offer different interest rates for Residential customers and Buy to Let customers. The costs associated with a Buy to Let mortgage may be higher than for a residential mortgage and therefore our variable interest rates may differ.</p> <p><i><b>Why?</b> Because a lower LTV means lower credit risk and therefore lower costs, which are passed on to customers by lower rates.</i></p>	<p>Ulster Bank Ireland DAC has three Loan to Value bands for residential customers:</p> <ul style="list-style-type: none"> <li>• Up to 60% LTV</li> <li>• 60.01% - 80% LTV</li> <li>• 80.01% - 90% LTV</li> </ul> <p>And two Loan to Value bands for Buy to Let customers:</p> <ul style="list-style-type: none"> <li>• Up to 60% LTV</li> <li>• 60.01% - 70% LTV</li> </ul>
<p><b>Ulster Bank current account customer</b></p>	<p>Ulster Bank offers some of our lower interest rates to customers who hold their main current account with us. A main current account is defined as the account to which your main source of income (salary, pension, dividends etc.) is paid.</p> <p><i><b>Why?</b> Ulster Bank wants to establish a full banking relationship with our customers and it's easier to provide a better service to customers who hold both their current account and mortgage with us.</i></p>	<p>Holding your main current account with Ulster Bank may mean you qualify for a lower rate.</p>
<p><b>Mortgage amount</b></p>	<p>The amount outstanding on your mortgage is considered for some mortgage interest rates.</p> <p><i><b>Why?</b> It is sometimes possible to offer a lower rate on mortgages, due to the fact that the cost of providing and maintaining a mortgage is relatively lower with large amount outstanding.</i></p>	<p>A larger mortgage may mean you qualify for a lower rate.</p>

A variable interest rate can change in the following scenarios:

1. **Ulster Bank Ireland DAC makes a change to their Standard Variable Rate or other variable rates** (either increase or decrease) – if this happens the full change will be passed on to you. We will notify you in writing at least one month in advance of an increase to the Standard Variable Rate or our other variable rates. We will advise you of the date from which the new rate will apply; the details of the old and new rate plus the revised repayment amount. If you anticipate difficulties in meeting your mortgage repayments due to an increase in our variable rates, you may contact us to discuss the matter. As Standard Variable Rate and our Loan to Value variable rates are not linked to the European Central Bank base rate (ECB), the rate can increase or decrease at any time even if there is no change in the ECB base rate.

2. **You decide to switch to a new interest rate** – if you are on one of our variable interest rates, you may switch to a new interest rate at any time. We will provide you with full details of all rates applicable to you based on your outstanding loan amount and the associated current property value. When you make your choice, we will review your request and we will let you know if we need anything from you. Once we have everything we need we will confirm the new rate and date from which the new rate will apply. Ulster Bank Ireland DAC offer the same competitive interest rate range to both new and existing customers, meaning that you can choose to switch to any interest rate from our current range (including fixed and other variable rates), subject to meeting the criteria for that interest rate option.

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

Ulster Bank Ireland DAC encourages all existing customers to review their mortgage options on a regular basis, at least once per year. Our existing customers on a variable interest rate can switch to a new interest rate, either fixed or variable, without penalty as outlined above. As our mortgage interest rates may change at any time and because your mortgage circumstances may change (specifically if your Loan to Value reduces or if you chose to move your main current account to Ulster Bank), this means that you may be able to move to a better interest rate in the future. You may also wish to switch to a fixed rate interest rate to benefit from the certainty of knowing what your repayment will be each month for a set period.

You can find details on our current mortgage interest rates on our website:

[ulsterbank.ie/mortgagerates](https://www.ulsterbank.ie/mortgagerates) or you can contact your local branch. If you would like to review your options you can log in to Manage my Mortgage at [ulsterbank.ie/managemymortgage](https://www.ulsterbank.ie/managemymortgage). You'll need your mortgage account number. If you would like to discuss switching to a new interest rate please contact us on 1890 252272 and our team will be happy to help. This line is available 9am – 5pm Monday to Friday, excluding bank holidays.

