

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.

The purpose of this document is to summarise clearly the factors we consider when setting our variable interest rates for mortgage loans.

We offer two variable interest rates. A **Standard Variable Rate** and a **Benchmark Variable Rate**.

What do we consider when setting our variable interest rates?

There are a number of factors which we may consider when we set or change our variable interest rates, and these currently include:

- Cost of funds, which refers to the cost we incur when borrowing to fund our mortgage business.
- Capital requirements, in particular the return on our mortgage products enable us to maintain a minimum level of reserves to meet regulatory requirements.
- Mortgage operational costs, which refer to the costs related to the general day to day running of our business including staff, administration and infrastructure costs.
- Market competition, which relates to external factors such as activity in the market as a result of new entrants, competitor movements and changing customer preferences.
- Taxation, which relates to any change in taxation which may affect the profits of the company.
- Expected returns, which relates to the expected income generated to ensure we can operate a sustainable residential mortgage business.
- Loan default risk, which reflects the risk that some of our customers will be unable to make the required payments on their mortgage borrowings.

- EURIBOR [acronym of European Interbank Offered Rate] is an external reference rate commonly used in calculating variable interest rate changes in mortgages. EURIBOR rates are based on the interest rates at which a panel of European banks borrow funds from one another.

Our **Benchmark Variable Rate** is based on EURIBOR plus an agreed bank margin. This means that movements in EURIBOR influence how and when this interest rate changes. See further detailed information in our table below.

Variations in any of these factors listed above could result in changes to our variable interest rates.

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?

- Interest rates are monitored on a regular basis and are set by Avant Money's Mortgage Pricing Forum.
- Additionally, changes in our **Benchmark Variable Rate** are governed by external factors to Avant Money and are based on changes in the external reference rate EURIBOR [acronym of European Interbank Offered Rate].

Why do we have different variable interest rates?

We have two types of variable mortgage interest rates as follows:

- A Standard Variable Rate which is set by Avant Money and may change at any time. 30 Days advance notification will be provided in advance of any change.
- A Benchmark Variable Rate where the mortgage interest rate is adjusted by reference to a Benchmark (12-month EURIBOR) plus a fixed margin. Changes to the rate are set at fixed intervals e.g. every 12 months. 30 Days advance notification will be provided in advance of any change.

Mortgage Variable Interest Rates:

Mortgage Interest Rate Type:	Description:
Standard Variable Rate	Set by the Avant Money and may change at any time.
Benchmark Variable Rate	Adjusted by reference to an external reference rate EURIBOR plus a fixed margin. Changes in line with set rate reset frequency, e.g. every 12 months.

Within both, we can apply different variable rates, depending on the risk associated with your mortgage and other factors such as your Loan to Value.

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

A mortgage is a substantial financial commitment; therefore, you should ensure that you are not paying more for it than you need to. It is important to regularly review your mortgage and any interest rate options that may be available to you. For example, with our agreement, you may be able to choose an alternative mortgage product or interest rate that better meets your individual needs.

Further information about our mortgage loans and interest rate options can be found on our website www.avantmoney.ie. Please contact us for further details if you wish to explore any of these options.

Please note: A copy of this statement is also available on our website: www.avantmoney.ie/mortgages/variablepolicy.

Need help understanding any of the terms in this statement?

You can find a list of our commonly used financial terms on our website. Just type 'Glossary' in the search bar.

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