

MOCO 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 outline the factors we consider when setting our variable interest rates for mortgage loans.

What do we consider when setting our variable interest rates?

There are a number of factors that we consider when setting our variable interest rates. These currently include the following:

Funding costs	We obtain funding from various sources, for example, customer deposits, wholesale markets (eg, from other banks) and bonds (ie, funds from investors) all of which come with certain terms and conditions
Risk costs	Every time we lend money, there is a certain risk that the loan may not be repaid, which could lead to the bank experiencing actual or potential losses. When taking this into account, it results in a cost based on the likelihood and extent of any such losses. When calculating interest rates, we factor the risk cost in order to cover the overall cost of expected losses from lending
Operational costs	There are certain costs involved in operating the business, including but not limited to administrative costs, staff costs, fees and expenses
Capital costs and expected returns	We are required to maintain a certain minimum level of capital to support our lending activity. Further to this, we have a certain level of return and profitability expected from the business activity. These are taken into account when setting interest rates
Competitive position and environment	We take into account the environment in which we operate when setting interest rates, such as the nature of customer preferences, market terms and conditions and the role of competition

The above factors which influence the setting of variable rates may change over time, due to reasons both within and outside of our control. This, in turn, may result in a change to the variable interest rate. If this happens, we will tell you about the change as soon as possible and publish an updated variable rate policy statement on our website.

How do we make decisions when setting variable interest rates?

Interest rates are monitored on a regular basis and are set by our Pricing Forum. The Pricing Forum meets at least once per month and is granted authority from our Management Board to set interest rates.

Why do we have different variable interest rates?

We have a single variable interest rate and this applies to all customers. However, we may have different variable rates in the future and may apply these based on the factors we describe above and the influence these factors have on your mortgage. A further consideration may be the percentage of your loan to the value of your property (known as the loan-to-value).

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

A mortgage loan is a substantial commitment and you should ensure you are not paying more than you need to. It may be possible that a different type of interest rate or that a lower interest rate is available to you. This will depend on your circumstances. To review the options that may be available please visit www.moco.ie. Please contact us at www.moco.ie/contact-us for further details if you wish to explore any of these options.