



**A Guide to
your
Bank of Ireland
Mortgage**



**Bank of
Ireland**



This brochure explains important operational changes we're making to how we manage and service your mortgage loan that differ from KBC. It also sets out how we are phasing out the option to make overpayments of up to 10% of money you've borrowed on a fixed rate, without paying a breakout fee.

Please take the time to read it carefully.

These changes will be effective from the service transfer date.

Search 'KBC' on Bank of Ireland's website for more information.

If you need further help understanding this brochure, please call Bank of Ireland's KBC Transition Support team on 0818 210 290 or +353 1 250 0305 (if calling from outside Ireland) from 8am-8pm, Monday to Friday (excluding bank holidays).

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**What's staying
the same?**

The terms and conditions (T&Cs) of your mortgage loan

There are no changes to the T&Cs of your mortgage loan as set out in your mortgage offer letter.

Your regular repayment amount and how often you receive your statement

The amount you pay in regular mortgage repayments, the number of regular mortgage repayments, your mortgage term and how often you receive your statement will all stay the same when your mortgage loan transfers to BOI. If you do not pay by direct debit, please see 'If you don't pay by direct debit' in the 'Ways to pay & things to note' section for further information.

Your mortgage interest rate

On the legal transfer date, your interest rate will not change.

- ▶ **For fixed rate customers**, this rate applies until the end of the current fixed period.
- ▶ **For variable rate customers**, your interest rate will not change on the legal transfer date to BOI. However, as your rate is a variable rate, BOI may vary your interest rate up or down after the legal transfer date. For example, your rate may change if market interest rates go up or down.

Please note: If there is a difference between KBC's and BOI's variable rate for customers in the same customer group as you, we will ensure that this difference is maintained even if we vary your interest rate up or down in the future. Examples of a customer group include private dwelling house (PDH) or loan to value (LTV) bracket. See 'What is LTV?' below.

For example, BOI customers may have a variable interest rate of 3.5% and KBC customers in the same customer group may have a variable interest rate of 3.25%, a difference of 0.25%. If, in future, BOI changes the variable rates for BOI and former KBC customers in the customer group up or down, the new rate for former KBC customers will continue to be 0.25% lower than the BOI rate.

Please note:

- ▶ The figures used above are not intended to represent real interest rates.
 - ▶ We set variable rates in accordance with our variable rate policy statement, which we'll send you after the legal transfer date.
 - ▶ By "variable rate", we mean a rate set by a lender and not (for example) a tracker rate of interest.
 - ▶ **If in future you decide to fix your rate or move to any other variable rate with BOI, you will not be able to avail of the variable rate for former KBC customers.**
- ▶ **For tracker rate customers**, it's possible your interest rate may change in the future if the European Central Bank (ECB) changes the rate on which your tracker interest rate is based.

Your 0.2% discounted rate (if you have one)

If you currently have a 0.2% discount on your mortgage interest rate because you have a KBC current account, you'll continue to enjoy that discount on your mortgage rate for the life of your mortgage loan. You do not need to open a BOI current account to maintain your discount.

The variable interest rate offered to you when your fixed rate period ends

About 3 months before your fixed rate period ends, we'll send you a list of fixed rates and an additional "one-time" variable rate to choose from.

What is the "one-time" variable rate?

The one-time variable rate will reflect the variable rate you may have been offered had KBC continued to manage and service your account.

Who does this "one-time" variable rate apply to?

This rate will be unique to former KBC customers. It will only apply to customers who are on a fixed rate that began or was offered before the legal transfer date and ends on or after the legal transfer date.

How is the “one-time” variable rate determined?

When your fixed rate period ends, the “one-time” variable rate you’ll be offered will be the same as your former KBC customer group (e.g. private dwelling house (PDH) or loan to value (LTV) bracket) who transferred on a variable rate. These customers will have transferred on the variable rate that was most recently advertised by KBC before the legal transfer date and have stayed on a variable rate since. As is the nature of variable rates, this rate may have varied up or down for these customers since the transfer. The “one-time” variable rate you’ll be offered will match the rate these customers are on when your fixed rate period ends. For example, your former KBC customer group transferred to BOI on a variable rate of 3%. If, in 2 years’ time when your fixed rate period ends, that rate has varied up by 0.25%, that former KBC customer group’s variable rate will be 3.25%. You will also be offered a rate of 3.25%.

Can I keep the “one-time” variable rate if I fix my rate in future with BOI?

No. If we agree to enter a future fixed rate with you that begins after the legal transfer date, when that fixed rate ends, this offer will not apply. We’ll offer you a BOI variable rate instead – not the “one-time” variable rate.

What is LTV?

LTV stands for loan to value. LTV is calculated by dividing the mortgage amount by the property value.

What if my LTV has changed?

If you believe your LTV has decreased and a lower LTV rate may be applicable to you, BOI will require an updated property valuation to confirm this. If you require an updated valuation, you will need to arrange and pay for it. For further information, please refer to your mortgage offer letter or see our frequently asked questions (FAQs) by searching ‘KBC’ on our website.

Please note: If you submit an up to date valuation when your fixed rate is due to expire and your LTV has changed, your former KBC customer group may also change. As your “one-time” variable rate is determined by your former KBC customer group, the “one-time” variable rate you’re offered may be affected if your former KBC customer group changes. If your LTV changes, you may move from, for example, a >80% to a 60-80% bracket. This could potentially affect the “one-time” variable rate you’re offered.

Your direct debit

Your direct debit will automatically transfer to BOI when your mortgage loan does. You don't need to take any action to make this happen.

Please note: If you change your current account provider, please ensure your direct debit details are updated with KBC (before the service transfer date) or with BOI (after the service transfer date).

If you don't make repayments by direct debit to KBC today, please see 'If you don't pay by direct debit' in the 'Ways to pay & things to note' section.

The option to redraw overpayments

If you're currently eligible to redraw amounts you have overpaid on your mortgage loan, you'll continue to enjoy this redraw feature for the life of your mortgage loan. This means you can overpay (by increasing your monthly repayments or by making a lump sum payment) and have the option to redraw any overpayment amount at any time.

Please note: You can redraw a minimum of €500 once per month.

Am I eligible to redraw overpayments?

If the date of your KBC mortgage offer letter is from 2001 to 2017, you're eligible to redraw overpayments on your mortgage loan.

Can I redraw overpayments if I'm in arrears?

If you're in arrears or on an alternative repayment arrangement (an arrangement put in place to help you manage arrears) you cannot redraw unless (a) you use the redraw to clear your arrears or (b) you first clear your arrears in another way. We will apply any redraw to repay the arrears on your mortgage loan first.

For example, if you overpay by €4,000 and have €1,000 arrears, and wish to redraw the €4000: the first €1,000 redrawn is used by us to clear your arrears. We will send the remaining €3,000 redraw to you.

Please note: We're making changes to how much you can overpay during a fixed rate period. See 'The option to make overpayments during a fixed rate period without paying a breakout fee' in the 'What's changing?' section.

What's changing?

How interest is calculated on your mortgage loan

KBC use a 360-day year and 30-day month to calculate interest on your mortgage loan. BOI use a 365-day year and calendar month to calculate interest on your mortgage loan. This means, we'll add interest daily based on a 365-day year to the amount you owe on your mortgage loan.

Does this change mean I have to pay more interest?

Normally, the change from a 360 to a 365-day count convention alone does not increase the amount of interest a customer pays on a mortgage loan.

In exceptional cases, the difference can result in a (typically small) increase in the amount of interest paid over the life of the mortgage loan. If that happens with your mortgage loan, we'll make sure we do not charge you the increase in interest (or we'll reimburse you for it).

What else could cause the amount of interest I'll pay to rise in future?

Here's some examples of future changes that could increase the amount of interest you pay on your mortgage loan:

- ▶ missing a mortgage payment
- ▶ changing the interest rate product or type (e.g. moving from a variable to a fixed rate)
- ▶ changing the term (duration) of the mortgage loan
- ▶ changing the agreed regular repayments on the mortgage loan
- ▶ variable interest rates can also go up or down
- ▶ changing the payment date can also sometimes increase the interest you pay

The way interest is dealt with if you repay your mortgage loan early

If you repay some or all of your mortgage loan before the date when repayment is due (we call this 'prepaying'), KBC stop adding interest on the amount you prepay from the first day of the month in which you prepay the amount. KBC was not obliged to give that concession under your mortgage offer letter. BOI will not continue that concession. We'll stop adding interest on the amount you prepay from the date you prepay it.

Interest on overdue repayments

KBC may not have charged interest on overdue repayments or may have held back from adding interest until the end of the month in which the repayment was missed (or not made in full). KBC were not obliged to give that concession under the T&Cs of your mortgage offer letter. BOI will not continue that concession.

Your contract repayment date is outlined in your mortgage offer letter. If you do not pay any sum of money you are due to pay on your contract repayment date, (or do not pay it in full on the repayment date), we will charge interest on the sum or any part of it that remains unpaid until you pay it in full.

If there's any overdue repayment on your mortgage loan on the date when KBC transfers it to us, we'll charge interest on it from the service transfer date until you pay it in full. The interest rate we charge on overdue repayments will be the same as the interest rate on your mortgage loan.

Please note: If you don't pay by direct debit, you should ensure that you make repayment by your contract repayment date each month (as set out in your mortgage loan offer letter). For most customers, this is the 1st of the month. Please see 'If you don't pay by direct debit' in the 'Ways to pay & things to note section' for more information.

Your mortgage offer letter provides for interest on arrears that is additional to normal interest and you may have to pay that in certain circumstances – but not when you are in a Mortgage Arrears Resolution Process under the Code of Conduct for Mortgage Arrears if you cooperate reasonably.

Direct debit re-presentation

If you miss a mortgage repayment due to a lack of money in your account, KBC generally re-present (i.e. try again to collect) direct debits 11 to 15 days after the repayment was due. While we are in the process of transferring mortgage loans from KBC to BOI, this will continue. However, following the service transfer date, we will re-present any direct debit that is not paid 5 business days after the repayment was due.

Please note: Interest will be charged for each day that the payment is not received (see "Interest on overdue repayments" above).

How often will BOI re-present if I miss a repayment due to a lack of money?

We'll only re-present once – the same as KBC.

Please note: We'll only re-present if there was not enough money in the payment account to make the repayment on the repayment date. We do not re-present a direct debit where the direct debit does not work for another reason (e.g. a technical problem).

Your breakout fee (formerly known as 'break funding fee')

Why would I be charged a breakout fee?

You're obliged to compensate us if we suffer a loss because you end a fixed rate early, either in part or in full. This type of compensation is known as a breakout fee. When a fixed rate period applies to a loan or part of a loan, we may suffer a loss if (for example):

- ▶ you repay the loan or part of it before the date you were due to pay it
- ▶ you and we agree in writing to change the fixed rate to a new fixed rate or a variable rate

Is my breakout fee changing?

KBC include its formula for calculating a breakout fee in your mortgage offer letter. This means it is part of your contract concerning the breakout fee and your contract is not changing. However, if you wish to break out of your fixed rate term early, BOI in practice will use a different method to calculate this fee which will be more beneficial to you.

Why are BOI changing the calculation formula?

Changing the formula will align it to the method used for all BOI customers and benefits you, the customer. We have tested KBC and BOI's methods of calculating breakout fees. In these tests, using BOI's formula resulted in a lower breakout fee for customers every time. This is because KBC base their calculation on the balance to be repaid early, whereas BOI use the average between the balance to be repaid early and the projected mortgage balance (plus interest and minus scheduled repayments). This means BOI work off a lower balance in the calculation of the breakout fee each time.

Illustrative example:

- ▶ You have a mortgage loan of €100,000. All of the loan is on a fixed rate and you wish to break out of the fixed rate before the end of the fixed rate period. You are scheduled to repay your mortgage loan down to €85,000 by the end of the fixed rate period
- ▶ KBC use €100,000 in their calculation

- ▶ BOI use $(€100,000 + €85,000^*)/2 = €92,500$
 (*€85,000 represents the projected amount at the end of the fixed rate period, plus interest and minus scheduled repayments)

How do BOI calculate a breakout fee?

Compensation will be equal to "C" where:

$$C = \frac{A \times (R\% - R1\%) \times D}{365} \text{ and}$$

"A" = the amount repaid early (or the amount for which the fixed rate is changed to a new rate) averaged from the date of early repayment (or rate change) to the end of the fixed rate period to allow for scheduled repayments (if there are any) and interest charges.

"R" = the annual percentage interest rate which was the cost to us of funding an amount equal to "A" for the originally intended fixed rate period.

"R1%" = the annual percentage interest rate available to us for a deposit of amount equal to "A" for a period equal to "D".

"D" = the number of days from the date of early repayment (or rate change) to the end of the fixed period.

If "C" is zero or a negative number, no amount is to be paid by you or us.

Here's a worked example:

Let's assume you wish to repay €100,000 on a fixed rate before the fixed rate period ends.

"A" = €100,000

"R%" = 5%

"R1%" = 3%

"D" = 2 years or 730 days

$$C = \frac{€100,000 \times (5\% - 3\%) \times 730}{365} \quad \text{So, } C = \frac{€100,000 \times 2\% \times 730}{365} \quad C = €4,000$$

The option to make some overpayments during a fixed rate period without paying a breakout fee

BOI are ending the KBC feature that allows KBC customers (who have a KBC mortgage offer letter that includes the feature) to repay up to 10% of a mortgage loan on a fixed rate without paying a breakout fee.

Do BOI have the right to end this feature?

Yes. The wording for the 10% overpayment feature in your KBC mortgage offer letter gives KBC the right to give 30 days' notice in writing to end its discretion to allow this feature. On the service transfer date, we're taking over the right to end the 10% overpayment feature from KBC.

This document and the accompanying letter are our notice to you (if you have a KBC mortgage offer letter with this feature) that from the end of your current fixed rate period we won't allow you to make an overpayment of up to 10% of the loan balance on a fixed rate without a breakout fee if we suffer a funding loss.

We have explained how we can suffer a funding loss in the 'Your breakout fee' section.

What does this mean for me as a fixed rate customer?

This means that if your mortgage loan transfers to BOI on a fixed rate, you will still be able to overpay by up to 10% of your loan balance until the end of the fixed rate period.

Please note: The expression "loan balance" in the KBC condition for the 10% overpayment feature is based on the "loan balance outstanding on the date when the fixed rate period commences" and has the same meaning in this document.

If I choose to enter another fixed rate period after my mortgage loan transfers to BOI, can I overpay?

Yes. An option to overpay on a fixed rate mortgage loan will still be available to you with BOI. The BOI overpayment feature allows you to overpay up to 10% of your monthly fixed rate mortgage repayment or €65, whichever amount is greater. For example, if your fixed rate mortgage repayment is €1,200, BOI will allow you overpay by up to €120 per month.

The number of account statements you receive

If you've more than one mortgage loan account (e.g. an initial mortgage loan plus a later top-up mortgage loan secured on the same property), you'll no longer receive just one account statement for all. You'll receive an individual statement for each mortgage loan account.

Repayments using an automated phone service

BOI do not offer this service. However, we do offer several other ways to pay. These are explained below in the 'Ways to pay & things to note' section.

Repayments using An Post

BOI do not offer this service. However, we do offer several other ways to pay. These are explained below in the 'Ways to pay & things to note' section.

If you have not drawn down your KBC mortgage loan

If you have a KBC mortgage offer letter, but you haven't drawn down your loan by the legal transfer date, BOI will honor your mortgage offer letter and provide a mortgage loan to you if:

- ▶ you meet all the conditions set out in the KBC mortgage offer letter;
- ▶ you do not make any material changes to your mortgage offer letter (e.g. change of address of property to be mortgaged)

and

- ▶ the final date for draw down set out in the KBC mortgage offer letter has not passed.

Please note: In line with section 5.2 in your mortgage offer letter, the rate of interest specified in the mortgage offer letter may vary before the loan is drawn down.

If you don't draw down by the final date for draw down set out in the KBC mortgage offer letter, we may allow you an extension of time to draw down but that will be at our discretion.

If you can't draw down under the KBC mortgage offer letter, you'll need to apply to us or another lender for a mortgage loan. If you apply to us, our lending criteria, T&Cs will then apply. If we approve a mortgage loan for you, we'll send you a BOI mortgage offer letter to replace your KBC mortgage offer letter. Before we send our mortgage offer letter, we'll call out our suite of new business rates that you can choose from.

If you have an AXA Accident, Sickness, and Unemployment (ASU) policy

If you currently have an Accident, Sickness and Unemployment (ASU) policy in place with KBC, you'll receive a separate communication from BOI with further details in relation to this policy.

Ways to pay & things to note

If you pay by direct debit

If you currently pay by direct debit, **your mortgage loan payment will go through as normal** when your mortgage loan transfers to BOI.

Please note: If you change your current account provider, please ensure your direct debit details are updated with KBC (before the service transfer date) or with BOI (after the service transfer date).

If you don't pay by direct debit

It's important you pay your mortgage loan repayment amount by your contract repayment date each month. This is set out in your mortgage offer letter. For most customers, this is the 1st of the month.

You may currently make your repayment to KBC on a date later than your contract repayment date. When your mortgage loan transfers to BOI, if you don't make your repayment **on the date set out in your mortgage offer letter, your payment will be overdue** (see "Interest on overdue repayments" above).

The best way to pay your mortgage is by direct debit, please contact KBC if you would like to set up a direct debit.

You can also use the following payment methods to pay on your contract repayment date (for most customers this is the 1st of the month), when your mortgage loan transfers to BOI:

▶ **Standing order**

If you currently pay by standing order, **you'll need to cancel your existing standing order and set up a new one for any payments** after the service transfer date using your new BOI mortgage loan details. We'll explain how to do this in our next communication.

▶ **Bank transfer**

We'll give you the payment details needed to make a payment from another bank or a non-euro account in our next communication.

▶ **Phone**

From the service transfer date, you can call a member of our mortgage team on (01) 611 3000 9am – 5pm, Monday to Friday to make a card payment over the phone.

▶ **Cheque**

We'll give you the payment and address details needed to pay by cheque in our next communication.

▶ **Cash**

From the service transfer date, you can pay by cash in-branch. To find your nearest branch or get more information on the services provided in each branch, search 'branch locator' on our website.





Choice of rates

From the legal transfer date, you'll automatically become an existing BOI customer. This means that if you want to change rates after the legal transfer date, you can choose from several BOI rates available to other existing BOI customers.

Please note: There are some mortgage rates that are available to new BOI customers that are not available to existing customers. More information on these rates can be found by searching 'choice of rates' on our website. If you wish to avail of these rates, you will need to switch your mortgage to BOI ahead of the legal transfer date. This will involve a new business application which will be subject to providing information and documentation, as well as being subject to credit assessment. There will be additional legal and valuation fees involved.

What communications can I expect to receive from BOI?

Here's a list of communications you should have already received from us and some you'll get in the coming weeks/months:

Communication No.	Details
<p>1</p>	 <p>This first communication was accompanied by our Data Privacy Notice (DPN) and Terms of Business (TOB). Our DPN explained how we hold and use your personal information. Our TOB set out the general terms under which we provide financial services to you.</p>
<p>2 this communication</p>	 <p>This explains important operational changes we're making to how we manage and service your mortgage loan that differ from KBC. It also highlights the phasing out of the option to make overpayments of up to 10% of money you've borrowed on a fixed rate, without paying a breakout fee.</p>
<p>3</p>	 <p>This will explain any actions you may need to take to ensure your mortgage loan account is ready for you when it transfers to BOI.</p>
<p>4</p>	 <p>This will welcome you as a BOI customer, provide important information about your new BOI mortgage loan account, confirm the legal transfer date and the service transfer date and explain any actions you need to take when your account has transferred to BOI.</p>

WARNING: YOUR HOME IS AT RISK IF YOU DO NOT KEEP UP ANY REPAYMENTS ON A MORTGAGE OR ANY OTHER LOAN SECURED AGAINST IT.

WARNING: IF YOU DO NOT MEET THE REPAYMENTS ON YOUR LOAN, YOUR ACCOUNT WILL GO INTO ARREARS. THIS MAY AFFECT YOUR CREDIT RATING, WHICH MAY LIMIT YOUR ABILITY TO ACCESS CREDIT, A HIRE- PURCHASE AGREEMENT, A CONSUMER-HIRE AGREEMENT OR A BNPL AGREEMENT IN THE FUTURE.

If a mortgage rate is variable:

WARNING: THE PAYMENT RATES ON THIS HOUSING LOAN MAY BE ADJUSTED BY THE LENDER FROM TIME TO TIME.

If a mortgage rate is fixed:

WARNING: YOU MAY HAVE TO PAY CHARGES IF YOU PAY OFF A FIXED-RATE LOAN EARLY.

In this brochure we explain how we calculate charges you may have to pay if you pay off a fixed-rate loan early in the section "Your breakout fee".

If a mortgage is an endowment loan:

WARNING: THERE IS NO GUARANTEE THE PROCEEDS OF THE INSURANCE POLICY WILL BE SUFFICIENT TO REPAY THE LOAN IN FULL WHEN IT BECOMES DUE FOR REPAYMENT

Mortgage Fees and Costs

Valuation

If you ever need to value your property for your mortgage loan (for example, to move to a different Loan to Value interest rate) you will need to pay a valuation fee directly to the valuer. You need to agree that fee with the valuer (you should expect to pay a fee of €150 to €250 plus VAT but this can vary). No responsibility is implied or accepted or warranty given by the Bank for the value or condition of the property as outlined in the valuation. The valuation report will remain the property of the Bank and you are entitled to your own copy of the report.

Legal fees

These are legal fees that may apply if some future services are requested by you or your solicitor: (A) Accountable trust receipt: €63. You pay this fee to us if your solicitor requests Title Deeds from the Bank on your behalf. The fee does not apply where a customer seeks additional funds on the same security. (B) Security Perfection Fee for Equity Release (a new mortgage loan secured by an existing mortgage on a property): €600. This covers our legal expenses where we agree to handle an Equity Release loan without the need for a customer to engage his/her own solicitor.

Arrears - Interest Surcharge

If you do not pay us a repayment installment or other sum of money by the date you are due to pay it, we may charge you a default interest rate of 1% per annum on the unpaid sum. This default interest is added to normal interest and is set out in your KBC mortgage loan offer letter.

We do not charge borrowers default interest when they are in a Mortgage Arrears Resolution Process under the Central Bank's Code of Conduct on Mortgage Arrears and are co-operating reasonably and honestly with us.

The lender is the Governor and Company of the Bank of Ireland. Registered Office 40 Mespil Road, Dublin 4, D04 C2N4.

The Governor and Company of the Bank of Ireland, trading as Bank of Ireland, is regulated by the Central Bank of Ireland.

