



KBC Bank Ireland LIBOR Transition

Frequently Asked Questions (FAQs)

1. What is happening to LIBOR?

The UK regulator, the Financial Conduct Authority announced on 5th March 2021 that representative London Interbank Offered Rate ("LIBOR") rates will no longer be available from 31st December 2021.

Please refer to www.kbc.ie/libor for further details on the announcement.

2. What is LIBOR?

LIBOR is the London Interbank Offered Rate. This rate has been used widely across global financial markets. It is used as a key interest rate benchmark for number of financial products, including mortgages.

3. Why are you writing to me?

A Sterling mortgage you have with KBC is currently availing of the LIBOR rate, however this rate will no longer be available to banks as a benchmark interest rate from 31st December 2021.

That means that from 1st January 2022 the rate applicable to your mortgage will switch to the Bank of England ("BOE") Base Rate. This rate was chosen after careful consideration by the Bank as the most suitable alternative rate for our customers.

4. Why is it changing?

It is changing as the UK Financial Conduct Authority decided LIBOR will no longer exist as a benchmark rate for charging interest.

5. What is the Bank of England (BOE) Base Rate?

The BOE Base Rate is an interest rate calculated by the Bank of England. It's also referred to as 'bank rate', 'interest rate' or 'base rate'. Details of this rate can be found on www.kbc.ie/libor.

6. What does this mean for my mortgage?

As you have a Sterling mortgage with us that is calculated using LIBOR, we are required to move you away from this rate. This requires us to make changes to your mortgage interest rate and mortgage terms and conditions.

Your mortgage interest is currently charged using LIBOR and a Percentage Margin. From 01 January 2022, your mortgage interest will be charged using the BOE Base Rate and Percentage Margin.

There may be a small variation in the monthly payment in your mortgage account. This will be confirmed to you at the time the change occurs. If you would like to discuss this further please contact us as outlined on your Letter or discuss with our Customer Service Team when they contact you in the coming weeks.

You may also want to consult and discuss with your independent advisors e.g. legal, financial, accounting, and/or any other advisor you consider relevant.

7. Is there any alternative rate I can avail of?

KBC looked at a variety of rates suitable for this transition and opted for the Bank of England Base Rate as the most suitable alternative for our customers. KBC will not be offering any alternative rates to choose from.

8. Will this transition cost me anything?

There are no administration costs or fees associated with this transition, however, please be aware that there may be an implication on your Mortgage repayments. Please see Question 10 for further details.



9. Will this affect my loan agreement or security with KBC?

No, this change will have no effect on your security. The only change is that your interest rate will now be calculated using the BOE Base Rate. The percentage Margin quoted in your original Letter of Offer remains the same, therefore your interest from 1st January 2022 will be BOE Base Rate + % Margin. All other Terms and Conditions of your original Letter of Offer remain the same.

10. What happens if the BOE Base Rate changes?

The BOE Base Rate will work in the same way as LIBOR did in that interest rates may rise as well as fall which may result in an increase or decrease in your monthly repayment amount.

If the BOE Base Rate increases or decreases, KBC will notify you in writing in advance of the change coming into effect to allow you manage the change in your monthly repayment.

11. What should I do next?

Please review the Letter of Variation included with this FAQ and sign and return the document by 12th November 2021. If you are in any doubt as to the impact of this change we would encourage you to seek independent advice regarding this change (legal, financial, accounting or otherwise).

Please note that our Customer Service Team will be in touch with you in relation to this change.

12. What if I don't sign and return the Letter of Variation?

LIBOR is ceasing from 31st December 2021 so the interest rate charged to your loan must change. If you do not return the Letter of Variation or redeem your mortgage, KBC has to change the interest rate on your Mortgage. Therefore, as the rate must change and the Bank of England Base Rate has been chosen as the alternative rate, your Loan will be calculated using the BOE Base Rate and will include the percentage Margin as set out in your original Letter of Offer. In the alternative, you may wish to redeem your Mortgage in advance of 31st December 2021 and our Customer Service Team will be happy to discuss this with you.

You should give careful consideration including consulting with your independent advisers as to the impact of this change in light of your own circumstances.

In particular, you should be aware that as LIBOR is being replaced with an alternate rate, the rate you pay may be subject to change, depending on market conditions.