

## Permanent TSB announces major changes to mortgage interest rates

- Over 70,000 customers to benefit from reductions to Standard Variable Rate (down 0.55%) and Managed Variable Rates (down by up to 0.30%) [Note: there are approx. 35,000 customers in each category]
- Reduction in fixed rates for all existing customers – significant move to align front and back book rates
- Reduction in 3 and 5 year fixed rates for new customers for mortgages over €250,000 with rates as low as 2.5%

**Strict Embargo: 00.01am Wednesday, 29<sup>th</sup> July.** The new Chief Executive of Permanent TSB bank, Eamonn Crowley, has announced a major overhaul of mortgage interest rates charged by the bank. Mr. Crowley said that the move “combined enhanced competitiveness with increased fairness” (see quote below).

The changes apply to the bank’s suite of variable rate and fixed rate mortgages. The bank is reducing its Standard Variable Rate (SVR) by 0.55%. The bank is also reducing its range of Managed Variable Rates (MVR) from between 0.10% and 0.30%. And the bank will reduce fixed rates for all existing customers to rates as low as \*2.95% for a 3 year fixed term, which is a significant move to align front and back book rates. The fixed rates are for periods of between 2 to 7 years.

The bank is also reducing its introductory 3 and 5 year fixed rates for new customers with mortgages over €250,000 with rates at low as 2.5%.

### Key Changes

The changes will see:

- The same fixed rates for new mortgages up to €250,000 made available to all existing customers - reducing the fixed rates for existing customers by up to 0.3%. Until now all existing customers who wanted to fix faced higher rates than were available to new customers.

**Saving:** \*For an existing customer with a mortgage balance of €127,500, the reduction of 0.3% in the rate for a 3 year fixed rate mortgage will mean a saving of **€682 over the 3 year term** compared to the rate currently available.

- Reductions to variable rates for **all** mortgage customers.
  - The SVR (Standard Variable Rate) is being cut by 0.55% (over half a percent) from 4.50% to 3.95%. This will benefit c. 35,000 customers.
  - Managed Variable Rates (where rates vary depending on Loan to Value (LTV) of mortgage) will reduce by between 0.10% and 0.30%. This will also benefit c. 35,000 customers.

**Saving:** For a customer with an average mortgage balance of €50,000 with a 10 year remaining term, a reduction of 0.55% on the Standard Variable Rate will mean a **reduction in annual mortgage repayments of €158 per year.**

These customers could save even more if they chose to move to the new 3 year fixed rate of 2.95%, meaning a **saving of €439 per annum** for the term of the fixed rate. Until now an existing customer could not access such a competitive fixed rate.

- For new mortgages over €250,000 fixed terms of either 3 or 5 years are available from 2.50% or from 2.55% respectively.

The changes to fixed rates will come into effect from Tuesday next, 4<sup>th</sup> August, with the exception of the 7 year fixed rate for existing customers, which will be available from September. The changes to the variable rates will be available from early September.

#### **Quote from CEO Eamonn Crowley**

The announcement comes just a month after Mr. Crowley's appointment as Chief Executive (announced on 22nd June).

Speaking today, Mr. Crowley said; "This move goes a long way to addressing the discrepancy which traditionally existed between our pricing for new and existing mortgage customers. Overall it combines enhanced competitiveness with increased fairness. We will continue to evolve our mortgage pricing strategy in this direction as we go forward in line with our ambition to further build trust with customers."

#### **Note to the editor**

\*Existing fixed rate customers can avail of the new fixed rates upon maturity of their current fixed term

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