



25th October 2017

Statement from AIB Group

Following a meeting with the Minister for Finance, Paschal Donohoe, to discuss the tracker mortgage examination programme and how best to ensure its timely conclusion, AIB is issuing the following statement:

In order to identify impacted customers, analysis was undertaken on c. 650,000 accounts with a manual review of c.50,000 accounts. The review did not rely just on the legal interpretation of customers' contracts but, working at all times within the Central Bank framework, identified issues relating to contractual matters, inadequate levels of transparency and poor quality customer information. This resulted in the identification of over 30 different impacted customer groups.

AIB is now well advanced and has redressed and compensated the majority of impacted customers who, as a result of the bank's actions, were identified as (1) no longer on a tracker and (2) were incorrectly on a higher tracker margin for a period of time.

(1) Customers no longer on a tracker

- At the end of September 2017 AIB had identified 3,416 customers who were not on the tracker mortgage rate to which they were entitled. Ninety-one percent of these have had their trackers restored (to an average tracker margin of 1.2%) and have also been redressed and compensated. The remaining cases will be completed by the end of the year.
- We estimate a further 170 cases will be identified by the end of the year and these have an estimated completion date of end Q1 2018.
- One of our priorities was to deal urgently with the serious issue of family homes that were lost as a result of the issue. To date, twelve customers have been identified and these customers were redressed and paid compensation by Q1 2017.

Customers no longer on a tracker		Redress and compensation status
Identified as at Q3 2017	3,416	<ul style="list-style-type: none">• 91% complete• 100% by year end
Identified by year end (estimated)	170	<ul style="list-style-type: none">• To be completed by end Q1 2018
Total	3,586	

(2) Customers on a higher tracker margin

- During the review we also established that some customers, who remained on a tracker mortgage, were incorrectly charged a higher tracker margin.
- The majority of these were impacted for a short period of time and by less than €500.
- Two thirds of these customers will be redressed and compensated by the end of this year, with the remainder to be completed by the end of Q1 2018.

Customers on a higher tracker margin		Redress and compensation status
Identified as at Q3 2017	736	<ul style="list-style-type: none">• 53% complete• 100% by year end
Identified by year end (estimated)	280	<ul style="list-style-type: none">• To be completed by end Q1 2018
Total	1,016	

AIB approach to tracker examination:

AIB commenced its investigation in August 2015, and the bank in that year made a provision of €190m to cover redress and related costs, €133m of which has been utilised.

Approximately 500 people have been deployed to work on the review. From December 2015 the review has been conducted in accordance with the Central Bank framework and independently assured by KPMG. The programme includes putting customers back on the correct rate, refunding, compensating, and access to an independent appeals process.

AIB again sincerely apologises to customers and reiterates this should never have happened. AIB's CEO Bernard Byrne confirmed to the Minister during their discussions of the commitment of management and Board to bring the programme to a conclusion as quickly as possible in the interests of impacted customers. Our priority is to continue the progress we have already made, with all the necessary resources at our disposal, in compliance with the Central Bank's framework.

While the programme and examination continues, the significant progress outlined above positions the bank to achieve a conclusion of the programme, subject to the final agreement and approval of the Central Bank.

AIB has endeavoured to implement the most thorough and effective response to an issue that should not have arisen.

ENDS

Notes:

- **Customer Freephone Helpline**

AIB: 1800 235 460 or EBS: 1800 235 461

(Mon-Fri, 8:00am-7:00pm)

- AIB provided an update to the Oireachtas Committee on Finance, Public Expenditure and Reform and Taoiseach in September 2017. Figures issued then were based on progress to the end of Q2 2017. At that stage, AIB had identified c 3,200 impacted customer accounts, AIB can now confirm that, by end of Q3 2017, 97% had received redress and compensation.

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