



Information Booklet for KBC Bank Ireland's Business Loan Restructure Process



Dealing with loan repayment difficulties

At KBC Bank Ireland plc, we understand that the current economic environment presents challenges for many of our customers. We would like to assure you that we are committed to working with customers who are experiencing financial difficulty in a positive manner.

If your financial situation has changed recently or you are concerned about your finances, we would encourage you to contact us as soon as possible. The earlier we are made aware of the situation, the sooner we can work together to endeavour to find a solution.

How KBC Bank Ireland can help you

KBC Bank Ireland (KBCI) has a five step process to help you if you fall behind in your loan repayments or if you are at risk of falling behind. This is called our **Business Loan Restructure Process** and will apply if you or your business falls within the definition of SME. Please refer to the glossary of terms.

- Step 1** Contact us immediately
- Step 2** Complete a Restructure Application Form
- Step 3** Assessment of your situation
- Step 4** Seeking a Resolution
- Step 5** Appealing a decision

Step 1: Contact us immediately

If you are having difficulties meeting your loan repayments or think you will in the near future, please contact your Relationship Manager through our main reception line at 01 6646000.

If you have already fallen into arrears, please contact the Collections Team on 01 6646809.

These teams are here to help you and will work with you to endeavour to find a suitable solution to assist you in meeting your loan repayments.

In order to achieve this, it will be necessary for us to keep in touch with you. We would ask that you ensure the lines of communication are kept open by providing us with current contact details, promptly returning our phone calls and responding to our correspondence in a timely manner.

Step 2: Complete a Restructure Application Form

When you contact us, we will ask you to complete a Restructure Application Form and provide details of your current circumstances. We will also ask for supporting documentation in respect of you/any borrower or any guarantor where appropriate which may include;

- Up-to-date Net Worth Statements.
- Current Audited Accounts for up to 3 years.
- Up-to date Management Accounts.
- Financial Projections.
- Recent bank statements (6 months consecutive) for current accounts and any other term loan facility.

Given the individual nature of business lending, there may also be additional documentation required specific to your circumstances.

You may wish to seek independent advice to assist you with completing the Restructure Application Form.

The credit process will begin when all the above information has been supplied to the satisfaction of KBC Bank Ireland plc. The credit approval process typically takes 15 working days from receipt of all of the above information.

Step 3: Assessment of your situation

We will use the information you provide us to assess your individual situation. In doing so, we will give careful consideration to:

- The current circumstances of your business.
- Your personal circumstances.

- Your overall personal debt.
- The information provided in the Restructure Application Form and supporting documentation.
- Your current ability to make repayments.
- Your previous payment history; and
- Any other relevant information.

Step 4: Seeking a Resolution

Where KBCI Credit Committee approve a repayment arrangement, we will write to you outlining our proposed repayment arrangement. Please contact us if you have any queries and we will be happy to discuss these with you. If you are happy with the proposal, please sign and return the revised facility letter.

Please note that while some of these options will decrease your repayment in the short term, they may be subject to a margin increase which would cause the overall cost of your loan to increase. It is important that you fully understand the implications of any new arrangement before you go ahead with it and we recommend that you take independent advice before entering into the arrangement.

Where the terms of an alternative repayment arrangement are coming to an end, we will write to you offering you a further review meeting.

It may not be possible to reach a resolution in all cases, and in such cases we will write to you with the reasons for our decision.

We cannot ignore the fact that you may be in arrears, and there may be arrears charges applied to your account - we will not write off your arrears and we will not ignore broken arrangements, but we can help you deal with your financial challenges.

Step 5: Appealing a decision

You may submit an appeal to us in relation to:

- Our decision on your loan repayment arrangement under our Business Loan Restructure Process.

This appeal must be made in writing to Head of Banking within 10 working days of the receipt of our decision notification.

Important Points to Consider

a) Provision of Information by a borrower

- KBCI would ask you to provide the required information in a timely fashion in order to assist KBCI with the above process.
- If you do not work with us to try and resolve your financial difficulties we may be forced to commence legal action.

b) Impact of financial difficulties on a borrower's credit rating

- It is also important to note we may submit details of your payment history to the Irish Credit Bureau at the end of each month and these details remain on record for a period of five years.
- If your loan remains in default it may have an adverse effect on any other related facilities you may have with KBCI.

c) Applicable Fees & charges as a result of arrears

- Should the loan remain in default you may incur the following charges.
 - a EUR 19.00 charge for processing each unpaid instalment
 - a call-out charge of EUR 31.50 per customer visit
 - a EUR 12.70 charge for each reminder
 - a EUR 126.97 administrative charge for legal proceedings
 - the costs of any legal proceedings taken to recover the arrears
- **Default Interest**
This interest is charged each day your account is in arrears. The rate applied is set out in your relevant loan documentation.
In order to mitigate these charges you need to ensure your repayment schedule is adhered to.

Useful Contacts & Information

KBC Bank Ireland Collections Team

Please contact our Collections Team on 01 6646809 if your financial situation has changed recently or you are concerned about your finances.

Central Bank of Ireland

The Central Bank's website includes the Code of Conduct for Business Lending to Small and Medium Size Enterprises. (Jan 2012).

Helpline: 1890 777 777, www.centralbank.ie

Financial Services Ombudsman

The Financial Services Ombudsman is a statutory officer who deals independently with unresolved complaints from consumers about their individual dealings with all financial service providers.

Financial Services Ombudsman's Bureau,
3rd Floor Lincoln House, Lincoln Place, Dublin 2.

Lo Call: 1890 882 090 Telephone: 01 6620899

Email: enquiries@financialombudsman.ie

Website: www.financialombudsman.ie

Glossary Of Terms

Arrears

'Arrears' arise where a borrower has not made a full repayment, or only makes a partial repayment on a credit facility, as per the terms of the credit facility, by the scheduled date.

Code of Conduct for Business Lending to Small and Medium Enterprises (January 2012)

This Code sets out the processes regulated entities are required to adopt in facilitating access to credit for SMEs. The Code recognises that for SMEs in financial difficulties, each SME needs to be considered on a case by case basis. The Financial Difficulties section of the Code sets out the policies and procedures which lenders should have in place for dealing with borrowers in financial difficulties.

Financial Difficulties

A borrower must be classified as in financial difficulty where the credit facility of a borrower is in arrears for three consecutive months.

Small and medium enterprises (SMEs)

SMEs are as defined in European Commission recommendation 2003/361/EC which categorises SMEs as "enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding €50 million, and/or an annual balance sheet total not exceeding €43 million".

Term

The period for which the loan was taken out.

Variable Rate

Variable rates go up and down in response to a variety of factors including changes in the ECB's base rate, lenders' costs of funding and other market forces. This means that the amount the borrower pays goes up and down with the rate changes.

Working Day

Working Day means any day except Saturday, Sunday, bank holidays and public holidays in Ireland or any other EU Member State.

www.kbc.ie

KBC Bank Ireland plc is regulated by the Central Bank of Ireland

