



# 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 SMEs. 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. Your Relationship Manager will continue to be your designated contact.

If you have already fallen into arrears, please contact the Collections Team on 01 6646972. 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. We wish to stress the importance of active engagement and co-operation between you, as the borrower and KBCI, as the lender, in dealing with, or averting any financial difficulties you may be experiencing.

## **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 the above required information has been supplied to the satisfaction of KBC Bank Ireland plc. The credit approval process typically takes 15 working days from receipt of the above required 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 approves an alternative arrangement, we will write to you outlining our alternative arrangement offer. 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 financial advice and legal advice before entering into an alternative arrangement.

Where the terms of an alternative 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:

- A special term or condition required by KBCI in order to provide an alternative arrangement
- The refusal of KBCI to offer an alternative arrangement
- Being classified as Not Co-operating.

This appeal must be made in writing to the Head of Banking within 20 working days of the date of notification of our decision. KBCI will acknowledge your appeal within 5 working days of receipt of the appeal.

KBCI will make a decision on an appeal within 15 working days of receipt of the appeal. The outcome of an appeal will be communicated to you within 5 working days of a decision being reached.

Where KBCI have not reached a decision on an appeal within the 15 working day timeframe, you will be notified of how long it will take to reach a decision, and of the reason(s) why it will take longer than 15 working days to reach a decision.

## 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

### d) Implications of Not Co-Operating

If you are classified as Not Co-Operating, it will impact on our consideration of an alternative arrangement. We may exercise our existing legal or contractual rights to enforce security. Where security is realised, you will remain liable for any outstanding debt.

### e) Third Party Advisors

If you wish to appoint a third party advisor, they may accompany you in our discussions, whether these discussions are face to face or not.

### 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 6646972 if your financial situation has changed recently or you are concerned about your finances.

### **Making a Complaint**

If you have a complaint you can either contact us directly by phone on 01-6646000 or outline the nature of your complaint to us in writing, addressing it to:

KBC Bank Ireland  
Complaints and Resolutions Manager  
Sandwith Street  
Dublin 2

The complaint will be fully investigated by us and if it is not resolved to your satisfaction within five business days, a written response will be provided to you. While our investigation is ongoing we will provide you with regular written updates. We generally respond to all complaints within 20 business days

### **Central Bank of Ireland**

The Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Lending to Small and Medium-Sized Enterprises) Regulations 2015 (“the SME Regulations”) are available on the Central Bank website

Helpline: 1890 777 777, [www.centralbank.ie](http://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](mailto:enquiries@financialombudsman.ie)  
Website: [www.financialombudsman.ie](http://www.financialombudsman.ie)

## Glossary Of Terms

### Arrears

Means a payment or part of a payment due in accordance with a credit facility agreement or alternative arrangement which has not been paid by the borrower by the scheduled due date for payment and, in the case of an overdraft facility, where the borrower's overdraft limit is exceeded for 30 consecutive days, and "in arrears" means a situation in which arrears have arisen.

### Alternative Arrangement

In respect of a credit facility agreement means an agreement to discharge the borrower's debt obligations to the regulated entity which is entered into in order to address arrears or financial difficulties and which is a variation or alternative to the terms and conditions of the credit facility agreement;

### Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Lending to Small and Medium-Sized Enterprises) Regulations 2015 ("the SME Regulations")

The Regulations sets out the processes regulated entities are required to adopt in facilitating access to credit for SMEs. The Regulations recognise that for SMEs in financial difficulties, each SME needs to be considered on a case by case basis. The Financial Difficulties section of the Regulations set out the policies and procedures which lenders should have in place for dealing with borrowers in financial difficulties. The Regulations are accessible via [www.centralbank.ie](http://www.centralbank.ie).

### Financial Difficulties

Financial difficulties mean a situation in which one or more of the following apply to a credit facility agreement or alternative arrangement:

- a) the borrower is in arrears under the credit facility agreement or alternative arrangement for 3 consecutive months
- b) where the credit facility agreement is an overdraft facility, the approved limit on the overdraft is exceeded for 90 consecutive days.
- c) the regulated entity has, following an assessment of the borrowers circumstances or, after the borrower remains in arrears for 15 working days after the arrears first arose an assessment of the borrowers circumstances based on information available

Where borrowers enter financial difficulties, Relationship Managers will continue to be the designated point of contact.

### Not Co-Operating

Not Co-Operating means a situation in which –

- a) the borrower has failed to make a full and truthful disclosure to the lender of the information required by the lender to assess the borrower's financial situation, within the timeframe specified by the lender

- b) the borrower has received a warning letter and not performed specific actions to allow the lender to assess their financial situation, within the timeframe specified by the lender.
- c) the borrower has not performed specific actions to allow the lender to assess their financial situation, within the timeframe specified by the lender in the warning letter.

### **Small and medium enterprises (SMEs)**

“Micro and Small Enterprise” means an enterprise which employs fewer than 50 persons and which has an annual turnover and annual balance sheet total which does not exceed €10 million;

“Micro, Small and Medium-sized Enterprise” means an enterprise which employs fewer than 250 persons and which has an annual turnover not exceeding €50 million and an annual balance sheet total not exceeding €43 million;”.

The SME regulations define “Micro, Small and Medium-Sized enterprises” as being an enterprise which employs fewer than 250 persons and which has either or both of the following:

- a) an annual turnover not exceeding €50 million;
- b) an annual balance sheet total not exceeding €43 million

“Micro and small enterprise” means an enterprise which employs fewer than 50 persons and which has either or both of the following:

- a) an annual turnover which does not exceed €10 million
- b) an annual balance sheet total which does not exceed €10 million

A medium sized enterprise means a ‘Micro, Small and Medium-Sized enterprise’ which is not a ‘Micro and Small enterprise’

### **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](http://www.kbc.ie)**

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





