



Information Booklet
for KBC Bank Ireland's
Business Banking Financial
Difficulty Process

THE BANK OF YOU + YOUR BUSINESS

 **1800 804 414**  **kbc.ie**

Dealing with repayment difficulties

At KBC Bank Ireland plc “(KBCI)”, we are committed to working with customers who are experiencing Financial Difficulty in a positive manner.

If you have found yourself in Financial Difficulty or you are concerned about your finances, it is in your interest to contact us as soon as possible. The earlier we are made aware of the situation, the sooner we can work together to try to find a solution.

How KBC Bank Ireland can help you

KBCI has a four step process to help you if you find yourself in financial difficulty and are in arrears, or at risk of entering arrears. This is called our **Business Banking Financial Difficulty Process** and will apply if you or your business falls within the definition of Small and Medium Enterprise (“SME”) as set out in the glossary of terms.

Step 1: Contact us immediately

Step 2: Submit supporting documentation

Step 3: Assessment of your situation

Step 4: Decision

Step 1: Contact us immediately

If you are concerned you may fall into Financial Difficulties please contact your Business Partner as soon as possible.

Alternatively you can contact the Business Support Team on **1800 804 414 / 01 6646180** or at **business.support@kbc.ie**.

If you have entered Financial Difficulty we will write to you and advise you of your designated point of contact and their contact details.

We are here to help you and will work with you to try to find a suitable solution to assist you in meeting your 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: Submit supporting documentation

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

- Certified/Audited accounts
- Management accounts
- Main business banking current account statements
- A business plan
- Cash flow projections
- Tax clearance certificate and/or confirmation of tax affairs
- Corroboration regarding the personal finances of owners of the business

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

Step 3: Assessment of your situation

We will use the information you provide, to assess your individual situation and may, subject to assessment criteria and approval, offer an Alternative Arrangement to assist you resolve your Financial Difficulties. In determining the appropriateness of any alternative arrangement we will give careful consideration to:

- The circumstances of your business
- Your personal circumstances
- Your overall debt position
- The information and supporting documentation provided by you
- Your ability to make repayments
- Your previous payment history; and
- Any other relevant information

The assessment process will begin when all requested information has been supplied to the satisfaction of KBC Bank Ireland plc. It typically takes up to 15 working days from receipt of all required information to our decision being communicated to you. If we are unable to make a decision within 15 working days we will write to you and advise you of the reason for the delay and how long it will take us to complete the assessment.

Step 4: Decision

Where KBCI 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, you will be required to sign and return it.

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.

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 including conditions regarding security or guarantee requirements
- The refusal of KBCI to offer an Alternative Arrangement
- Being classified as Not Co-operating

This appeal must be made in writing to the SME Appeals Liaison Officer 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

Provision of Information

- 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.

Impact of financial difficulties on your credit rating

Financial Difficulties may impact your credit rating. It is also important to note we may submit details of your payment history to credit reference agencies, as per the terms and conditions of the credit facility or whereby required by law, and this may have an adverse effect on any other related facilities you may have with KBCI and/or any other financial institution. It may also affect your ability to obtain credit in the future.

Applicable Fees & charges as a result of arrears

Should the loan remain in default you may incur the following charges as per the terms and conditions of the credit facility;

- a EUR 19.00 charge for processing each unpaid instalment
- a call-out charge of EUR 31.50 per customer visit
- a EUR 19.00 charge for serving a summons as part of legal proceedings
- a EUR 19.00 charge for serving of a Possession Order as part of legal proceedings
- a EUR 317 administrative charge for legal proceedings
- the actual costs of any legal proceedings taken by KBCI to recover any monies due in connection with the credit facility

Implications of 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) a warning letter that a borrower will be classified as not co-operating has issued to the borrower and the borrower has not carried out the actions specified in the letter within the advised time frame.

If you are classified as Not Co-Operating, it may have a negative impact on our ability to consider an Alternative Arrangement. We may exercise our legal or contractual rights to seek immediate repayment of all sums outstanding and/or enforce security. Where security is realised, you will remain liable for any outstanding debt.

Third Party Advisors

If you wish, you can employ a third party adviser to accompany you in your discussions with KBCI, 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 credit facility documentation. In order to mitigate these charges you need to ensure your repayment schedule is adhered to.

Multiple Exposures

If you have more than one facility with KBCI, you should be aware that while you continue to be in default on a credit facility you may also be in default under any other facility with KBCI even though the other facilities are not in arrears.

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.

KBCI are required to attempt to investigate and resolve a complaint within 40 business days of receipt and will provide you with an update after no more than 20 working days. In the event that you are dissatisfied with the outcome of our investigation of your complaint you are entitled to refer your complaint to the Financial Services & Pensions Ombudsman.

Financial Services and Pensions Ombudsman

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

**Financial Services and Pensions Ombudsman's Bureau,
Lincoln House, Lincoln Place, Dublin 2.**

Telephone: 353(1) 567 7000

Email: info@fspoi.ie

Website: www.fspoi.ie

Useful Contacts & Information

KBC Bank Ireland Arrears Support Unit

Please contact our Arrears Support Unit on **1850 930 235** if your financial situation has changed recently or you are concerned about your finances.

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 **www.centralbank.ie**.



**Central Bank of Ireland Helpline
1890 777 777**

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 introduce specific requirements for regulated lenders and strengthen protection for SME's including:

- Giving SME Borrowers greater transparency around the application process
- Providing SME borrowers with reasons for declining credit, in writing, specific to their application
- Providing greater protections for guarantors
- Contacting SME borrowers who have been in arrears for 15 working days
- Warning SME borrowers if they are in danger of being classified as not-co operating
- Expanding the grounds for appeal and setting up an internal appeals panel

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 borrower's circumstances or, after the borrower remains in arrears for 15 working days after the arrears first arose, deemed the borrower to be in Financial Difficulties

Small and Medium Enterprises (SMEs)

The SME regulations define "Micro, Small and Medium-Sized enterprises" as being 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.

A "Small enterprise" is an enterprise which employs fewer than 50 persons and whose annual turnover and/or balance sheet total does not exceed €10 million.

"Micro enterprises" are enterprises which employ fewer than 10 persons and whose annual turnover or annual balance sheet total does not exceed €2 million.

Working Day

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

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