



## KBC Bank Ireland Plc (“KBC”) Business Banking Variable Rate Policy Statement

**Warning: We may change the interest rate on this Credit Facility. This means the cost of your monthly repayments may increase or decrease**

### What do we consider when setting our business banking variable interest rates?

Business Banking variable interest rate (“Business Banking Rate”) is comprised of the Business Banking Cost of Funds (BBCOF) plus an individually negotiated margin which is set out in a customer’s facility letter. The BBCOF means the rate which KBC shall determine to be applicable to loans to business customers from time to time. KBC set and change the BBCOF by reference to a variety of factors including;

- 1. KBC Cost of funds** – To have funds available to lend, we must first raise these funds from sources such as deposits, borrowing funds from other entities within the KBC group or other third parties. We incur costs in raising this funding.
- 2. Operational costs** – We incur expenses and overheads in the running of our business. These include but are not limited to items such as staff salaries, premises, information technology, professional fees and insurance costs.
- 3. Credit risk** – When we lend money to a customer there is a risk that the customer may not pay back the loan or the interest related to the loan. If the loan is not repaid KBC sustains a loss of income and incurs expenses in seeking to recover the amount of the loan from the customer.
- 4. Regulatory obligations** – We are obliged to maintain certain levels of capital and adhere to prudential rules set by the Central Bank of Ireland in accordance with requirements of the European Central Bank. We are also required to comply with regulatory requirements and statutory codes in operating business banking, such as the Lending to Small and Medium-sized Enterprises (SME Regulations 2015). We incur costs in complying with these legal and regulatory obligations. Further information in relation to these regulations and statutory codes can be found at [www.centralbank.ie](http://www.centralbank.ie) and [www.irishstatuebook.ie](http://www.irishstatuebook.ie)
- 5. Market Conditions** – We consider the external market within which we operate and various economic factors which can impact on the cost of operating the business.
- 6. Commercial strategy** – We consider our competitive position in the market, aligning it to KBC objectives which have been established for a sustainable profitable business and product offering.

Variations and/or changes in the factors and criteria outlined above could result in changes to the BBCOF rate offered by KBC from time to time.



#### Contact Us

Business Support Team:  
1800 804 414 or  
(if abroad): +353 1664 6180  
[business.support@kbc.ie](mailto:business.support@kbc.ie)



#### Write To Us

Business Support Team,  
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## How do we make decisions when setting business banking variable interest rates?

When setting or proposing interest rate changes we determine what is reasonable and appropriate in the circumstances taking all the factors outlined above into consideration.

All changes must be approved through KBC Pricing Committee which comprises the Executive Directors of KBC. Our BBCOF, margins and Interest rates are reviewed on a quarterly basis by the KBC Pricing Committee. They may also be reviewed by the Executive Committee when deemed necessary at a particular time. When we make a decision to increase a variable interest rate, affected customers will be notified of the change at least 30 days prior to the new rates coming into effect.

## Could you get a different type of interest rate or a lower interest rate?

We urge all of our customers to review their facility on a regular basis. Customers who wish to review or change their rate should contact their dedicated Business Partner or contact the Business Support Team on 1800 804 414.

Customers are entitled, with our agreement, to fix the interest rate on a loan for a period of time (usually 1, 3, 5 or 10 years) depending on the term of the loan. Fixed rates may be higher or lower than variable interest rates. During the fixed rate period customers who choose a fixed rate will not benefit from reductions which may apply to variable interest rates. However, they will benefit compared to those on variable rates if variable interest rates increase. If the loan is redeemed either fully or partially during the fixed period, a break funding fee may be applied.

If you wish to discuss further please contact your Business Partner or our dedicated Business Support team on 1800 804 414.

This document is subject to change and notification of any changes will be provided by KBC. The current version of this document can be found on [www.kbc.ie/business](http://www.kbc.ie/business).

**Warning: The cost of your repayments may increase**



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