



**A Guide to  
your  
Bank of Ireland  
Commercial Loan**



**Bank of  
Ireland**



This brochure explains important operational changes we're making to how we manage and service your commercial loan that differ from KBC.

Please take the time to read it carefully.

These operational changes will be effective from the service transfer date.

Search 'KBC' on Bank of Ireland's website for more information.

If you need further help understanding this brochure, please call Bank of Ireland's KBC Transition Support team on 0818 210 290 or + 353 1 250 0305 (if calling from outside Ireland) from 8am-8pm, Monday to Friday (excluding bank holidays).

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**What's staying  
the same?**

## The terms and conditions (T&Cs) of your commercial loan

There are no changes to the T&Cs of your commercial loan as set out in your offer letter.

Your interest rate, your monthly repayment date, the amount you pay in regular loan repayments, the number of repayments you make, and your loan term will not change when KBC transfers your commercial loan to BOI on the legal transfer date. However, as per the T&Cs of your commercial loan, **these may change in the future** (see the 'What's changing?' section of this brochure for further details).

## The interest rate on your commercial loan on the legal transfer date

Your interest rate will not change when KBC transfers your commercial loan to BOI on the legal transfer date.

- ▶ **For fixed rate customers:** The interest rate on the legal transfer date will apply until the end of the term of the commercial loan.
- ▶ **For variable rate customers:** Your interest rate will remain the same on the legal transfer date to BOI.

**Please note:** Your variable interest rate will stay the same for at least 90 days after the legal transfer date. However, it will then be subject to change in line with your KBC T&Cs and BOI Business Banking pricing . We'll write to you before any change to notify you when a new rate is to be applied.

## Your direct debit

Your direct debit will automatically transfer to BOI when your commercial loan transfers to BOI. You don't need to take any action to make this happen.

If you don't currently make repayments by direct debit to KBC, you'll need to set up a new repayment method with BOI. We'll be in touch to advise you how to set up a new repayment method in BOI. If you do not set up a new repayment method, and if you miss a repayment, this will impact on your credit record and may affect your ability to access credit in the future.

## How you access your commercial loan T&Cs

Please contact KBC on 1800 804 414 Monday – Friday, 8am - 6pm for a copy of your existing commercial loan T&Cs.

# What's changing?

## How interest is calculated

KBC systems apply a 30-day month and 360-day year method to calculate interest on commercial loans with terms greater than one year. However, KBC calculate interest on short term (less than 12 months) professional fees/ tax and pension loans on the number of months.

BOI will use a 365-day year and calendar month to calculate interest on commercial loans. This means, BOI will add interest daily based on a 365-day year to the amount you owe on your commercial loan.

### Does this change mean I have to pay more interest?

The change to a 365-day count convention alone does not increase the amount of interest a customer pays on a commercial loan.

Once your commercial loan transfers to BOI, you should continue to make the same monthly loan repayments to us that you currently make to KBC. Your final repayment due to BOI may be slightly less if you have made all loan repayments when they fall due. If you are making repayments by direct debit, the amount of the direct debit due in the final month will be adjusted automatically to the revised amount. If you do not repay by direct debit or standing order, you will be advised of the revised final repayment amount due.

Below are illustrative comparisons of how KBC and BOI calculate interest (where all loan repayments are made when due, no overpayments are made during the life of the loan, and the rate does not change for the term of the loan):

### Non-professional fees/tax and pension loans:

	Amount of loan	Term (Months)	Interest rate – not changing over for term of loan	Day count convention	Monthly repayment amount	Cost of credit over life of loan
KBC	450,000	120	2.63%	30/360	4,268.80	62,256
BOI	450,000	120	2.63%	365	4,267.62	62,114

## Professional fees/tax and pension loans:

	Amount of loan	Term (Months)	Interest rate – not changing over for term of loan	Day count convention	Monthly repayment amount	Cost of credit over life of loan
KBC	29,500	11	4.34%	30/360	2,798	1,280
BOI	29,500	11	4.34%	365	2,740	642

### Factors which could influence a change in cost of credit in future

The cost of credit will be different in future if:

- ▶ there are interest rate changes
- ▶ you go into arrears
- ▶ you make an overpayment

### Factors which could influence a change in repayment amount into the future

Your commercial loan repayment amount may be amended in the future if:

- ▶ the interest rate on your commercial loan changes in line with the KBC T&Cs of your offer letter and BOI Business Banking pricing
- ▶ you miss a payment
- ▶ your commercial loan account goes into arrears

### How your variable interest rate is determined

Your variable interest rate is called a 'Business Banking Rate' in your KBC T&Cs. There are 2 parts to this rate:

1. [the margin]% per annum  
and
2. Business Banking Cost of Funds as defined in the KBC T&Cs

This variable interest rate will stay the same for at least 90 days after the legal transfer date. BOI will then change your variable interest rate in line with your KBC T&Cs and BOI Business Banking pricing.

## **The variable interest rate that BOI will apply to your commercial loan:**

Following a review of your KBC T&Cs, we've determined that the most appropriate replacement interest rate for KBC's Business Banking Cost of Funds, will be our 'Bank of Ireland Business Prime', rate less a "differential" (i.e. a "concession") which is explained below. This differential will be determined on the legal transfer date.

BOI will create this new Bank of Ireland Business Prime rate specifically for former KBC commercial loan customers who transfer to BOI on a variable rate.

## **How this rate will be determined by BOI**

This new Bank of Ireland Business Prime rate will be determined in line with BOI Business Banking pricing. The new Bank of Ireland Business Prime rate will include a "concession", to be applied by BOI only to former KBC commercial loan customers whose KBC T&Cs refer to a variable rate. This new Bank of Ireland Business Prime rate plus your margin will be the variable rate applicable to your commercial loan when it transfers to BOI. A differential will be determined on the legal transfer date and we will continue to apply this differential as BOI rates increase or decrease.

For example, on the legal transfer date if KBC's variable interest rate was 2% and if BOI's variable rate was 3%, the differential between the two rates would be 1%. If the BOI variable rate moves to 4%, your rate will move to 3%, not 4% as the differential of 1% is applied to the increase.

The differential is the concession to be applied to your commercial loan until the term of this loan ends. The actual differential to be applied will be determined on the legal transfer date. If this loan is refinanced or restructured, new BOI lending rates will apply. Any new lending will not include the differential.

BOI will notify you of the actual differential that will be applied and the interest rate increase/decrease prior to the first interest rate change being applied to your commercial loan.

## **What if rates decrease below 0%?**

If interest rates decrease in the future, your BOI variable rate will never go below 0% in line with your KBC T&Cs.

**Please note:** Following the legal transfer date, we'll write to you to advise you of the change to your rate before a new rate is to be applied and we will confirm the differential that was determined on legal transfer date. When your interest rate changes this will mean that your repayment amount will also change and BOI will advise you of your new repayment amount.

### **If your KBC variable interest rate is not called a 'Business Banking Rate'**

If your KBC variable interest rate is not called a 'Business Banking Rate', after the legal transfer date, BOI will apply an appropriate BOI variable rate to your commercial loan. Depending on how your variable rate is calculated by KBC, BOI will apply the same rate (e.g. 1 month Euribor) or select an appropriate BOI variable rate (together with any differential as outlined above). BOI will write to you after the legal transfer date and advise you of the rate applied and the differential.

### **Who to contact to confirm your existing KBC variable interest rate**

Before the legal transfer date, please contact KBC on 1800 804 414 Monday – Friday, 8am-6pm for a copy of your existing commercial loan T&Cs or to ask them to confirm your KBC variable interest rate.

### **Your commercial loan account number**

We'll provide you with a new commercial loan account number when your commercial loan transfers from KBC to BOI.

### **Making payments to your commercial loan by cheque, standing order, or online to BOI (if you don't pay by direct debit)**

When making payments to BOI, you'll need to quote your new BOI commercial loan account number as a reference on any payments. You'll be provided with these details in the coming months. In the meantime, please continue to make your payments to KBC.

### **Accessing your commercial loan account online**

Some KBC customers can access their commercial loan online. However, you won't be able to access your commercial loan online when it transfers to BOI. Instead, you'll be given contact details of a BOI team to help you with any information you need.

### **Who you contact about your commercial loan when it transfers to BOI**

You'll be given details of a BOI team to help you with any commercial loan queries you may have at a later date.

## What communications can I expect to receive from BOI?

Here's a list of communications you should have already received from us and some you'll get in the coming weeks/months:

Communication No.	Details
1	 <p>This first communication was accompanied by our Data Privacy Notice (DPN) and Terms of Business (TOB). Our DPN explained how we hold and use your personal information. Our TOB set out the general terms under which we provide financial services to you.</p>
2 this communication	 <p>This explains important operational changes we're making to how we manage and service your commercial loan that differ from KBC.</p>
3	 <p>This will explain any actions you may need to take to ensure your commercial loan account is ready to use when it transfers to BOI.</p>
4	 <p>This will welcome you as a BOI customer, confirm the legal transfer date and the service transfer date and explain any actions you need to take now your account has transferred to BOI.</p>

**WARNING: IF YOU DON'T SET UP A DIRECT DEBIT, TO PAY YOUR LOAN ONCE IT TRANSFERS TO BOI, YOU MAY MISS A REPAYMENT. MISSED PAYMENTS WILL BE RECORDED ON THE CENTRAL CREDIT REGISTER. THIS COULD AFFECT YOUR CREDIT RATING.**

If a commercial loan interest rate is variable:

**WARNING: THE COST OF YOUR REPAYMENTS MAY INCREASE.**

If a commercial loan interest rate is fixed:

**WARNING: YOU MAY HAVE TO PAY CHARGES IF YOU REPAY EARLY, IN FULL OR IN PART, A FIXED-RATE CREDIT FACILITY.**

**WARNING: IF YOU DO NOT MEET THE REPAYMENTS ON YOUR CREDIT FACILITY AGREEMENT, YOUR ACCOUNT WILL GO INTO ARREARS. THIS MAY AFFECT YOUR CREDIT RATING, WHICH MAY LIMIT YOUR ABILITY TO ACCESS CREDIT IN THE FUTURE.**

**NOTICE: UNDER THE CREDIT REPORTING ACT 2013 LENDERS ARE REQUIRED TO PROVIDE PERSONAL AND CREDIT INFORMATION FOR CREDIT APPLICATIONS AND CREDIT AGREEMENTS OF €500 AND ABOVE TO THE CENTRAL CREDIT REGISTER. THIS INFORMATION WILL BE HELD ON THE CENTRAL CREDIT REGISTER AND MAY BE USED BY OTHER LENDERS WHEN MAKING DECISIONS ON YOUR CREDIT APPLICATIONS AND CREDIT AGREEMENTS.**

The Central Credit Register is owned and operated by the Central Bank of Ireland. For more information, including on how your data is processed, see [www.centralcreditregister.ie](http://www.centralcreditregister.ie).

#### **CREDIT REFERENCE AGENCIES**

**AS PART OF THE APPLICATION PROCESS AND ONGOING LOAN MANAGEMENT WE WILL CARRY OUT CREDIT CHECKS AND SHARE INFORMATION WITH THE CENTRAL CREDIT REGISTER (CCR) AND/OR OTHER CREDIT REFERENCE AGENCIES. THOSE AGENCIES MAY KEEP A RECORD OF THIS INFORMATION AND MAY GIVE IT TO OTHER FINANCIAL INSTITUTIONS THAT YOU APPLY TO FOR CREDIT FACILITIES.**

**WARNING: IF YOU DO NOT MEET THE REPAYMENTS ON YOUR LOAN, YOUR ACCOUNT WILL GO INTO ARREARS. THIS MAY AFFECT YOUR CREDIT RATING, WHICH MAY LIMIT YOUR ABILITY TO ACCESS CREDIT, A HIRE-PURCHASE AGREEMENT, A CONSUMER-HIRE AGREEMENT OR A BNPL AGREEMENT IN THE FUTURE.**