

Code of Conduct for lending to small businesses



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This document is a translation of the original Dutch text. This translation is provided for the client's convenience only. The original Dutch text will be binding and will prevail in the case of any inconsistencies between the Dutch text and the English translation.

1 Introduction

The banks are aware of their role in the economy and society. Financing consumers, businesses and institutions is one of their core tasks. The banks want to fulfil this role effectively and strive to continuously improve their services.

To provide the best possible support for small businesses in relation to bank finance, the Dutch Banking Association (the Nederlandse Vereniging van Banken, or ‘NVB’) has formulated a Code of Conduct for lending to small businesses in 2017. The Code of Conduct came into effect on 1 July 2018. The Code of Conduct has since been monitored annually and was evaluated in 2021. The monitoring and evaluation report by SEO Economic Research and the University of Amsterdam was published¹ on 10 March 2022¹. Following this report, the Code of Conduct was reviewed in 2022. The revised Code of Conduct is effective from 1 July 2023.

Small business clients have a special position in the services provided by banks, which differs from the position of both consumers and large corporates. Small business clients have different financing needs than consumers. This means that the banks have to provide a different product range and different services. At the same time, small business clients do not always have the financial knowledge and experience that is available to larger companies. The Code of Conduct takes account of the special position of small business clients.

The Code of Conduct covers the process before a loan agreement is concluded: the orientation and application phases. The Code of Conduct also explains what small business clients can expect from the bank once a loan has been granted: the management phase. With the Code, the banks aim to strengthen the position of their small business clients and provide clarity as to what these clients can expect from their bank at all phases of the loan procedure.

¹ www.seo.nl/publicaties/evaluatie-gedragscode-kleinzelijke-financiering/

The banks' services to small business clients have changed and been further optimised in recent years. The purpose of this is to improve services without compromising accessibility. Digitalisation through the internet, mobile apps and the possibility of video calling and chatting have played an important role here. Clients can approach the bank in different ways.

Good and accessible information on a bank's website can answer many client queries. This has made the loan process more efficient and transparent and improved the provision of information on loan options and conditions. Also, there is always room for personal contact with clients. The Code of Conduct applies regardless of the form of contact between the bank and the client.

Small business clients may in any case expect their bank to act with due care. This means that a bank should take account of the needs and interests of its clients. If a bank provides information to a small business client, this information has to be clear, comprehensible, balanced and readily available.

Engaging an external finance advisor may be advisable if a client needs additional knowledge and experience on the subject of loans.

Banks aim to serve clients to their complete satisfaction. Should a client have a complaint, the bank concerned will strive to resolve the complaint with the client. The handling of complaints thus forms part of the Code of Conduct. If the bank and the client fail to resolve the complaint together, small business clients covered by the Code of Conduct have the option of submitting a dispute regarding their loan to the Dutch Financial Services Complaints Institute (the *Klachteninstituut Financiële Dienstverlening*, or 'Kifid'). This offers a low-threshold alternative to legal proceedings.

To make the Code of Conduct properly reflect the wishes and needs of small business clients, the NVB consulted various stakeholders during its formulation and review. These consultations involved (among others) MKB-Nederland, ONL voor Ondernemers, Stichting MKB Financiering, the Financial Services Complaints Institute (Kifid), the Dutch Authority for the Financial Markets (AFM), the Ministry of Finance and the Ministry of Economic Affairs and Climate Policy.

2 Definitions

2.1 Key terms

The key terms used in this Code of Conduct are:

Client

A natural person acting in the conduct of its profession or business or a legal person², looking for a Loan, applying for a Loan or that has a Loan. The Client is located in the Netherlands and at group level³ has (i) annual revenue not exceeding €5,000,000⁴ and (ii) total loan principal with the Lender not exceeding €2,000,000^{5,6,7}. This is determined by the Bank when assessing the loan application.

Bank

A member of the NVB operating in the market for Loans to Clients. This includes subsidiaries located in the Netherlands that are fully owned by a Bank.

Loan

A loan, credit facility, overdraft facility, factoring, financial lease (or a combination thereof) from the Bank to the Client.⁸

² This includes, for example, a private limited company (B.V.), a public limited company (N.V.), a foundation and an association.

³ This means that other legal and natural persons with which the natural or legal person has an organisational relationship are included in the assessment.

⁴ If the professional or business activities of a natural person or a legal person chiefly consist of investing in commercially leased real estate (either existing and/or under development), the annual revenue is not assessed, but the person is considered to be a Client if their direct interest in the investments in commercially leased real estate (both existing and under development) has a total market value not exceeding €2,000,000, not including real estate leased to their own company and including the total value of the real estate of other natural or legal persons with whom the Client has an organisational relationship.

⁵ The Loan that the Client is looking at or applying for is included in the calculation of the total principal of the loans. The credit limits and overdraft limits are included in the calculation of the total principal of the loans.

⁶ There is also a situation involving a Client at a start-up company that (i) has expected annual revenue of up to €5,000,000 and (ii) holds/applies for a total loan principal with the Bank of up to €2,000,000.

⁷ A Bank may opt not to apply the limit of €2,000,000 to the total Loan principal with the Bank.

⁸ This involves factoring, which entails a credit facility. The Code of Conduct does not apply to factoring in which the Bank purchases the Client's claims. The Code of Conduct applies to financial leases. Financial lease is a lease in the form of a loan. Financial leases in the form of a goods credit such as hire purchase are not subject to the Code of Conduct. Other types of lease such as contracts for use (hire/operating leases) and vendor leases are not covered by this definition either. Other forms of business finance such as credit cards, securities-based loans and subordinated loans are not covered by this definition. These are not covered by the Code of Conduct.

2.2 Other terms

Other terms used in this Code of Conduct are:

Financial Restructuring and Recovery

A form of intensified management for Clients with Loans that the Bank believes present a greater risk to the Bank.

External Loan Consultant

A person or entity not employed by the Bank who acts as an adviser to the Client who is considering taking out a Loan and/or is entering into and/or has entered into a Loan. If the Client chooses to have an External Loan Consultant act on their behalf, the actions of the External Loan Consultant will be deemed to be the Client's actions. This is the Client's own responsibility.

Loan Documentation

All documents in which the agreements between the Client and the Bank with respect to the Loan, including the Loan Agreement, the General Banking Conditions, the general terms and conditions for a product, the Security documents and any subsequent amendment letters.

Loan Agreement

The agreement (or signed offer letter) between the Client and the Bank establishing important agreements regarding the Client's Loan, such as the principal, term, repayments, Interest, Fees, Costs and Security.

Multiple Lender Loans

A Loan provided by a Bank together with a Non-bank Lender or together with another Bank to the Client through one or more Loan Agreements for the same purpose.

Kifid

The Dutch Financial Services Complaints Institute (*Klachteninstituut Financiële Dienstverlening*, located in The Hague (www.kifid.nl)).

Costs

The costs that the Bank charges to the Client in addition to Interest and Fees. For example, administrative costs.

Non-bank financier

A Lender that is not a Bank that offers Loans to Clients. Examples include SME funds, crowdfunding platforms and direct lenders.

Fees

The fees charged by the Bank to the Client for providing the Loan. For example, closing fees, commitment fees and overdraft fees.

Interest

The amount paid by the Client to the Bank in return for borrowing money. In addition to Interest, the Client may pay Costs and Fees to the Bank.

Fixed-Interest Period

A period in which the Bank will not change a Fixed Interest Rate unless the Client fails to meet their obligations under the Loan Documentation.

SBR

Standard Business Reporting, an initiative by the government and certain Banks to make the recording and exchange of financial information efficient and standardised.

Variable Interest Rate

An interest rate that may vary continuously or periodically during the term of the Loan Agreement. A variable interest rate may consist of (i) an interest rate that the Bank may change at any time or a reference rate (e.g. Euribor) plus (ii) one (or more) fixed or variable surcharges. A fixed surcharge is defined as when the Bank does not change this surcharge for a certain period of time, unless the Client does not fulfil their obligations under the Loan Documentation. A variable premium is defined as when this premium may be changed on a continuous or periodic basis by the Bank.

Fixed Interest Rate

An interest rate that the Bank does not change during the Fixed Interest Period, unless the Client fails to meet its obligations under the Loan Documentation.

Security

Rights given by the Client or third parties on behalf of the Client to the Bank as security for repayment of the Client's debts. Examples include rights of pledge, mortgage rights, suretyship or joint and several liability.

2.3 Explanatory notes

Exchange of information between the Client and the Bank

There are cases where the Code of Conduct refers to information made available by the Bank to the Client (or their External Loan Consultant). This can be done in various ways, such as through a letter, a digital message, an e-mail, a message in a message box in online banking, verbally by a Bank employee or any other way. The forms may vary from Bank to Bank and may change as technology, laws, and regulations evolve. The same applies to the information provided by the Client (or their External Loan Consultant) to the Bank. Where the Code of Conduct refers to making information available in writing, this can also be done digitally.

Personal contact between the Client and the Bank

Where the Code of Conduct refers to personal contact between the Client and the Bank, this can take various forms, such as through a face-to-face meeting, telephone, e-mail, chat, video call or any other way. For each stage the Client goes through in the loan process, there is an opportunity for the Client to contact the Bank in person.

3 Scope

The Code of Conduct applies to all Banks. Every Bank states on its website that it complies with the Code of Conduct and refers to the text of the Code of Conduct via a link. Also, when offering a new Loan to a Client, Banks explicitly state that the Code of Conduct applies, together with a reference to where the text of the Code of Conduct can be found.

The Code of Conduct contains minimum standards for the level of protection and service provision for Loans to Clients by Banks⁹. This means that every Bank may always offer its Clients higher protection or a higher level of service. In addition, every Bank may also apply the provisions in the Code of Conduct to clients and loans other than those stated in Article 2. However, in that case it is not possible to submit a complaint with Kifid.

The Code of Conduct applies to Loans applied for by Clients after 1 July 2018. The revised Code of Conduct is effective from 1 July 2023. The revised Code of Conduct provisions will apply to Loans that Clients apply for from 1 July 2023. A Client may have entered into a Loan Agreement by 1 July 2018 (which was therefore not yet subject to a Code of Conduct) and subsequently entered into a new Loan Agreement replacing the old one. In that case, the Code of Conduct will be applied to that new Loan Agreement which came into force when the new Loan Agreement was concluded. The same applies to Clients who entered into a Loan Agreement to which the Code of Conduct applied before 1 July 2023 and who subsequently entered into a new Loan Agreement replacing the old one. That new Loan Agreement will be subject to the revised Code of Conduct.

⁹ Applying for a bank account and all steps to become a Client of the Bank are outside the scope of this Code of Conduct.

4 Adoption, monitoring and evaluation

This Code of Conduct is adopted by the Board of the NVB.

The Code of Conduct may be amended or supplemented. Consultations will take place with the Banks and other stakeholders and their wishes and comments will be taken into account before important changes take effect.

An independent expert party engaged by the NVB will monitor the Code of Conduct and report annually to the NVB on its findings.

The Code of Conduct will be evaluated every three years. The NVB will engage an independent external advisory or research agency for the three-yearly evaluations. The evaluation will review whether the Code of Conduct is effective and achieves its purpose. The NVB, the individual Banks and the other stakeholders will be involved in this evaluation. The Code of Conduct may be amended as a result of an evaluation.

The Code of Conduct is published on the website of the NVB and is filed with the registry of the court of Amsterdam.

5 The lending process

This article covers the three phases that a Client frequently goes through in the lending process: the orientation phase, the application phase and the management phase. In practice, it may be that certain elements in the lending process as described here occur in a different phase than that stated below. For each stage, there is an opportunity for the Client to contact the Bank in person.

5.1 Orientation phase

In this phase, the Client orients to the possibilities of applying for a loan and/or the types of loan that are best suited to its business and/or plans. In addition, the Client looks at which lenders can provide these loans. The Client can consult websites, orient themselves by means of other generally available information or contact a Bank or Non-bank Lender. The Client can also obtain additional knowledge and experience with respect to loans, e.g. from an External Loan Consultant.

For the purpose of this phase, the Bank provides through its website (and/or other means) general information on the types of Loan offered by the Bank and how to apply for a Loan.

For each type of Loan, the Bank makes available general information on the following subjects:

- the purpose for which the Loan may be used by the Client;
- the key features, such as the term and method of repayment;
- the main risks of the Loan;
- the possible types of interest rates available to the Client;
- an indication of the main Fees and Costs the Bank can charge for the Loan;
- the Security that the Bank may request; and
- an indication of the length of the application process.

The Bank also makes general information available through its website on obtaining a loan through Non-bank Lenders. More information can be found in Article 7.1 of the Code of Conduct.

5.2 Application phase

The application phase starts when the Client applies to one or more Banks for a Loan. The Bank assesses whether the Client meets the Bank's know-your-Client obligations and, in addition, whether it wishes to offer the Client a Loan and, if so, under what conditions it can be provided.

The Bank records these terms and conditions in the Loan Documentation and makes this available to the Client. If the Client agrees with those terms, the Client accepts the Loan Documentation in the manner prescribed by the Bank. If the Client meets all conditions, such as providing Security, the last step is to issue the Loan.

The following rules of conduct apply during the application phase:

The Client applies for a Loan

- a The Bank provides information to the Client that states the information and documentation (and, where applicable, in which form) necessary for the assessment of the loan application. This usually depends on the size and purpose of the Loan. The Bank may for instance ask for a business plan, annual reports, forecasts, income or corporation tax returns, a valuation report, a rental agreement, an organisational diagram, an excerpt from the Commercial Register or the articles of association. The Bank may also request information from the Client on the Client's exposure to risks related to ESG factors.¹⁰ The Bank may always request other information as is necessary to comply with the Bank's statutory know-your-Client obligations,¹¹ such as information on the Client's shareholder(s) and information on the origin of assets and resources of the Client. When the Client applies for a Loan, the Bank may offer the Client the option to make information available in a particular form, such as using SBR. In this case, the Bank states this on its website.

Assessment of the loan application by the Bank

- b The Bank will give the Client an indication of the length of the assessment process for the loan application.
- c In the assessment process, the Bank assesses the Client's ability to meet the financial obligations of the Loan the Client has applied for.
- d The Bank will consider the Client's intended use of the Loan in its assessment of the Loan request. Examples of spending purposes include:
 - the purchase or renovation of business premises;
 - investment in machinery and/or rolling stock;
 - the financing of debtors, inventory and works in progress; and
 - the acquisition of another company.

¹⁰ ESG stands for Environmental, Social and Governance and refers to the three central factors in measuring sustainability. Examples of ESG factors include the environment and the impact on climate change, water quality and biodiversity. The Bank may also ask the Client what risk mitigation measures it has taken in this context. The Bank may also ask the Client to provide a statement to this effect.

¹¹ These obligations stem from laws and regulations to prevent money laundering and terrorist financing.

The assessment of the loan application by the Bank is positive

- e If the assessment of the loan application by the Bank is positive and the Bank is prepared to provide a Loan, the Client will receive an offer for taking out a Loan. If the Client accepts the offer within the term of validity and meets the terms and conditions of the Loan, the Bank provides the Loan.

The Bank rejects the loan application

- f If the Bank rejects the Loan application, the Bank will inform the Client of its decision and the reasons for it. If the Client so requests, the Bank will also provide those reasons in writing. Examples of reasons for rejection include:
 - the Bank considers that the likelihood that the Client cannot (continue to) meet its financial obligations under the Loan applied for is too great;
 - the Client has insufficient equity;
 - the value or quality of the Security is insufficient;
 - based on the information provided by the Client on the Client's exposure to risks related to ESG factors, the Bank judges that it cannot accept the Client;
 - after conducting the know-your-Client investigation, the Bank judges that it cannot accept the Client;
 - the Client has not provided all the information and documents requested by the Bank. As a result, the application is not complete, and the Bank cannot assess the application; and
 - the Loan application does not fit within the Bank's policies, for example with regard to target groups, underwriting conditions, product forms or sustainability.
- g Depending on the reasons for turning down the Loan, the Bank will state whether the loan application can be improved and, if this is the case, what factors are involved and what additional information and/or documentation is needed.
- h The Bank provides Clients whose application for a Loan is rejected in whole or in part by the Bank with general information on other Loan options through Non-bank Lenders. More information can be found in Article 7.1 of the Code of Conduct.

The contents of the Loan Documentation

- i The terms and conditions and agreements regarding the Loan are stated in the Loan Documentation. The Loan Documentation in any case includes information on:
 - the principal or the credit limit;
 - the term and the method of repayment;
 - the Fixed or Variable Interest Rate, Fixed-Interest Period, Fees and Costs;
 - the Security to be provided;
 - the circumstances in which the Bank may call in the Loan;
 - the terms and conditions that apply if the Client fully or partially repays the Loan earlier than agreed, the compensation for early repayment that may be associated with this and how this payment is calculated; and
 - the term of validity of the offer for the Loan.

- j The Loan Documentation states: (i) the period over which the Bank will calculate the Interest, (ii) the types of Fees and Costs the Bank may charge and (iii) the circumstances in which the Bank may adjust Fixed and Variable Interest Rates, Fees and Costs.
- k The Bank may require as a condition for the Loan that the Client or one or more directors or shareholders of the Client provide Security in a personal capacity. This is the case, for example, if the Client or one or more directors or shareholders of the Client establish a mortgage right on its own residential property or if the Client stands as surety for the Loan. The Bank will provide the Client or the Client's director(s) or shareholder(s) with information on the implications of providing this Security. At the request of the Client, the Bank will provide an explanation of this to the director(s) or shareholder(s).

5.3 Management phase

In the management phase, the Client has a Loan from the Bank. Circumstances may occur during the term of the Loan that may be reason to adjust the Loan Documentation.

The following rules of conduct apply during the management phase:

Interest rate reset on Fixed Interest Rate

- a In case of a Loan with a Fixed Interest Rate and a Fixed Interest Period that ends on a date prior to the end of the term of the Loan, the Client is given notice in writing that the Fixed Interest Period is coming to an end not less than two months before the end of the Fixed Interest Period.
- b In addition, the Client will be given a proposal in writing regarding the new interest rate not less than four weeks before the end of the Fixed Interest Period. This will in any case include the following:
 - the new Fixed Interest Period;
 - the new interest rate; the Bank may decide to offer the Client several options, for example a Fixed and a Variable Interest Rate;
 - any changes to the Fees and Costs;
 - the option of repaying the Loan at the end of the Fixed Interest Period without compensation or administration charges being charged due to early repayment; and
 - The validity period of the offer for the new interest rate.

To the extent possible, the Bank provides an explanation of its proposal for the interest rate reset at the Client's request.

- c The Bank will inform the Client of the implications if the Client does not accept the proposal within the validity period. If the Client is obliged to pay the Bank the outstanding principal amount of the Loan plus any due Interest, Fees and Costs on the date on which the Fixed Interest Period ends, the Client is not required to pay any compensation or administration charges as a result of early repayment.
- d The Bank may not adjust Fixed Interest Rates during the Fixed Interest Period unless the Client fails to meet their obligations under the Loan Documentation.

Interest rate reset on Variable Interest Rate

- e For a Variable Interest Rate, the interest rate or reference rate is reset on an ongoing or periodic basis, so it may change at any time. The amount of the fixed and variable surcharges may change as well. Changes to a Variable Interest Rate may result from circumstances that apply to all Clients (e.g. developments in the money and capital markets, legislative amendments or increased costs incurred by the Bank or from the Client's individual circumstances (e.g. changes in the Client's risk profile or the valuation of the Security)).
- f For Loans with a Variable Interest Rate and a fixed surcharge during an agreed period, the Bank may not adjust the fixed surcharge unless the Client fails to meet their obligations under the Loan Documentation.
- g The Bank will inform the Client in writing in advance of any adjustments to the fixed or variable surcharge(s) in the Variable Interest Rate. At the Client's request, the Bank will provide a more detailed explanation of this for as far as that is possible.
- h If the Client does not agree to the adjustment of the fixed or variable surcharge(s) in the Variable Interest Rate, the Bank will inform the Client how this affects the Loan.

Additional Security

- i In some cases, such as if the Client fails to comply with their agreements with the Bank, if the Client's financial position deteriorates or if the valuation of the Security already provided by the Client decreases, the Bank may require the Client to provide more or different Security.

Other adjustments to the Loan

- j The Client may request the Bank to adjust the agreements and terms and conditions in the Loan Agreement. Examples of such adjustments include:
 - a change to the method of repayment;
 - a change of jointly and severally liable persons/entities and/or guarantors;
 - a change or partial release of the Security; and
 - an increase of the principal.

wThe Bank will let the Client know within two weeks of receiving the change request which documents it requires to process the Client's request. In addition, the Bank will give an indication of the period the Bank needs to make a decision regarding the request and of any costs of the adjustment.

- k Changes to the agreements and terms and conditions in the Loan Agreement are recorded. If the Bank refuses the Client's request, the Bank will state the reasons for its decision. If the rejection is communicated orally, the Bank will additionally provide the Client with a written explanation on request.
- l During the management phase, the Bank may investigate whether the Client is expected to be able to continue to meet all its financial and other obligations under the Loan. This investigation by the Bank may involve review of the Client's business results, prospects and ability to pay, the agreements in the Loan Documentation and the Security and its valuation. The Bank may accordingly request the Client to provide additional information and documentation, such as a recent annual report, semi-annual and/or quarterly figures, projections, information about where the Client's money originates from and/or a current valuation report. The Client must make this information available to the Bank. The Bank notifies the Client in good time that it considers this information and documentation necessary for its investigation. The Bank may involve external parties in this investigation. The costs of providing the additional information and documentation (such as a valuation report) and the costs of engaging external parties by the Bank may be charged to the Client. The Bank states on its website how the Client can make this information available using SBR, for example.
- m During the management phase, the Bank may request such information as is necessary to fulfil obligations of the Bank, such as information on the shareholder(s) and information on the origin of assets and resources of the Client in connection with the Bank's know-your-Client obligations or information on the Client's exposure to risks related to ESG factors.
- n If the Client meets their financial and other obligations, but the Bank foresees that the Client will not be able to continue to meet their financial and other obligations over time, the Bank will contact the Client. The Client and the Bank will then try to make arrangements to ensure that the Client can continue to meet their (financial and other) obligations.

Early repayment

- o During the term of the Loan, the Client may repay the Loan fully or partially earlier than agreed.¹² The Bank may agree with the Client that the Client may only make early repayments on certain dates or in certain instalments. It may also be agreed that, if the Client chooses to make an early repayment, it must repay a certain minimum amount.
- p The Client and the Bank may agree that the Client may repay a part of the Loan each year without a compensation for early repayment.
- q The Bank may agree with the Client that the Client will pay compensation, additional to administration fees, to the Bank if they repay early. The Bank states in the Loan Documentation when the Client has to pay this compensation and how the compensation will be calculated. The Bank provides an explanation of the calculation of the compensation at the Client's request.
- r If the Client is considering taking the option of early repayment in full or in part, the Client may ask the Bank in advance for a written indicative statement of the amount and calculation method for the payable fee. After receipt of this statement, the Client may decide whether or not to make use of the option of early repayment. The fee charged by the Bank on repayment may differ from the indicative calculation of the fee.

Loan Documentation

- s If a Client no longer has the Loan Documentation previously received from the Bank regarding the current Loan in their possession, the Bank will provide this Loan Documentation upon the Client's request.

Repayment at the end of the term of the Loan or refinancing

- t If the Client and the Bank have agreed that a Loan is not or not fully repaid at the end of the term, the Client will be notified by the Bank that the Loan will mature soon, not less than two months prior to the maturity date.
- u At the Client's request, the Bank may make a proposal for a new Loan or extension of the existing Loan. The Bank is not obliged to make an offer and may require the Client to pay the remaining principal on the final repayment date of the Loan. If the Bank does agree to make a proposal, it will do so no later than four weeks after receiving the request and the necessary information from the Client, unless the Bank gives a reasoned indication that it will make a proposal later than within four weeks. The proposal will consist of the agreements and terms and conditions applying to the new Loan or the extension of the existing Loan.

¹² For certain Loans such as Loans granted under the Government Green Projects Scheme (*Regeling Groenprojecten*), the possibility of early repayment may be excluded in the Loan Agreement for tax reasons. In situations where this applies, the Bank will make this clear to the Client in advance.

6 Financial Restructuring and Recovery

If a Client poses or may pose an increased risk for the Bank, the Bank may decide to intensify its management of the Loan via Financial Restructuring and Recovery. Examples of situations in which a client may be transferred to Financial Restructuring and Recovery include the failure or threat of failure to meet the obligations towards the Bank, one or more years of losses, a poor liquidity position, low equity, insufficient security with respect to the credit risk, operational and legal difficulties, the threat of bankruptcy or suspension of payments.

If a Loan is transferred to Financial Restructuring and Recovery, the following rules of conduct apply:

- a If the Bank decides to transfer the Loan to Financial Restructuring and Recovery, the Bank will inform the Client accordingly. The Bank will explain why the Loan has been transferred to Financial Restructuring and Recovery. The Bank will also explain what the process at Financial Restructuring and Recovery involves. The Bank will state the person or department that will be the Client's point of contact. Once the transfer of the Loan to Financial Restructuring and Recovery has been explained orally, the Bank will also provide a written explanation at the Client's request.
- b In Financial Restructuring and Recovery, fast communication and action are frequently essential. The Bank will ensure that it is readily available. Agreements between the Client and the Bank will be confirmed by the Bank in writing.
- c The Bank may engage external parties, such as advisers or valuers. If the costs of this are to be charged to the Client, the Bank will explain why engagement of these parties is necessary. The Bank will also provide the Client in advance with an indication of the costs of engaging external parties, unless this is not possible due to the circumstances of the case. This may be due to the fact that it is not possible to estimate in advance how long the engagement of an adviser will be necessary or when the nature and intensity of the work of the adviser will only become clear during the process. Engagement of an external party will preferably occur in consultation between the Bank and the Client. The Client may itself propose an external party, but the final decision in this respect will be made by the Bank. The Bank has to be able to make decisions regarding the Client and the Loan and the Bank's increased risk partly on the basis of the advice of this external party.

- d The Client and the Bank may discuss how the Client can improve its financial situation. Possibilities may for example be recorded and further elaborated in a recovery plan. In this recovery plan, the Client and the Bank may also state the minimum financial results the Client has to achieve to be able to leave Financial Restructuring and Recovery.
- e The Bank may provide an additional Loan to the Client if in its opinion this is responsible for the Client and the Bank.
- f The guidance of Financial Restructuring and Recovery will primarily focus on improving the Client's situation. In some cases, however, this is not possible. The Bank may then terminate the Loan and call it in.

This may lead to a levy of execution against the Security. In this case, the Bank will strive to achieve the highest possible proceeds from the Security, taking account of all the circumstances involved. The Bank may also terminate the relationship with the Client.
- g The Bank will inform the Client if certain tasks in the context of Financial Restructuring and Recovery are to be delegated to a third party (for example, a collection agency). The Bank will also state the consequences of this for contact with the Client. The Bank will in this case continue to be responsible for compliance with the Code of Conduct.
- h If in the opinion of the Bank the increased risk of the Client has sufficiently declined, the Client will leave the Financial Restructuring and Recovery process.

7 Referrals and multiple lender loans

7.1 Referrals

Both at the orientation phase and if the Bank rejects a loan application, the Bank provides general information on lending through Non-bank Lenders. This is subject to the following rules of conduct:

- a For Clients who are looking for a loan, the Bank provides general information on its website about obtaining a loan through the Bank as well as through Non-bank Lenders. For this purpose, the Bank may refer to specific third parties and/or general sources of information¹³ on other Loan options through Non-bank Lenders and/or advisory services through External Loan Consultants. If there is a partnership between the Bank and a Non-bank Lender or External Loan Consultant, the Bank will inform the Client of this.
- b These general sources of information on other financing options and/or advisory services often do not present a complete image of all the features and conditions of these third-party products and services. The Client must contact these parties independently for this purpose. The Bank is not responsible for the content and accuracy of the sources of information to which it refers (for example) on its website.
- c If, following a referral via the Bank's website, the Client applies for an advisory service from an External Loan Consultant or loan from a Non-bank Lender or another Bank or submits a loan application to a Non-bank Lender or another Bank, the Bank ceases to be involved in the processing of that loan application. The Bank is not responsible for the quality of service provided by a Non-bank Lender, another Bank and/or an External Loan Consultant.
- d For Clients whose application for a loan is rejected in whole or in part by the Bank, the Bank provides general information on its website about obtaining a loan through Non-bank Lenders and/or advisory services from External Loan Consultants. For this purpose, the Bank may refer to specific third parties and/or to general sources of information on other Loan options through Non-bank Lenders or advisory services of External Loan Consultants. If there is a partnership between the Bank and a Non-bank Lender or External Loan Consultant, the Bank will inform the Client about it.

¹³ Examples of such general sources of information are the website of the Chamber of Commerce and the website of Stichting MKB Financiering.

7.2 Multiple Lender Loans

After mutual agreement, a Bank and a Non-bank Lender or other Bank may offer a Loan to a Client for the same spending purpose. The following rules of conduct apply in this case:

- a The Bank provides general information on the principal features of a Multiple Lender Loan. The Bank may therefore provide general information on the products and services of the Non-bank Lender or the other Bank with which it is offering the Multiple Lender Loan. This information from the Bank does not provide a full description of all the features and terms and conditions of the products and services of the Non-bank Lender or the other Bank. For this purpose, the Client must contact the other Bank or the Non-bank Lender in person.
- b If the Client is interested in a Multiple Lender Loan, the Bank will state the parts of the Loan for which the Bank will be responsible and will be the point of contact.
- c The Client and the Bank agree with the Non-bank Lender or the other Bank which party will be paid Interest, Fees and Costs by the Client for the Multiple Lender Loan. It may be the case that the Bank will pay part of the Interest, Fees and Costs to the Non-bank Lender or other Bank. In some cases, the Bank will receive Interest, Fees and Costs from the Non-bank Lender or other Bank. The Bank will inform the Client if this is the case.
- d The Bank only shares the Client's confidential information and documentation with a Non-bank Lender or other Bank with which a Multiple Lender Loan has been provided if the Client has given its prior consent.

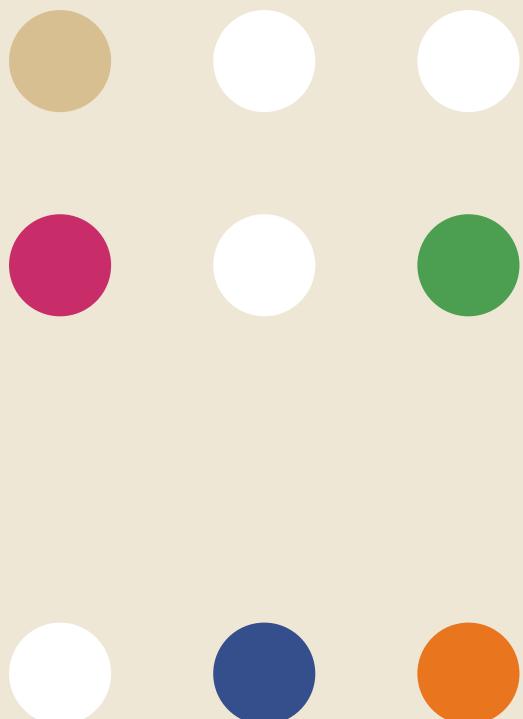
8 Complaints and disputes

8.1 Complaints

- a The Bank informs the Client via its website and in each offer for a Loan or Loan Agreement about how a complaint in relation to a Loan can be submitted during the orientation, application, management and Financial Restructuring and recovery phase and how a complaint will be handled.
- b The Bank confirms receipt of a complaint and informs the Client of how long it will take to handle the complaint within two weeks of receiving it.
- c The Bank will handle the Client's complaint within a reasonable time.
- d If the Bank has not taken a final position on the complaint within eight weeks of confirmation of receipt of the complaint, the Client may submit the complaint directly to Kifid.
- e If the Bank requires further information in order to handle the complaint, the Bank will request the Client to provide it. The term of eight weeks is in this case extended by the time needed to provide the information.
- f The Bank will handle the complaint with due care and will contact the Client with regard to a potential solution. The submission of a complaint will not have any negative consequences for the relationship between the Bank and the Client.
- g The Bank offers the Client the option of requesting a second opinion from another department or other person at the Bank if the Client is not satisfied with the progress of the complaints procedure itself or the solution proposed by the Bank.

8.2 Disputes

- a The Bank informs the Client regarding the option to submit a dispute regarding a Loan to Kifid. The Client can only submit a dispute to Kifid if this Code of Conduct applies to the Loan. This is possible in two cases: if the complaints procedure, as described in Article 8.1, has been completed in its entirety and has not led to a result acceptable to the Client or if the deadline mentioned in Article 8.1(d) has passed.
- b The Bank is bound by the Regulations for handling complaints by the Financial Services Disputes Committee of the Financial Services Complaints Institute (Kifid). These regulations state which disputes may be submitted to Kifid. Rulings by Kifid are binding on the Bank and the Client as further provided for in these regulations. Kifid's regulations can be found at: www.kifid.nl under Regulations and articles of association.



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