

A top-down view of a wooden desk with architectural blueprints, a calculator, a yellow level, a ruler, and a tablet. Two people are shaking hands over the desk. A green banner with the text 'Business lending' is overlaid on the image.

Business lending

Business lending. Finance to suit your plans.

This general brochure provides information on the features of and risks in ABN AMRO's two most important forms of business lending. It also outlines the obligations involved in these credit facilities and the security you may have to provide to the bank.

You know how important financial flexibility is if you want to grow, expand or innovate. Sometimes you need a fixed amount to fund an investment. Or extra room on your bank account to manage fluctuations in your cash flow. ABN AMRO will be pleased to help you find the facility most suited to your plans.

What is a credit facility?

A credit facility is money that is made available to you and that you later have to repay with interest. You will also have to pay fees and other charges for the facility.

Overdraft facilities and loans

You may sometimes need to borrow external funds to invest in your business if, say, you want to buy new machinery or extra inventories. Or if you need to finance your receivables. As each situation is different, ABN AMRO offers a range of business credit facilities. The most important of these are:

- ▶ **Business overdraft facility.** This requires a bank account at ABN AMRO. Overdraft facilities are flexible and allow you to borrow and repay amounts up to the agreed maximum (your 'credit limit').
- ▶ **Business loan.** This allows you to borrow a fixed amount from the bank for a longer period of time.

You may also want to arrange a combination of a business overdraft facility and a business loan.

We will be pleased to help you

Contact us to find out which facility is most suitable for you. We will be pleased to help you apply for finance. Together we can decide which form of credit is best suited to your financial position and objectives. We will ask you to provide information, such as your financial

statements or your personal income tax return. We will also request information from the Dutch Credit Registration Office (BKR) in Tiel.

Features and risks of credit facilities

Arranging a credit facility at a bank will always cost you money. Not only do you have to repay the amount you borrow (**the principal**), but you also have to pay **interest, fees** and other **charges**. The bank and you will agree on these amounts beforehand. We will also agree beforehand on how amounts are to be repaid. These and any other matters agreed upon are recorded in a credit agreement.

By signing a credit agreement you also enter into a **payment obligation**. You have to continue meeting this obligation even if your business is doing less well (temporarily or otherwise). What happens if you do not repay, or do not repay on time? In that case you may well have to pay extra charges. The bank may also make the conditions of your facility stricter and may, for example, demand more security or a higher price for your facility. It may also be more difficult, or even impossible, for you to borrow money in the future. It is important for you to be aware of this and, in the event of any problems, to contact us promptly so that, together, we can try to find a solution.

More opportunities for funding your business

As well as overdraft facilities and loans the bank can offer businesses a range of other forms of finance.

Main features of ABN AMRO business overdrafts and loans

| | Business overdraft facility | Business loan |
|---|---|--|
| What does it fund? | Business assets with a short turnover rate, such as inventories. | Business assets with a long turnover rate, such as business premises. |
| What is it? | <p>A flexible way of borrowing and repaying money up to an agreed maximum (your credit limit).</p> <p>Wherever possible, we agree your credit limit, interest, fees and charges beforehand.</p> | <p>Borrowing a fixed amount. We transfer this amount to your account, either at once or in instalments.</p> <p>Wherever possible, we agree the principal, duration and repayment schedule for the loan, and also interest, fees and charges, beforehand.</p> |
| How does it work? | <ul style="list-style-type: none"> ▶ You agree the limit on your overdraft facility with us beforehand. This maximum depends on how much you need to borrow and on the creditworthiness of your business. ▶ You can draw and repay amounts flexibly, providing you remain within your credit limit. ▶ You can reduce or cancel your credit limit at any time. The bank can also do this at any time if, for example, your financial position worsens or you are no longer able to meet your payment obligations. You will then have to repay the bank the full amount. | <ul style="list-style-type: none"> ▶ Repayments are made in instalments (usually monthly or quarterly) over a period of between 1 and 20 years. We will agree the exact repayment period with you in advance. ▶ Once you have repaid an amount, you cannot borrow that money again. ▶ Early repayment is possible, but we may charge you for this. ▶ The loan automatically ends when you have met your payment obligations. ▶ The bank may end your loan earlier if, for example, you do not stick to what you have agreed with the bank. You will then have to repay the bank the full amount. |
| What do you pay for this facility? | <ul style="list-style-type: none"> ▶ You pay a variable interest base rate on the amount you borrow within your credit limit, plus a margin that is specific to you and a general surcharge. Together, this base rate, the margin and the surcharge comprise your total interest rate. ▶ You also pay a commitment fee on any unused part of your credit limit. ▶ Normally you also pay a facility fee on the highest amount borrowed under the facility during the quarter. ▶ You also pay a one-off, upfront fee. ▶ In the event of any changes in your overdraft facility, you may be charged an administration or arrangement fee. | <ul style="list-style-type: none"> ▶ You pay a fixed or variable interest base rate on the amount you borrow, plus a margin specific to you. Together, this base rate and the margin comprise your total interest rate. ▶ You pay a commitment fee on the undrawn amount if you have not yet used the full amount of the loan. This fee is charged monthly on any part of the loan that you have not yet used. If you arrange a fixed-interest loan, you will also pay an interest-fixing fee. ▶ You also pay a one-off, upfront fee. ▶ In the event of any changes in your loan, you may be charged an administration or arrangement fee. |
| What else do you need to know? | Remember that certain charges, such as collection costs, may also become payable if you do not stick to what you have agreed with the bank. Fees may also be charged by specialists, such as appraisers, appointed by the bank. | Remember that certain charges, such as collection costs, may also become payable if you do not stick to what you have agreed with the bank. Fees may also be charged by specialists, such as appraisers, appointed by the bank. |

The bank always asks for security

You have a clear view on how you see your business developing. And ABN AMRO is pleased to offer businesses financing facilities that reflect your ambitions. But any money you borrow also has to be repaid, including interest, fees and other charges. That is why we always ask for security for any business credit facility:

- ▶ **Security gives the bank assurance (or more assurance) that any amounts you borrow will be repaid.**
The most common forms of security are declarations of joint and several liability, surety, pledges and mortgages.
- ▶ **Security is agreed when a facility is being arranged.**
The bank may always ask for more security during the term of a loan or other credit facility if, for example, you do not stick to your agreements with the bank, if your financial position worsens and so the risk to the bank increases, or if the value of security that you have provided to the bank decreases.

What security can the bank ask for?

Declaration of joint and several liability

If your credit agreement includes several borrowers, all these borrowers will be asked to accept joint and several liability. This means the bank can demand payment from any borrower individually of the **full amount** owed to the bank (including interest, fees and other charges) if you fail to comply with your agreements with the bank.

Are you a director and major shareholder of a private limited company? If so, you will often be jointly and severally liable for any credit facility that the bank grants to your company. This means that you - as well as the company - may be personally liable for any credit that the bank grants to the company and also that the bank can then claim repayment from your personal assets.

Suretyship

The bank and a third person (or company) may agree that the latter will accept responsibility for your liabilities if you do not stick to what you have agreed with the bank. That person or company ('the guarantor') may agree to guarantee only part, but not all of your debts. You will agree the maximum liability with the bank and the guarantor beforehand.

Are you married or do you have a registered partnership? Remember that your partner will have to co-sign for any security that you provide as a guarantor or jointly and severally liable debtor for another party's debts.

Pledge

By signing a pledge you grant the bank the right to certain **goods or items** (such as inventories, receivables, equipment or bank account balances) as security. What happens if you do not stick to what you have agreed with the bank? In that case, we can sell the pledged items or collect your receivables, or both, and use the proceeds to repay your debts to us.

Mortgage

By granting a mortgage you give your business premises - or other properties - as security. What happens if you do not stick to what you have agreed with the bank? In that case, the bank is allowed to sell the mortgaged property and to use the proceeds to repay your debts to us.

During the term of the credit facility - and providing you stick to what you have agreed with the bank - you and your business can use the goods or properties that serve as the bank's security. This is subject to certain conditions, as set out in the provisions governing your credit agreement. The bank may ask an appraiser to value these goods, at your expense.

We review your financial position periodically

Every so often (usually annually) the bank will assess your financial position to see how your business is performing. We conduct this **review** because your financial position and business objectives may change from time to time, and these changes may affect your credit facility.

You will be asked to provide the following information for our review:

- ▶ **Financial information: annual or interim financial statements of your business, compiled by a book-keeper or accountant.** These must include at least your balance sheet, profit and loss account and accompanying notes. You must send us this information within six months of the end of your financial year. If you are personally liable for the credit, we will also want to see your personal income tax return.
- ▶ **Non-financial information**, such as information on developments within your business, and financial trends and developments within your sector.

The bank may also ask for more information, such as a valuation report on any property serving as security for the bank. And if your financial position changes, we will have to conduct a new review. You may then have to provide extra information.

Keep us informed

You and your bank share the same interest: that your business remains financially healthy and stable. Mutual trust and effective communications are important in this respect. If, therefore, you receive a credit facility from us, we expect you to keep us informed of any important developments, such as a change in your management or if a major customer goes bankrupt. Or if there is a change in the legal form of your business, or the addition of a new partner or departure of an existing partner. Please also let us know if you expect (temporarily or otherwise) to be unable to comply with your agreements with the bank.

Your credit agreement and the provisions applying to this agreement state when and whether you will have

to provide extra information, as well as the information that will then be required. We may also ask for this extra information during the term of your facility.

More information

Do you want to know which form of financing is most suitable for your business? Or how to apply for a credit facility from ABN AMRO? If so, please contact us.

The information provided in this brochure is intended as general information. It does not constitute legal, tax or other advice. Similarly it does not constitute an invitation or offer to enter into an agreement.

As products described in this brochure may not necessarily be appropriate for your business objectives, financial position, knowledge, experience or individual needs, you must not regard the information in this brochure as constituting advice. You may assume ABN AMRO to be acting as your adviser only and exclusively if this is confirmed to you in writing and you have provided ABN AMRO with full and accurate details of your specific situation.

ABN AMRO Bank N.V. is licensed by the Dutch Central Bank (De Nederlandsche Bank N.V.) and listed in the register of the Netherlands Authority for the Financial Markets (AFM) under number 12020215. ABN AMRO Bank N.V. is subject to supervision by the European Central Bank (ECB).

