



## **Code of Conduct for lending to small businesses**



© January 2018  
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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 are willing to make extra efforts to further improve their services where this is desirable.

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. 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 usually do not 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 explains what small business clients can expect from a bank when they take out a loan. The Code of Conduct also covers the orientation phase and application phase before a loan has been granted. 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.

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.

It may be useful for the client to engage additional knowledge and experience with respect to financing if necessary, for instance from advisers or intermediaries.

The banks want to have satisfied clients and wish to resolve any complaints in consultation with them. The handling of complaints thus forms part of this Code of Conduct. In situations where this cannot be achieved, the banks want small business clients to 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.

Non-bank lenders (alternative financing parties) can also make their services to small business clients subject to the Code of Conduct. In this case, part of this Code of Conduct will also apply to these other lenders.

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

This Code of Conduct comes into effect on 1 July 2018.

## 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 person<sup>1</sup> looking for a Loan, applying for a Loan or that has a Loan. The client is located in the Netherlands and at group level has<sup>2</sup> (i) annual revenue not exceeding € 5,000,000<sup>3</sup> and (ii) total loan principal with the Lender not exceeding € 2,000,000<sup>4,5,6</sup>. This is determined by the Lender when assessing the loan application.

#### Loan

A loan, credit facility, overdraft facility, factoring, financial lease (or a combination thereof) from the Lender to the Client.<sup>7</sup>

#### Lender

A Bank or Other Lender that has declared itself to be bound by the Code of Conduct.

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<sup>1</sup> This also includes a foundation (*stichting*), association (*vereniging*) or (other) public body.

<sup>2</sup> This means that other legal and natural persons with whom the natural or legal person has an organisational relationship are included in the assessment.

<sup>3</sup> If the professional or business activities of a natural person or a legal person mainly 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.

<sup>4</sup> 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.

<sup>5</sup> A start-up company is considered to be a Client if it (i) has expected annual revenue not exceeding € 5,000,000 and (ii) holds/applies for a total loan principal with the Lender not exceeding € 2,000,000.

<sup>6</sup> A Lender may opt not to apply the threshold of € 2,000,000 to the total loan principal with the Lender.

<sup>7</sup> This involves factoring, which entails a loan or a credit facility. The Code of Conduct does not apply to factoring in which the Lender purchases the Client's claims. A financial lease is considered to be a lease in the form of a loan. Other types of lease such as contracts for use (hire/operating leases) and vendor lease are not covered by this definition. The Code of Conduct also does not cover purchase financing such as hire purchase. 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:

### **Other Lender**

An alternative or complementary lender that is not a Bank that offers Loans to Clients.

### **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.

### **Financial Restructuring and Recovery**

A form of intensified management for Loans involving higher risk for the Lender.

### **Loan Documentation**

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

### **Loan Agreement**

The agreement (or signed offer letter) between the Client and the Lender 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 and an Other Lender or other 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](http://www.kifid.nl))).

### **Costs**

The costs that the Lender can charge to the Client in addition to Interest and Fees. For example, administrative costs.

### **NVB**

The Dutch Banking Association (*Nederlandse Vereniging van Banken*), located in Amsterdam.

### **Fees**

The fees charged by the Lender 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 Lender in return for borrowing money. In addition to Interest, the Lender may charge the Client Costs and Fees.

**Fixed-Interest Period**

A period in which a Fixed Interest Rate will not be changed unless the Client fails to meet its 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 consisting of a reference rate (such as Euribor or a base interest rate) and one (or more) surcharge(s). In some cases, the various components of a variable interest rate are not specified in the Loan Documentation.

**Fixed Interest Rate**

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

**Security**

Rights held by the Lender that increase the certainty for the Lender that the Loan will be repaid. Examples include rights of pledge, mortgage rights, suretyship or joint and several liability.



## 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.

Other Lenders may declare the Code of Conduct applicable to their services to Clients by stating on their website that they are bound by the 'Code of Conduct for lending to small businesses' of the NVB. Since Other Lenders cannot (yet) affiliate with Kifid, Kifid cannot handle complaints regarding Other Lenders and the products they offer. These complaints may be submitted to the civil court.

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

The Code of Conduct comes into effect on 1 July 2018. The Code of Conduct applies to Loan applications by Clients to a Lender on or after 1 July 2018. The Code of Conduct also applies to Loans granted before 1 July 2018, in case of an increase to an existing Loan for which a new Loan Agreement is executed that replaces previous agreements.

## 4 Adoption, monitoring and evaluation

This Code of Conduct is adopted by the Board of the NVB. The text has been discussed with (among others) MKB-Nederland, ONL voor Ondernemers, the Dutch Authority for the Financial Markets (AFM), the Ministry of Finance and the Ministry of Economic Affairs and Climate Policy.

The Code of Conduct may be amended or supplemented. Further consultation will take place with the above-mentioned organisations 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 on its findings.

The Code of Conduct will be evaluated for the first time in 2021. The NVB will engage an independent external advisory or research agency for this purpose. The evaluation will review whether the Code of Conduct is effective and achieves its purpose. The NVB, the individual Banks and the above-mentioned organisations 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.

The exchange of information between the Client and the Lender may be oral, written or in digital form, unless the manner in which information is exchanged is specified explicitly.

## 5.1 Orientation Phase

In this phase, the Client reviews the types of Loans 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 an employee of a Lender. The Client can also obtain additional knowledge and experience with respect to Loans, for instance from advisers or intermediaries.

- a The Lender provides general information to the Client regarding the types of Loans offered by the Lender and how a Loan can be applied for. The Lender in any case provides information on the following:
  - the purpose;
  - the key features, such as the term and method of repayment;
  - the principal advantages and disadvantages and risks;
  - the possible types of interest rates available to the Client;
  - an indication of the Fixed or Variable Interest Rate and the main Fees and Costs that the Lender may charge for the Loan; and
  - an indication of the length of the application process.
- b The Bank states the potential Other Lenders, other Banks, advisers or intermediaries it can refer the Client to and/or the parties with which cooperative agreements have been made. Article 7 provides more information regarding referrals and Multiple Lender Loans.

## 5.2 Application Phase

In the Application Phase, the Client submits an application for a Loan to one or more Lender(s). The Lender assesses whether the Loan can be provided, and if so, the terms and conditions that will apply. The Lender records these terms and conditions in the Loan Documentation and makes this available to the Client. If the Client agrees to the terms and conditions, the Loan Documentation is signed. The final step is the provision of the Loan.

The following rules of conduct apply during the Application Phase:

### *The Client applies for a Loan*

- a The Lender provides information to the Client that states the information and documentation necessary for the assessment of the loan application. This usually depends on the size and purpose of the Loan. The Lender 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 and the articles of association. If the Client applies for a Loan from a Bank, the Bank may offer the Client the option of providing information using SBR, to the extent possible within SBR. In this case, the Bank states this on its website.

### *Assessment of the loan application by the Lender*

- b The Lender will give the Client an indication of the length of the assessment process for the loan application.
- c In the assessment process, the Lender assesses the Client's ability to meet the financial obligations of the Loan the Client has applied for.
- d The Lender also assesses whether the type of Loan applied for is suitable for the spending purpose of the Client. Examples of spending purposes include:
  - the purchase or renovation of business premises;
  - investment in machinery and rolling stock;
  - the financing of debtors, inventory and work in progress; and
  - the acquisition of another company.

### *The assessment of the loan application by the Lender is positive*

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

### *The Lender rejects the loan application*

- f If the Lender rejects the loan application, the Lender will state the reasons for its decision. If the rejection is communicated orally, the Lender will provide a written or digital statement of its reasons at the Client's request. Examples of reasons for rejection include:
- the loan application does not fit the Lender's product offering or policy;
  - the Lender considers that the likelihood that the Client cannot 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; or
  - the Client has not been able to provide the information and documentation required by the Lender.
- g Upon the Client's request, the Lender 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 If a Bank fully or partially rejects the loan application, the Bank may refer the Client to one or more Other Lenders, other Banks, advisers or intermediaries. The Bank will refer the Client to another party only if in its opinion this adds value for the Client and thus is in the Client's interest. The aim of the Bank is to assist the Client in a responsible manner to achieve a Loan that contributes to the Client's objectives. Further information on referrals is provided in Article 7.1.

### *The contents of the Loan Documentation*

- i The terms and conditions regarding the Loan are stated in the Loan Documentation and recorded in writing or in digital form. 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, Fees and Costs;
  - the Security to be provided;
  - the circumstances in which the Lender 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 Interest will be calculated, (ii) the types of Fees and Costs that may be charged and (iii) the circumstances in which Fixed and Variable Interest Rates, Fees and Costs may be adjusted.

- k As a condition for the Loan, the Lender may require that the Client provides Security in a personal capacity (this is for instance the case if the Client establishes a mortgage right on its own residential property or if the Client stands as surety for the Loan). The Lender will then provide the Client with written or digital information explaining the consequences or potential consequences of the provision of this Security. The Lender will provide an explanation of this information upon the Client's request.

## 5.3 Management Phase

In the Management Phase, the Client has a Loan from the Lender. Circumstances may occur during the term of the Loan that may be reason to adjust the terms and conditions of the Loan.

The following rules of conduct apply during the Management Phase:

### *Interest rate reset*

- 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 or in digital form 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 or in digital form 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 Lender may offer the Client several options, for example a Fixed and a Variable Interest Rate;
  - any changes to the Fees and Costs; and
  - 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.

The Lender provides an explanation of its proposal for the interest rate reset at the Client's request.

- c The Lender informs the Client that if it does not accept the proposal, it must repay the outstanding principal of the Loan on the date on which the Fixed Interest Period ends, plus any Interest, Fees and Costs due to the Lender. In this case, the Client does not have to pay any compensation or administration charges as a result of early repayment.

### *Adjustment of Interest Rates*

- d Fixed Interest Rates may not be adjusted during the Fixed Interest Period, unless the Client fails to meet its obligations under the Loan Documentation. It is an inherent feature of a Variable Interest Rate that the applicable reference rate is continuously subject to change. The level of the surcharge(s) may change as well. Changes to a Variable Interest Rate may be due to generic circumstances (for instance,

developments in the money and capital markets) or individual circumstances with regard to the Client (such as changes to the Client's risk profile or the valuation of the Security).

- e The Lender informs the Client regarding changes to the surcharge(s) on the Variable Interest Rate in writing or in digital form. Upon the Client's request, the Lender provides an explanation on these changes.

#### *Additional Security*

- f The Lender may ask the Client to provide additional Security. For example, if the Client does not meet its agreements with the Lender, if the Client's financial position deteriorates or if the valuation of the Security already provided by the Client declines.

#### *Other adjustments to the Loan*

- g The Client may request the Lender to adjust the terms and conditions in the Loan Agreement. Examples of such adjustments include:
  - a change to the method of repayment;
  - a change to the Security; and
  - an increase of the principal.

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

- h Changes to the terms and conditions in the Loan Agreement are recorded in writing or in digital form. If the Lender refuses the Client's request, the Lender will state the reasons for its decision. If the rejection is communicated orally, the Lender will provide a written or digital statement of its reasons at the Client's request.
- i During the Management Phase, the Lender 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 Lender 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 Lender may accordingly request the Client to provide additional information and documentation, such as a recent annual report, semi-annual and/or quarterly figures, projections or a current valuation report. The Lender notifies the Client in good time that it considers this information and documentation necessary for its investigation. The Lender may on occasion engage external parties for 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. A Bank states on its website whether the Client can make this information available using SBR.

- j If the Client meets its (financial) obligations, but the Lender foresees that the Client will not be able to continue to meet its (financial) obligations over time, the Lender will contact the Client. The Client and the Lender will try to reach agreement to avoid a situation in which the de Client cannot meet its financial and other obligations.

#### *Early repayment*

- k During the term of the Loan, the Client may repay the Loan fully or partially earlier than agreed<sup>8</sup>. The Lender 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.
- l The Client and the Lender may agree that the Client may repay a part of the Loan each year without a compensation for early repayment.
- m The Lender may agree with the Client that the Client will pay compensation in case of early repayment. The Lender states in the Loan Documentation when the Client has to pay this compensation and how the compensation will be calculated. The Lender will provide an explanation of the calculation of the compensation at the Client's request.
- n If the Client wishes to repay early, the Client may request the Lender for a written or digital statement of the amount of the compensation to be charged if the Loan is repaid early in full or in part at that time. The Lender will provide an explanation of the calculation of the compensation at the Client's request. After receipt of this statement, the Client may decide whether or not to make use of the option of early repayment.

#### *Loan Documentation*

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

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

- p If the Client and the Lender have agreed that a loan is not or not fully repaid at the end of the term, the Client will be notified by the Lender that the loan will mature soon, not less than two months prior to the maturity date.
- q At the Client's request, the Lender may make a proposal for a new Loan or extension of the existing Loan. The proposal will consist of the terms and conditions applying to the new Loan or the extension of the existing Loan.

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<sup>8</sup> For certain loans such as green loans (loan products with tax facilities), the applicable tax conditions may mean that the option of early repayment is excluded in the Loan Agreement. In situations where this applies, the Lender 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 Lender, the Lender 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 Lender, one or more years of losses, a poor liquidity position, low equity, insufficient security with respect to the credit risk, 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 Lender decides to transfer the Loan to Financial Restructuring and Recovery, the Lender will inform the Client accordingly. The Lender will explain why the Loan has been transferred to Financial Restructuring and Recovery. The Lender will also explain what the process at Financial Restructuring and Recovery involves. The Lender will state the person or department that will be the Client's point of contact.
- b In Financial Restructuring and Recovery, fast communication and action are frequently essential. The Lender will ensure that it is readily available. Agreements between the Client and the Lender will be confirmed by the Lender in writing or in digital form.
- c The Lender may engage external parties such as advisers or valuers in some cases. If the costs of this are to be charged to the Client, the Lender will explain why engagement of these parties is necessary. In addition, the Client will receive an indication of the costs involved in this engagement in advance, 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 Lender and the Client. The Client may itself propose an external party, but the final decision in this respect will be made by the Lender. The Lender has to be able to make decisions regarding the Client and the increased risk partly on the basis of the advice of this external party.
- d The Client and the Lender may discuss how the Client can improve its financial situation. The ideas may for example be recorded and further elaborated in a recovery plan. In this recovery plan, the Client and the Lender may also state the financial results the Client has to achieve to be able to leave Financial Restructuring and Recovery.

- e The Lender may provide an additional Loan to the Client if in its opinion this is justifiable for the Client and the Lender.
- 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 Lender may then decide to terminate the relationship, which may lead to the Loan being called in and the Security being executed. In this case, the Lender will strive to achieve the highest possible proceeds from the Security, taking account of all the circumstances involved.
- g The Lender 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 Lender will also state the consequences of this for contact with the Client. The Lender will in this case continue to be responsible for compliance with the Code of Conduct.
- h If in the opinion of the Lender 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

- a The Bank will refer a Client to another party only if in its opinion this adds value for the Client and thus is in the Client's interest. The aim of the Bank at all times is to assist the Client in a responsible manner to achieve a Loan that contributes to the Client's objectives.
- b The Bank states the Other Lenders, other Banks, advisers or intermediaries it can refer the Client to and/or the parties with which it has made agreements with respect to cooperation.
- c The Bank provides general information on products and services of Other Lenders, other Banks, advisers or intermediaries. This enables the Client to review other financing options and/or obtain support in the development and substantiation of their finance plans.
- d 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 these third parties. The Client itself may contact these parties for this.
- e If the Client is considering a loan from a third party or submits a loan application to a third party, the Bank will usually have no further involvement in the handling of this loan application by the third party. The Bank is not responsible for the quality of service provided by the third party.
- f The Bank only shares confidential information and documentation provided by the Client with Other Lenders, other Banks, advisers or intermediaries if the Client has given its approval in writing or in digital form.

## 7.2 Multiple lender loans

After mutual agreement, a Bank and an Other 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 Other 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 Other Lender or the other Bank. The Client itself can contact this party for this.
- 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 Other Lender or the other Bank the party to which the Client for the Multiple Lender Loan will pay Interest, Fees and Costs. It may be the case that the Bank will pay part of the Interest, Fees and Costs to the Other Lender or other Bank. In some cases, the Bank will receive Interest, Fees and Costs from the Other Lender or other Bank. The Bank will state this if this is the case.
- d The Bank only shares confidential information and documentation provided by the Client with an Other Lender or other Bank if the Client has given its approval in writing or in digital form.

# 8 Complaints and disputes

## 8.1 Complaints

- a The Lender informs the Client regarding how a complaint in relation to a Loan can be submitted and how it will be handled.
- b The Lender confirms receipt of a complaint and informs the Client how long it will take to handle the complaint within two weeks of receiving it.
- c The Lender will handle the Client's complaint within a reasonable time.
- d If the Bank does not respond to the substance of the complaint within eight weeks of confirmation that it has been received, the Client may submit the complaint directly to Kifid.
- e If the Lender requires further information in order to handle the complaint, the Lender 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 Lender 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 service provided by the Lender to the Client.
- g The Lender offers the Client the option of requesting a second opinion from another department or other person at the Lender if the Client is not satisfied with the progress of the complaints procedure itself or the solution proposed by the Lender.

## 8.2 Disputes

- a The Bank informs the Client regarding the option to submit a dispute regarding a Loan to Kifid in a situation in which the Bank's entire complaints procedure has been followed, including the option of requesting a second opinion from another department or other person at the Bank, and this has not led to a result acceptable to the Client or if the term stated in Article 8.1 (d) has elapsed and the Loan is subject to this Code of Conduct.
  
- b The Bank is bound by the Regulations of the Financial Services Complaints Institute (Kifid) regarding the resolution of disputes in relation to lending to small businesses. 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.

