

Information for Borrowers who have been notified their overdraft facility will be withdrawn as part of an AIB Non-Performing Loan Sale

Please contact our Helpline at 1850 211 789 if you need any further clarification

- You have received notification from AIB your overdraft is to be removed (withdrawn), the debt to be sold and your account(s) are to be closed with effect **14th January 2020**
- If you have an overdrawn or zero balance on your current account, your account will be closed. If you wish to keep your current account with AIB open, you need to request this in writing to queries@aib.ie **before 3rd January 2020**
- After 14th January 2020 if you still have your current account with AIB, you will have no overdraft facility and the Bank will expect you to maintain this account in credit.* AIB may refuse to honour payments which would put your account overdrawn, and such refusals may impact on your credit record.
- AIB has an **internal appeals** mechanism in place for Borrowers who have been notified that their overdraft is being removed.
- Borrowers who are unhappy with the outcomes of the AIB internal appeal may then ask the Credit Review Office *specifically to review the removal of their overdraft facilities*
- As part of this AIB Loan Sale the Credit Review Office understands that your overdraft facility with AIB will be removed and any overdrawn (debit) balance on the account at 14th January 2020 will be converted into a 'new loan' and sold (with any other AIB debts you may have) to Everyday Finance
- The Credit Review Office does not know how Everyday Finance will treat the 'new loan', which was previously your AIB overdraft Balance. There are two main options:
 - The 'new loan' (equal to your overdrawn balance at 14th January 2020) has been demanded by AIB in the 4th November letter, and Everyday Finance may treat the loan as being overdue and could seek immediate repayment.
 - Alternatively, Everyday Finance may propose regular loan repayment arrangements on this 'new loan' when they contact you, along with repayment requirements on any other debts being transferred from AIB
- AIB will continue to manage the debit balance from the Account for a number of months after (the **Transitional Period**) while AIB finalise arrangement with the Purchaser. No interest will be charged or accrued on the debit balance during this Transitional Period.

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- As all overdrafts are repayable on demand, it is possible that the overdraft will be demanded immediately; and this may create an event of default on your other debts/loans which have been transferred to Everyday Finance. The safest option from a risk perspective would be to clear this demand facility in full on or prior to 14th January 2020. You will have to consider the impact on your businesses' cashflow when you make this decision.
- Only you can make this decision based on:
 - The level of the overdraft facility which is undrawn and is still available to you prior to 14th January 2020.
 - Your business's/ farm's requirement for working capital over the foreseeable future
 - The amount you can afford to pay to service potential additional 'new loan' repayments to Everyday Finance: the larger the overdraft at the date of conversion to the 'new loan', the higher the proposed loan repayments could be.
- You have a range of options for future working capital facilities on a continuum between these two points:

Option 1: Minimise your Overdraft as at 14th January 2020

- You will have no overdraft after 14th January 2020, and a small/no debt with Everyday
- You will have 2 options: appeal to the Credit Review Office immediately, and if we support your appeal, the bank may approve a new overdraft
- OR
- Apply for a new overdraft, and if refused, you can appeal this new decision to the Credit Review Office

Option 2: Maximise your Overdraft as at 14th January 2020

- You draw down funds to the limit of your overdraft on 14th January 2020
- The full amount you drawdown will become a debt/'new loan' with Everyday
- This gives more certainty on the availability of future working capital, as you control the funds you have drawn down.
- However, this may have the biggest impact on the cash available to your business, as ALL of the funds drawn may need to be repaid as a capital and interest loan at the terms proposed by Everyday Finance. It is also possible that Everyday Finance will seek full repayment in the short term.

- Should your business still need additional overdraft facilities as in Option 1, you will need to appeal the decision, and you will have to apply for a new facility to

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AIB if the appeal is successful. The Bank will assess your application on the overall viability of the business to service all of its debts.

Credit Review Office is here to assist. Please call the Helpline 1850 211 789

- If you choose to drawdown your existing overdraft to its limit before the 14th January 2020 as in Option 2, these funds will now be your working capital reserve. These monies will need to be carefully managed as a credit account; which will need to be drawn on and replenished, in the way funds flowed into and out of your old overdraft. You should consider using e-banking or telephone banking, if not already doing so, to carefully monitor balances so that your current account is funded to meet commitments and avoid 'unpaid'

As a general point, on the debts being transferred to Everyday Finance, the Credit Review Office strongly recommends that Borrowers adhere to the current repayment requirements on all of your loans which have been transferred to Everyday Finance. Failure to do so may result, at some point in the future, in these debts being called in by Everyday Finance. If so, you will need to repay Everyday Finance by refinancing the debt with one of our Banks, or from the sale of assets. If you have not adhered to the Everyday Finance repayment schedules, it may be difficult to find refinance from a Bank.

It is important to understand the impact on cashflow of a term loan vs an overdraft. For example, if Everyday Finance proposed term loan repayments on what was previously an overdraft, regular capital and interest payments are required. To give an example, repayment terms on a 'new loan' for €100K at a typical overdraft rate of 6% would cost each month:

- Over 3 Years = € 3,042pm
- Over 5 Years = € 1,933pm

The maximum you would have paid on the 'old overdraft was €100K * 6% = €6Kpa or €500pm

NOTE: This example is for illustrative purposes only, and does not suggest in any way that Everyday Finance will propose term repayments over 3 or 5 years at 6%

A more detailed information note to SMEs/ Farms which have their loans sold can be found at www.creditreview.ie/publications/ entitled **Information Notes Non-Performing Loans (Exposure)**