



Clarification

Brussels, 23 March 2020

Deferment of business credit payments in the context of the corona crisis

The coronavirus has major consequences for our country's economy. Which in turn puts pressure on the financial situation of a large number of people. Many of them risk losing their job or face a period of reduced or even no income.

At the same time, however, certain financial costs and obligations continue to be incurred. As a result, it can become difficult for a company to repay current loans at the bank.

The Belgian banks, the National Bank of Belgium and the Minister for Finance have announced a series of special financial support measures for private individuals and business in financial difficulty as a result of the coronavirus crisis. The measures have been detailed in a special charter , which sets out the terms of this arrangement.

The charter summarises:

1. what deferment of payments actually involves
2. who is eligible to apply for deferment of payments
3. which forms the deferment can take
4. when applications for deferment can be made and for how long payments can be deferred.

Deferment of business credit payments: 4 principles explained

Those financially affected by the corona crisis can apply to the bank for a postponement of payment of their business credit. We list here all details about this postponement of payment.

1. What?

A postponement of payment of the business credit in the context of the corona crisis means that the company / organisation does not have to make repayments of capital for a maximum of 6 months. However, the interests remain due.

After the deferral period has ended, the payments will resume. The term of the credit will be extended by the period of deferral of payment. In other words: the borrower will repay his / her credit for a maximum of 6 months longer than originally foreseen.

No file or administrative costs will be charged for taking up a payment deferral.

For new credits and credit lines with a maximum term of 12 months, a guarantee scheme is being worked out together with the government.

2. Who?

A deferment can be requested by **non-financial companies, SMEs, self-employed and not-for-profit organisations** that meet each of the following 4 criteria:

1. The business/organisation is experiencing payment difficulties due to the coronavirus crisis:
 - turnover and/or activities have decreased or will decrease
 - full or part recourse has been made to temporary or full unemployment
 - the government has ordered the closure of the company as part of the containment measures.
2. The business/organisation is based in Belgium.
3. The business/organisation was not in arrears on its current loans, taxes or social security contributions on 1 February 2020. Or the business was less than 30 days in arrears on its current loans, taxes or social security contributions on 29 February 2020.
4. The business/organisation has fulfilled its contractual loan commitments with all banks in the last 12 months prior to 31 January 2020 and is not undergoing any active credit restructuring.

Public authorities or governments are not eligible to apply for a deferment of payments.

3. Which business loans?

You can request a deferment of capital repayments for one of the following types of business loans:

- **All fixed-term loans** (investment loans, installment loans, roll-over term loans, VariFix loans)
- **Overdrafts, cash loans, fixed credit lines, opticash and roll-over revolving loans with a limit reduction up to and including 31 October**
- **Bridging loans and one-off advances with a due date up to and including 31 October.**

Leasing and factoring are not covered by the agreement. A company / organization can of course always contact its leasing or factoring company on a bilateral basis to see how a solution can be offered.

4. When?

- Applications for deferral of payment made up to 30 April 2020 shall run for a maximum of 6 months until 31 October 2020.
- For applications made after 30 April 2020, the deadline will be 31 October 2020 at the latest.
- Payment deferrals can only be obtained for future monthly instalments.
- Applications submitted before the publication of this charter will be evaluated according to the criteria of the charter. If necessary, the bank will contact the borrower.

In practice

Anyone who thinks he or she meets the conditions to apply for a postponement of payment is asked to contact his or her bank.

This can only be done by appointment or via the bank's available digital channels (e-mail, chat, mobile app,...) and by telephone. It is best to contact the bank one week before the due date of the coming month.

The bank will ask for some documentary evidence in order to start the application. This could be, for example, a certificate of unemployment or a statement on honour that the income has fallen sharply.

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