



As a Borrower, it is extremely critical that you keep up with the committed payments on the defined due dates. Typical, Debt to Income ratio should remain around the 50% threshold and breaching this can put the borrower in a debt trap.

A systematic, organized and balanced approach to manage your debt burden along with timely action will go a long way in ensuring your financial stability.

Follow these simple guidelines for effectively managing your debt:

- i. Maintaining a monthly budget along with tracking of your expenses is an important tool to effectively ensure management of debt. This helps identify and reduce avoidable expenditure.
- ii. Plan ahead and factor in for lump-sum payments coming up such as rent payment, school fees or emergency travel.
- iii. Debt repayment should start with clearing expensive borrowings like credit cards, personal loans etc.
- iv. Apportion certain amount from monthly income towards savings. While getting out of debt can take time, remaining disciplined will go a long way to achieve your repayment plans.

1) Know how much you owe and make timely payments

- » One of the critical and primary steps to effective debt management is to understand and quantify the amount payable and to whom. This is important as certain categories of debt if left unpaid can have serious implications on your personal or company credentials.
- » Always approach a licensed financial institution when you want financial support. Avoid private lenders and non-documented borrowing arrangements.
- » Make a list of the types of outstanding debt, maturity dates, total debt, monthly payments along with the creditors where monies are to be paid.
- » Making your payments on time is of utmost importance as missed payments not only impact your ability to make future payments but also affect your credit rating or credit scores thereby restricting you from getting new financing.
- » Specifically for credit cards – try to settle your monthly payments in full as this is likely to be the most expensive debt for borrowers

2) Savings are vital

- » Another important aspect of building towards a debt free future is to have monthly savings and a continuous plan to build it up. Such regular savings over time will go a long way towards planning for your retirement or meet future commitments like children's education, home/office/warehouse purchase, unforeseen emergencies etc.
- » Many a times, life is unpredictable and can put us in the need for urgent funds at any time. Without adequate savings, borrowers are forced to resort to formal or informal debt to take care of such emergencies, which can further drag the borrower into a debt trap. Hence, keeping aside an emergency fund and regular monthly savings will go a long way in managing difficult situations.

3) Speak to your Bank

While it is imperative that you prioritize your debt payments over any other personal expenses, there can be unforeseen circumstances that can result in you being not able to continue regular payments. Instances (for individual borrowers) such as loss of employment, reduction in income or (for Businesses borrowers) such as unpaid receivables, inventory loss or regulatory penalties can hamper repayment ability.

In such scenarios, do not wait for a perceived improvement in your circumstances and act immediately by engaging with the Bank. This will help the borrower find an early solution to the problem in addition to avoiding any late payment fees / additional interest that can arise in such circumstances. We strongly recommend, always approach your Bank directly or only speak to agencies authorized by the Bank and avoid approaching agents/third parties who claim to negotiate with the Bank on your behalf.

4) Schedule of Charges

Product	Late Fees
Personal Loan	AED 200 + VAT
Credit Card	AED 230 + VAT
Auto Loan	AED 200 + VAT
Mortgage	AED 500 + VAT
Income Generating Property Loan	AED 500 + VAT

Note: The late payment fees are in line with the maximum limits defined by Central Bank of UAE. Should there be a change in these fees, you will be notified by the Bank with 60 days-notice.

At Habib Bank AG Zurich, we will help you find the right solution to your financial difficulties. We have dedicated Relationship Managers in all our Branches who can help understand and assist you in restructuring of debt in coordination with our Recovery and Debt Management team. If you need repayment assistance, you should:

- » Contact your Relationship Manager or visit your branch and explain the circumstances.
- » Ensure you have the supporting documentation to explain debt repayment constraints
- » The Branch may re-direct your request to the Debt Management team, which is trained and qualified to support Borrowers in distress. Please contact us at 04-419 5555 between Bank working hours and ask for our Debt Management team or write to us at csd@habibbank.com

Always Remember – We are ready to help