

Information booklet for small and medium enterprises (SMEs) in financial difficulty

We understand that in the current economic climate SMEs can experience difficulties meeting their financial commitments. We also understand that each SME's individual financial circumstances are different and need to be assessed on their own merits. If you are at risk of going into arrears, please contact your Relationship Manager so they can work with you to find a solution. We are here to help.

What are the SME Regulations?

In December 2015, the Central Bank of Ireland published a revised Regulation for Business Lending to Small and Medium Enterprises called the SME Regulations. The SME Regulations set out new requirements for lenders when dealing with SMEs who are facing or in financial difficulty. This regulation was effective from 01 July 2016.

The objectives of the regulations are:

- To facilitate access to credit for sustainable and productive business propositions
- To promote fairness and transparency in the treatment of small and medium enterprises
- To ensure that when dealing with financial difficulties cases, the aim of a regulated entity will be to assist borrowers to meet their obligations, or otherwise deal with the situation in an orderly and appropriate manner.

Please note that nothing in the SME Regulations or this information booklet prohibits Ulster Bank from acting with all necessary speed:

- where in the circumstances of the case it is necessary to initiate a liquidation, receivership, examinership or similar insolvency event or where another regulated entity or other third parties initiate such actions;
- where it is necessary in order for the Bank to protect its legitimate commercial interests;
- where there is reasonable evidence of fraud, terrorist connections, money laundering and/or misrepresentation.

The provisions of the SME Regulations and this booklet are without prejudice to the Bank's regulatory and/or legal obligations and legal rights to enforce any agreement including any security taken in connection with any agreement.

Who and what do the Regulations apply to?

The SME Regulations apply to all SME lending regulated within the State, including the provision of the following credit products to SMEs operating within the State, unless otherwise stated:

Overdrafts	Overdraft
Invoice discounting	
Loans	
Term loans	
Leasing	
Hire purchase	Loan Facility

But excluding:

- Lending to other financial institutions
- Syndicated, club or multi-lender transactions
- Special purpose vehicles, including vehicles established for the purposes of a particular transaction.

What is an SME?

Enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding €50 million, and/or an annual balance sheet total not exceeding €43 million and shall include “smaller enterprises”.

What is a Small and Micro Enterprise?

Enterprises which employ fewer than 50 people and which has either or both of the following:

- a) An annual turnover which does not exceed €10 million
- b) An annual balance sheet total which does not exceed €10 million.

What is a Medium Enterprise?

A micro, small and medium-sized enterprise that is not a micro and small enterprise.

When am I classed as being in financial difficulties and/or arrears?

The Regulation defines financial difficulties as:

- When your loan facility has been in arrears for 3 consecutive months.
- In the case of an overdraft where the approved limit on the overdraft is exceeded by the borrower and remains exceeded for 90 consecutive days.

The Regulation defines arrears as:

- A payment or part of a payment due in accordance with a credit facility agreement or alternative arrangement which has not been paid by the borrower by the scheduled due date for payment and, in the case of an overdraft facility, where the borrower's overdraft limit is exceeded for 30 consecutive days, and “in arrears” means a situation in which arrears have arisen.

The Regulation defines not co-operating as:

- the borrower has failed to make a full and truthful disclosure to the bank of the information required by the regulated entity to assess the borrower's financial situation, within the time-frame specified by the regulated entity.
- a warning has been issued to the borrower, and the borrower has not carried out the action or actions within the time-frames specified in the letter.

Ulster Bank adheres to the Regulation definitions.

What you need to know about the impact of Non Co-Operating:

- You are still liable for the full outstanding capital and interest balance, including any arrears/overdraft excess.
- The Bank may not consider future alternative arrangements for your current facilities.
- The Bank may seek to exercise any existing legal or contractual rights to enforce its security, and recover the associated costs.
- In the event that any security held in respect of the facility is realised, you will continue to be liable for any residual debt that may remain.

How will I know if I am classed as being in arrears or financial difficulty?

You will know if you have been classed as being in arrears or financial difficulty if you have missed one full scheduled payment or have made a partial payment, at which point the Bank will inform you in writing. Our dedicated and experienced Relationship Managers will work with you to help you address your financial difficulties and/or arrears.

If you enter financial difficulties, Ulster Bank will appoint a designated contact point, and inform you of the relevant contact details of the designated contact point.

They will offer you an immediate review meeting to discuss your circumstances and let you know what options are available to you.

In order to properly assess each case on its own merits, it is vital that you supply all information requested by your Relationship Manager immediately so that they can help you to meet your obligations within a reasonable time frame.

Any and all borrowings you have with us will be taken into account when we are assessing your case, as well as any borrowings you may have with other financial institutions.

Ongoing arrears or financial difficulties could potentially lead to loan repayment being demanded in full. This means that any guarantee or secured asset will be collected, and any further outstanding debt will also be pursued. If there is any outstanding debt you will be informed in writing.

If you do not meet the repayments on your credit agreement, your account will go into arrears. This may affect your credit rating, which may limit your ability to access credit in the future.

What should I do if I find myself in financial difficulty?

You should contact your Relationship Manager the moment you find yourself in arrears or financial difficulties or think you may not be able to meet your repayments. It is important that you contact the Bank and co-operate with the Bank. If we try to contact you to discuss your loan please come back to us immediately. This will allow us to help you find a solution as soon as possible.

Open communication and full disclosure is essential for this process to work. In order to identify an approach to deal with your financial difficulties, your overall debt and your ability to make repayments, we need to have a full honest and accurate view of your financial circumstances.

How will my case be assessed?

Each case is assessed on its individual merits. Your Relationship Manager will request financial information from you to make an assessment for an alternative repayment arrangement. The type of information will vary by individual SME but is likely to include some or all of the following:

1. Up to date financial information including annual audited (or draft) and management accounts
2. Your cash flow projections for the next 12 months
3. An up to date business plan for the next 12 months
4. An up to date list of debtors and creditors
5. An estimate or independent report on property valuation (if applicable)
6. 6 months current account bank statements for the business (if your current account is held outside Ulster Bank)
7. An up to date Statement of Affairs for all named borrowers, material shareholders or guarantors as required
8. Confirmation that the tax affairs of the business and named borrowers and/or material shareholders are up to date and in order
9. Any other information that is relevant to review as part of your assessment

This list is not exhaustive and we may require independent verification of the information you provide us. Based on this information we will be able to assess whether an alternative repayment arrangement is a viable option and to work with you in order to develop a solution for your business.

Data relating to your case may be shared with a relevant credit reference agency or credit register, where permitted by contract or required by law.

You may employ third party advisers who may accompany you during discussions with the Bank whether these discussions are face to face or not.

What options are available to me?

There are a number of options that may be considered depending on your situation. These include:

- Extending the term of your facility
- Interest-only repayment on a temporary basis
- Reduced capital repayments on a temporary basis
- Postponement of capital repayments for a defined period
- Capitalisation of your arrears

Once we reach a decision on any proposed alternative repayment arrangements, we will respond to you within 15 business days from receipt of all information requested and outline the term of the arrangement. You will then have 20 business days to decide whether to accept or decline a repayment arrangement offered by the Bank.

We may decide that an alternative repayment arrangement is not possible. If this is the case we will inform you in writing within 15 business days, along with the reasons for our decision.

Can I appeal the decision?

If you are not happy with the decision, you have 30 days to appeal and can do so through any of the following channels:

Visit: www.ulsterbank.ie/bcro

Email: creditappeals@ulsterbank.com

In writing: Credit Appeals Manager, Ulster Bank, Ulster Bank Head Office, Block B, Central Park, Leopardstown, Dublin 18, D18 N153.

We will consider your appeal and respond in writing within 15 business days.

If your appeal is unsuccessful you may, subject to eligibility, refer the Bank's decision to the Credit Review Office. The Credit Review Offices provides an independent, impartial credit appeals process for small and medium sized businesses (SMEs), including sole traders and farmers. Please take time to review eligibility criteria set by the Credit Review Office by referring to its website: www.creditreview.ie. Alternatively you can contact them by phone on **1850 211 789**.

If your appeal relates to Lombard you can appeal through the following channels:

Visit: www.ulsterbank.ie/bcro

Email: creditappeals@ulsterbank.com

In writing: Credit Appeals Manager, Ulster Bank, Ulster Bank Head Office, Block B, Central Park, Leopardstown, Dublin 18, D18 N153.

Other helpful information

Other steps you can take to manage financial difficulties:

1. Keep all joint parties and guarantors informed about what is happening
2. Contact the Bank if you are facing financial difficulties and make sure to engage fully with the Bank
3. Seek independent financial and/or legal advice when completing your Financial Information and when considering any new repayment arrangement that we may offer you
4. You may require further professional advice if you are a joint borrower
5. If you are concerned about your personal financial difficulties you can find details on what support is available to you on our website www.ulsterbank.ie/managingdebt

Fees and Charges

Ulster Bank may be entitled to impose additional fees or charges on borrowers in financial difficulties in accordance with the terms and conditions of the credit facility agreement.

For the most up to date information on fees and charges that may be applicable to your accounts visit www.ulsterbank.ie

We are here to help so if you are in or are anticipating financial difficulties, please contact your Relationship Manager immediately.

Making a complaint

If you are not satisfied with any aspect of our service, you can tell us about your concerns in any of the following ways:

In person: Visit any of our branches and speak to one of our staff.

In writing: Address your letter to The Manager of your account holding branch or your Relationship Manager.

Online at: www.ulsterbank.ie – submit a complaint using our Online Complaint Submission Form.

By telephone: Use your usual number for contacting the Bank.

If you have access to the Anytime Banking Service, our advisers are available 24 hours a day, 7 days a week.

Please visit www.ulsterbank.ie for further information.

If you are still not happy with our response you can write to our dedicated Customer Care Centre:

Customer Care
Ulster Bank
FREEPOST
Leopardstown
Dublin 18

Free phone: **1800 200162** Or if calling from abroad: **00353 1 709 2042**

If your complaint relates to a product or service purchased online, you can contact the European Commission using their Online Dispute Resolution (ODR) platform. The ODR platform, primarily aimed at European Union (EU) cross-border disputes, is designed to help consumers resident in the EU get access to dispute resolution if they remain unhappy with the response they have received from a trader established in the EU. To use the ODR platform <http://ec.europa.eu/odr> you will need the following information: ComplaintsRI@ulsterbank.com. Please note that under current rules the European Commission will ultimately redirect your complaint to the Financial Services and Pensions Ombudsman (FSPO), therefore you may prefer to contact us or the FSPO directly in the first instance regarding your complaint.

If together we can't reach agreement, we will set out our position in our 'final response letter'. If, at this point you are still not satisfied, you may have the right to appeal in writing to:

The Financial Services and Pensions Ombudsman
Lincoln House
Lincoln Place
Dublin 2
D02 VH29

Telephone: **01 567 7000** Email: info@fspoi.ie Web: www.fspoi.ie

Useful Contacts

Ulster Bank

For more help and information please contact your Relationship Manager directly, or visit your local Ulster Bank Branch or Business Centre.

Further details are available on www.ulsterbank.ie

Central Bank of Ireland

Copies of the SME Regulations for Business Lending to Small and Medium Enterprises are available from the Central Bank of Ireland at www.centralbank.ie

