



Financial Services

Contents

Section 1: Introduction

Section 2: Scope of the SME Code and Definitions

- Scope of the SME Code
- Definition of an SME
- Definition of Financial Difficulties
- Definition of Arrears

Section 3: The Bank's approach to dealing with SMEs in or facing financial difficulties

- Communication with the Bank
- Business Information Required
- Assessment
- Decision
- Appeals

Section 4: Further information for SMEs in or facing financial difficulties

- Fees and Charges
- Impact of arrears on other credit
- Products and overall credit rating

Section 5: Steps that may assist the customer in reducing or minimizing its financial difficulties.

Section 6: Useful Contact Details

Appendix A – Fee Table

Section 1: Introduction

In November 2011, the Central Bank of Ireland published a revised statutory Code of Conduct for Business Lending to Small and Medium Enterprises (the SME Code) setting out new requirements for lenders when dealing with Small and Medium Enterprises (SMEs) in, or facing financial difficulties.

This Code is effective from 1 January 2012. This information booklet outlines the procedures of Dell Bank International Limited, trading as Dell Financial Services when dealing with SMEs in financial difficulties and gives information on the support which will be provided by the Bank to customers in this situation.

The Bank recognizes that individual SMEs will vary by size, sector and type of credit product(s) held with the Bank and therefore each SME in financial difficulties will be dealt with on a case by case basis. This will enable the Bank to adopt a flexible approach to dealing with each customer's situation.

The Bank recommends that all customers read this information booklet carefully and contact the Bank as soon as possible if they are facing or are in financial difficulties. Please note that nothing in the SME Code or this information booklet prohibits the Bank from acting with all necessary speed:

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

The provisions of the Code 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.

Section 2: Scope of the SME Code and Definitions

Scope of the SME Code

The SME Code applies to all business lending by regulated entities including the provision of the following credit products within the State to SMEs operating within the State, unless otherwise stated:

- Loans,
- Leasing,
- Hire purchase

Definition of an SME

An entity is regarded as an SME for the purpose of the SME Code if it employs fewer than 250 people and has an annual turnover not exceeding €50 million, and/or an annual balance sheet total not exceeding €43 million.

Definition of Financial Difficulties

Under the SME Code a borrower must be classified as in financial difficulties where the credit facility of a borrower is in arrears for three consecutive months.

Definition of Arrears

Arrears are deemed by the SME Code to arise where a borrower has not made a full repayment or only makes a partial repayment on a credit facility, as per the terms of the credit facility, by the scheduled date.

Section 3: The Bank's approach to dealing with SMEs in or facing financial difficulties

If an account goes into financial difficulties the Bank will work with the customer to develop a long term solution for its business. A summary of the main steps that an SME may consider taking when in or facing financial difficulties that may assist in the process of dealing with the financial difficulties is outlined below:

Step 1: Contact the Bank as early as possible regarding financial difficulties which the business is encountering or facing and if such difficulties may impact on the customer's ability to meet financial commitments to the Bank

Step 2: Tell the Bank about any concerns in relation to the impact of financial difficulties on its relationship with the Bank

Step 3: Promptly engage and fully co-operate with the Bank to agree an approach to rectify the financial difficulties situation

Step 4: Provide relevant and reliable business information as requested by the Bank and within the timeframes specified in order to support the assessment of the customer's situation

Step 5: Complete any necessary documentation requested as part of the assessment

Step 6: Review progress with the Bank regularly and advise the Bank if circumstances change

It is very important that borrowers in or facing financial difficulties fully engage and co-operate with the Bank. This includes reverting to the Bank and satisfying information requests within stipulated timeframes. Failure to engage and co-operate with the Bank may result in the customer not being treated as a financial difficulties case which may result in the SME Code not applying to that customer's situation.

The following section provides further details on the approach adopted by the Bank when dealing with customers in or facing financial difficulties.

Communication with the Bank

The Bank recommends that customers who are in or facing financial difficulty fully engage with the Bank and jointly discuss and address the situation. The earlier that this contact is established, then a quicker potential solution can be discussed and agreed.

The SME Code sets out clear guidance for customers who are either in or facing financial difficulty and the Bank's recommended approach is as follows:

- Customers facing financial difficulty:

The Bank recommends that SME customers who have concerns about their future ability to repay credit products or meet their financial commitments to the Bank contact the Bank as soon as possible to discuss the situation. When contacting the Bank, customers will be offered an immediate review meeting to discuss the current situation.

- Customers in financial difficulty:

When financial difficulties first arise on the customer's account, the Bank will be in contact in writing to advise of: the status of the account; the applicability of the SME Code; and the availability of this information booklet. The Bank will also offer the option of an immediate review meeting to discuss the current situation.

Business Information Required

Prior to or as a result of the review meeting, certain information is likely to be requested from the customer in order for the Bank to complete an assessment for an alternative repayment /payment (the “Required Information”). The type of Required Information will vary by individual SME but is likely to include the following:

Up to date:

- Financials including annual audited (or draft) and quarterly management accounts;
- Business plan including details trading performance in the last 12 months plus outlook for the next 12 months;
- Aged list of debtors and creditors;
- 6 months current account bank statements;
- Statement of Affairs for all named borrowers, material shareholders or guarantors as required;
- Cash flow projections for the next 12 months;
- Confirmation that the tax affairs of the business and named borrowers and/or material shareholders are up to date and in order;
- Any other information the Bank feels is relevant to review as part of the assessment.

The Required Information will be requested in writing or by telephone and will be used to complete an assessment of the customer’s situation.

Assessment

Following receipt of the required information, the Bank will complete a full assessment of the situation for the purposes of considering an alternative repayment/payment arrangement. This assessment will consider the full circumstances of the borrower in financial difficulties.

The points below outline the timelines for this assessment as well as next steps.

Decision

- The Bank will respond to the customer in writing with a decision in relation to an alternative repayment/payment arrangement within **15** working days of receiving all of the requested information.
- If a suitable alternative repayment/payment arrangement can be identified by the Bank, the customer will be provided with details of the proposed alternative arrangement and a timeframe to avail of this arrangement. The Bank will also advise the customer of the options in terms of appealing this decision in the event that the customer does not wish to avail of alternative repayment/payment arrangement offered by the Bank.
- If, following the assessment, the Bank cannot identify a suitable alternative repayment/payment arrangement we will also advise the customer of this in writing and of the options in terms of appealing this decision.

Appeals

The Bank has an appeal process in place for customers in or facing financial difficulties who wish to appeal decisions made by the Bank. Details of the process are as follows:

- The customer must firstly initiate the appeal by communicating in writing to the Bank within 15 days of receipt of the initial decision.
- The appeal will be reviewed initially by the Problem Debt Management Manager who will re-examine the case in full and determine if the Bank requires additional information from the customer to progress the appeal.
- The appeal is then forwarded for review from the Problem Debt Management Manager to an independent internal appeal panel.

The Bank will consider any appeals made in full and will respond to customers within 15 working days of receipt of the appeal and all supporting information requested.

Instances where the customer may appeal include:

- Unfair rejection of a request for a facility
- Unfair rejection of a request for a smaller facility than requested
- Existing credit facilities have been reduced or removed

- The Bank has attached terms and conditions to the facility such that the facility cannot be accepted
- The customer is in financial difficulty and does not believe it has been offered a viable repayment arrangement
- The customer is not willing to enter into the alternative repayment arrangement offered by the Bank.

Section 4: Further information for SMEs in or facing financial difficulties

Fee and Charges

Where a repayment or payment is not made to a loan account or credit product on the due date, an interest surcharge and/or a late payment fees will apply to the amount in arrears.

Please note that the Bank applies 2% of Late Payment Fees to the amount in arrears. Further details on applicable fees and charges for business customers are set out in Appendix A of this document.

Impact of arrears on other credit products and overall credit rating

If the account goes into financial difficulties the Bank will work with the customer to develop a long term solution for its business. It is important to note that if arrears do arise on the account, the customer's credit rating may be affected. Where applicable, Irish Credit Bureau records are updated when arrears arise on accounts. This may also have an impact on the customer's ability to avail of additional credit products in the future.

Section 5: Steps that may assist the customer in reducing or minimizing its financial difficulties:

- Review all costs including rent, salaries and wages, utilities, office supplies, advertising, vehicle and equipment maintenance and fuel etc.
- Improve cashflow by turning stock into cash more quickly
- Accelerate collection of amounts due from debtors by offering discounts to customers who pay more quickly, issuing invoices promptly and following up immediately if payments are not made on time
- Try to renegotiate payments with creditors
- Convert liquid assets into cash e.g. investments

Section 6: Useful Contact Details

If you are an SME in or facing financial difficulty please contact your relationship representative or department as soon as possible as per contact details below:

E-mail: DFS_UKI@dell.com

Phone: 00800 33553333

Fax: 061 424317

Correspondence Address:

Dell Financial Services, PO BOX 12335, Dublin 18.

Central Bank of Ireland

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

Other Useful Contact:

Chambers Ireland – www.chambers.ie

Irish Credit Bureau – www.icb.ie

Irish Business and Employers Confederation (IBEC) – www.ibec.ie

Irish Small and Medium Enterprises Association (ISME) – www.isme.ie

Irish Banking Federation (IBF) – www.ibf.ie

Revenue Commissioners – www.revenue.ie

Small Firms Association – www.sfa.ie

Social Finance Foundation – www.sff.ie

Appendix A – Fee Table

Fee	Charge
Documentation Fee	€/£65 - €/£100
Interim Rent	Daily Charge at a proportion share of the monthly/quarterly rental
Copy Agreement/Statements	€/£10
Early Termination or Part Termination	€/£100
Novation	€/£250
Restructure	€/£250 or 1% of the balance up to to €/£250k whichever is the highest
Unpaid Direct Debit/Unpaid Cheque	€/£13.50 - €/£25
Change of Payment Method	€/£100 - Direct Debit to Invoice
Late Payment Interest	% per month calculated on a daily basis (varies per country depending on legislation)