bankinter



Supporting your business through financial challenges

Small and medium-sized enterprises (SMEs)

– Borrowers in or facing financial difficulty

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1.

How Bankinter supports SMEs in financial difficulty



At Bankinter, we understand that financial pressure can be stressful for any business. Addressing issues early and seeking support can make a significant difference. We are committed to working constructively with Small and Medium-Sized Enterprises (SMEs) who experience financial difficulty, providing guidance and exploring appropriate solutions to help stabilise and protect your business.

Our approach recognises that businesses vary in size, sector, and type of credit facility, so every situation is considered on a case-by-case basis. Our primary objective is to work with customers to help them address and resolve their financial difficulties.

SMEs may also wish to seek independent financial advice from their accountant, solicitor, or another professional adviser. If an adviser is engaged, they are also welcome to attend the meeting with us, regardless of whether it occurs in person or by any other means.

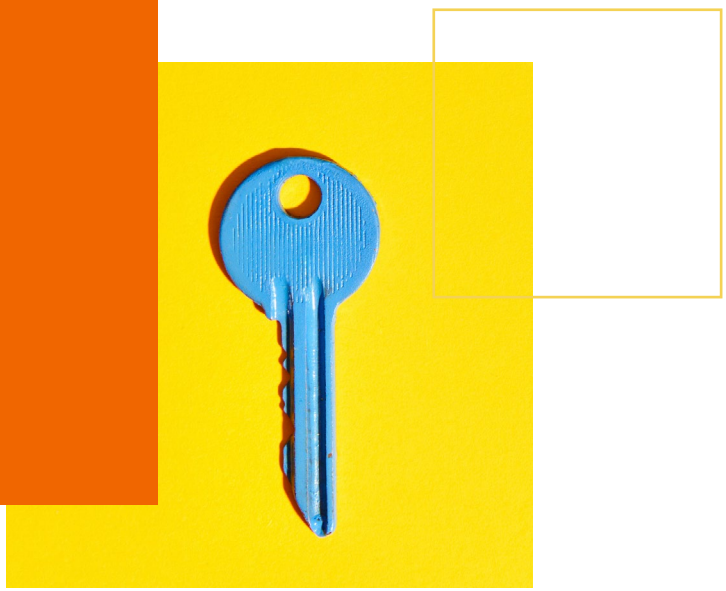
As a regulated entity, Bankinter applies the Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Lending to Small and Medium-Sized Enterprises) Regulations 2015, as amended (the "SME Regulations"), when supporting SMEs who are experiencing, or who expect to experience, difficulty meeting their loan repayments.

This booklet is relevant to Micro, Small and Medium-Sized Enterprises as defined in the SME Regulations.

A full copy of the SME Regulations 2015 can be downloaded from **https://www.centralbank.ie**

2.

Key definitions



Definition of Micro, Small and Medium-Sized Enterprises

Medium-Sized Enterprise: The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million.

Small Enterprise: Within the SME category, a small enterprise is defined as an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 10 million.

Micro Enterprise: Within the SME category, a micro enterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 2 million.

Arrears: A payment or part of a payment due under a credit facility agreement or alternative arrangement that has not been paid by the borrower by the scheduled due date for payment, and, in the case of an overdraft facility, where the approved overdraft limit is exceeded for 30 consecutive days. "In arrears" means a situation where arrears have arisen.

Financial difficulties: One or more of the following apply to a credit facility agreement or an alternative arrangement:

(a) you are in arrears for 3 consecutive months.

(b) an overdraft limit has been exceeded for 90 consecutive days.

(c) following an assessment, Bankinter has determined that the financial difficulties provisions of the SME Regulations should apply to your case.

Alternative arrangement: A variation or alternative to the terms of your credit facility agreement to address arrears or financial difficulties (for example, interest-only for an agreed period, fixed reduced repayments or a term extension).

Not Co-operating: A situation where:

a) you have failed to make a full and truthful disclosure to Bankinter of the information required in order for us to assess your financial situation, within the timeframe specified;

b) the warning letter outlining the action or actions required to be carried out by you within the timeframe specified has been issued; and

c) you have not carried out the action or actions within the timeframes specified in the warning letter.

3.

Communication



Engage early, talk to us

If you are concerned about meeting your repayments, are in arrears or in financial difficulty, please contact us as early as possible. Early engagement gives us a better opportunity to help. We will assign a dedicated Relationship Manager to be your point of contact and we will confirm their details in writing.

4.

Business information we may ask you for



To assess your situation, we will typically request certain information relevant to the size and nature of your business.

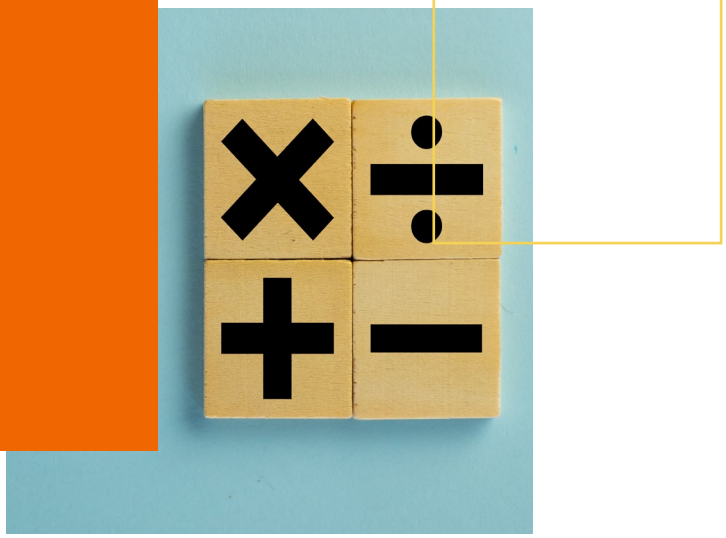
This may include:

- Recent financial statements (audited or draft) and management accounts (monthly or quarterly).
- Financial and cash flow projections for the next 12 months.
- Updated business plan with past years trading performance and 12-month outlook.
- A proposal to address all outstanding debts, including arrears.
- Current aged debtor and creditor listings.
- Independent property valuations (if relevant).
- Six months of business current account statements.
- Up-to-date statement of affairs for borrowers, guarantors, or key shareholders.
- Confirmation of current tax position (Tax Clearance Certificate where appropriate).
- Any additional information considered relevant to the assessment.

Please provide full and accurate information within the specified timeframes so we can comprehensively and promptly assess your situation.

5.

Our assessment



Once we have received all requested information and documentation, we will assess your eligibility and suitability for an alternative arrangement to address your financial difficulties.

Criteria will include, but is not limited to the following:

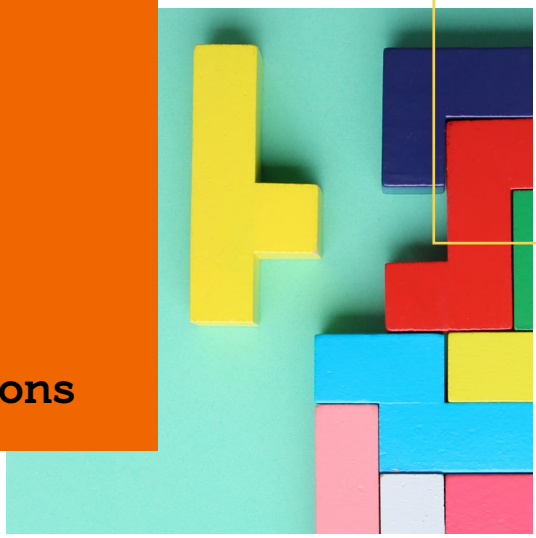
- Total borrowings (with us and other financial institutions).
- Current and future repayment capacity.
- Previous repayment history.
- Security position.
- Viability of your business.
- Your co-operation levels.

Our assessment is typically completed within 15 working days from receipt of all requested information. If we need longer, we will write to you to explain why and when you can expect to receive a decision.

We recommend that you continue to keep us informed of any relevant information that may assist in our understanding and assessment of your case.

6.

Decisions – alternative arrangement options



Subject to eligibility criteria and our assessment of your financial situation, our alternative arrangement options may include, but are not limited to:

- **Interest-only payments** - for a defined period
- **Fixed repayments** – a reduced repayment schedule for a set period
- **Term extension** – lengthening the loan term to reduce repayments

If an arrangement is approved, we will send you the full terms and any applicable fees or charges. Alternative arrangements can provide short-term relief but may increase the total cost of credit over the life of the loan.

It is important to note that there may be cases where an alternative arrangement is not deemed appropriate. We will advise you directly as to the outcome and consequences of this decision.

7.

When a borrower is classified as not co-operating



If you fail to provide full and truthful information within the specified timelines, and if you do not act on a written warning within the timeframe given, you may be classified as "not co-operating" under the SME Regulations.

In that case:

- We may be unable to assess and offer an alternative arrangement.
- We may commence legal action, including enforcement of security.
- If security is realised, you will remain liable for any residual debt, plus accrued interest, charges and reasonable costs (including legal and sales costs).

8.

Fees, charges and your credit history



Under the terms and conditions of the credit facility agreement, we may be entitled to apply additional fees and charges where a borrower is experiencing financial difficulties.

In line with our legal obligations, we will continue to submit information about your loan and payment history, including any arrears, to the central credit registers operated by the central banks in Ireland (the CCR) and in Spain (CIRBE). When arrears are submitted to these registers, they form part of your credit record, and this may affect your ability to get credit in the future.

9.

Submitting an appeal



You can appeal to us if we:

(a) refuse to offer an alternative arrangement (a change to the terms of your credit facility to address arrears or financial difficulties);

(b) offer you an alternative arrangement on terms you do not accept; or

(c) require a special term or condition in order to provide an alternative arrangement.

If your business is a micro or small enterprise, you can also appeal to us if we:

(a) withdraw or reduce a credit facility; or

(b) classify your business as not co-operating in relation to financial difficulties.

- Appeals must be submitted in writing within 20 working days from the date you are notified of our decision.
- We will acknowledge receipt of your appeal within 5 working days.
- Appeals are reviewed by our internal Appeals Panel and you will be notified of a decision on the outcome within 15 working days from the date we receive your appeal (unless otherwise specified).
- In the event we are unable to complete our review of your appeal within 15 working days, we will notify you in writing, to explain the reason for the delay and confirm how long it will take to reach our decision.
- Further details on how to appeal will be included in our decision letter.

10.

Credit Review Service



The Credit Review Service (*An tSeirbhís um Athbhreithniú Creidmheasa*) is an independent statutory body that reviews certain credit decisions made by lenders. It is separate from Bankinter and from our internal appeals process.

You may be able to apply to the Credit Review Service if your business is an SME or a farmer, the credit facility is between €1,000 and €3,000,000, and the agreement is governed by Irish law.
The decisions it can review include a refusal to offer an alternative arrangement, an offer of an alternative arrangement on terms you reasonably consider so onerous that they amount to a refusal, the withdrawal of an alternative arrangement, and a withdrawal or reduction of credit.

If our internal appeals process applies to the decision, the Credit Review Service may decline to review it unless you have used our process first. The Credit Review Service charges a fee for applications, and strict time limits apply.

Credit Review Service
The Plaza
East Point Business Park
Dublin 3
D03 E5R6

Phone: 0818 211 789
Email: info@creditreview.ie
Website: www.creditreview.ie

11.

Making a complaint



If you wish to make a complaint, please contact your relationship management team. We will acknowledge, investigate, and keep you updated throughout the process.

We will acknowledge your complaint in writing within 5 working days and provide you with a point of contact. We will update you at least every 20 working days and aim to resolve your complaint within 40 working days.

You may be entitled to refer your complaint to the Financial Services and Pensions Ombudsman (FSPO). Your eligibility to do so will depend on whether you fall within the category of persons who are permitted to make a complaint under the FSPO's statutory remit. It is important to note that the complaint must first go through our internal complaints process.

The FSPO is an independent and free service established to resolve complaints of this nature.
Their contact details are as follows:

Financial Services and Pensions Ombudsman
Lincoln House
Lincoln Place
Dublin 2
D04 VH2

Phone: +353 1 567 7000

To find out more about the FSPO, including how to check if you are eligible and how to make a complaint, please visit https://www.fspo.ie

Bankinter S.A., trading as Bankinter, is authorised by the Banco de España in Spain and is regulated by the Central Bank of Ireland for consumer protection rules.

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