



CAPITALFLOW

INFORMATION BOOKLET FOR SMALL AND MEDIUM ENTERPRISES



Capitalflow
WE ARE WITH YOU

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INTRODUCTION

June 2023

Welcome to the Capitalflow Information Booklet for SME's. Capitalflow is an Irish Business Lender that has already supported the business community in Ireland by advancing over €1 billion since we were established in 2016. Our mission is to make finance simple to our customers and partners to achieve great things. Our vision is to turn Irish Business Lending on it's head by putting people first in everything we do.

We fully understand the business journey isn't plain sailing and we are committed to supporting our customers, no matter what stage in the journey they are at. For any of our customers finding it difficult to meet their payments, we are committed to offering our support.


First of all, if you are concerned that you may miss or have missed a direct debit payment, get in touch with us as early as you can, as our team can work with you to help find a solution. The options available to you will depend on your circumstances, so it's helpful to share anything with us that is affecting the ability to pay.


The Central Bank of Ireland has introduced regulations to ensure a fair and consistent approach to borrowers who find themselves in financial difficulties - see overleaf for further information.

REGULATIONS

The revised "Regulations for Lending to Small & Medium Enterprises 2015" came into effect on 1st July 2016. The SME Regulations set out the requirements that institutions must take when dealing with SMEs in or facing financial difficulties. Capitalflow has prepared this detailed booklet for our SME customers.

The SME Regulations apply to "micro, small and medium sized enterprises" and the Regulations define these enterprises as follows:

 "micro and small enterprise" means an enterprise which employs fewer than 50 persons 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;

 "A "micro, small and medium-sized enterprise" means an enterprise which employs fewer than 250 persons and which has either or both of the following:
A an annual turnover not exceeding €50 million;
B an annual balance sheet total not exceeding €43 million

The broad objectives of the SME Regulations are:

- To promote fairness and transparency in the treatment of SME's by regulated entities
- Provide information on the application process for credit and associated timelines
- 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 to otherwise deal with them in an orderly and appropriate manner

We recommend that all SME borrowers read this information booklet carefully and contact us as soon as possible if they are in or facing financial difficulties.

Under the SME Regulations a borrower must be classified as in 'financial difficulties' where:

- The borrower is in arrears under the credit facility agreement or alternative arrangement for three consecutive months;
- In the case of an overdraft credit facility, where the approved limit on the facility is exceeded by the borrower and remains exceeded for 90 consecutive days;
- Capitalflow has determined that the borrower's circumstances are such that the 'financial difficulties' provisions of the SME Regulations should be applied to the borrower'.



Capitalflow understands that any of our Small and Medium Enterprise (SME) Borrowers may face a period of financial difficulty. If this is the case, you should contact us on (01) 563 2400 or (01) 544 0271. We will carry out a full assessment of your overall financial position, appoint a designated contact point and provide you with contact details. It is in your best interest to engage with Capitalflow to resolve arrears or financial difficulties.

The SME Regulations apply to SME lending by regulated entities to borrowers within the State and if you would like a copy of the SME Regulations, the document is available to download from the Central Bank website at www.centralbank.ie

A summary of the process that Capitalflow follows is provided overleaf.

STEP 1 COMMUNICATION

It is very important to address the early signs of financial stress in your business. The sooner you contact Capitalflow, the easier it will be for us to help.

Communication is the most important step for you and your business. If your business is already in arrears, or you are worried that it may soon be, please contact us on below. It would be beneficial if you could have your account details to hand when contacting us.



01 563 2400

Mon-Fri 9am to 5pm, excl. bank holidays



customercare@capitalflow.ie

Once you get in touch, your Capitalflow designated contact will work with you to explore the different options available to your business to address your financial difficulties.

It is important that you engage fully and co-operate with us throughout this process. Failure to engage may result in you being classified as not co-operating as defined below:

“Not co-operating” means a situation in which –

- (a) The borrower has failed to make a full and truthful disclosure to the regulated entity to assess the borrower’s financial situation, within the timeframe specified by the regulated entity.
- (b) The warning letter, required in accordance with Regulation 20(8), has been issued to the borrower regarding non-cooperating
- (c) The borrower has not carried out the action or actions within the timeframe specified in the letter referred to in subparagraph (b)

If you are classed as not co-operating, we have no alternative but to take the necessary steps to recover the loan/facility which may include:

- Termination of the facility
- Take possession of the property or asset or as a last resort
- Commencement of legal proceedings

Any charges or fees that we are entitled to impose due to financial difficulties will be outlined in full.

Impact of Arrears

We may provide data about the performance of your loan to the Central Credit Register or any other credit reference agency, where permitted by contract or required by law. In the event that your account has been, is or goes into arrears or we have to repossess your property this may affect your Credit Rating which may limit your access to credit from us or from other financial institutions in the future. If you enter into an alternative repayment arrangement with us, this too may affect your credit rating. If your Credit Rating is affected, it may also limit your access to credit products in the future.

STEP 2

FINANCIAL INFORMATION

Once you get in touch, your Capitalflow designated contact will work with you to explore the different options available to your business to address your arrears and will let you know what information is required in order to get a clearer picture of your business's financial circumstances.

It is important that you engage fully and co-operate with us throughout this process. Failure to engage may result in you being classified as not co-operating as discussed in this information booklet.

The type of financial information that may be required by Capitalflow to make an assessment for an arrangement will vary depending on the nature and size of a business, but will typically include the following:

Financial information/projections, including:

- Up-to-date management accounts and cashflow statements.
- Copies of recent relevant bank statements.
- Latest Audited/Certified Accounts where relevant.
- Income & Expenditure Statement/ Trading Profit & Loss Account and Balance Sheet
- Up-to-date aged list of debtors/ creditors.
- Financial and cashflow projections and underlying assumptions (including any evidence of agreed orders/ contracts).
- Details of leases and tenancy schedules.
- Tax information, including:
 - Up to date details of the borrower's tax position (including a Tax Clearance Certificate where appropriate).
 - Up to date details of any guarantor tax position (as relevant) including a Tax Clearance Certificate as appropriate.
 - Our team will advise you of further information or details we may require for completing a review / assessment.

This list is not exhaustive and depending on the type and size of your business, other information may be necessary, e.g., a Business Plan or Statement of Affairs. The information you provide should be comprehensive, up to date and should demonstrate an in-depth knowledge of your business, the environment in which your business operates and the reason for the financial difficulty.

You may wish to seek to engage an independent adviser, for example your financial adviser or accountant, and bring them along to discussions with Capitalflow whether the discussions are face to face or not.

STEP 3 ASSESSMENT

We will examine the information provided by you to assess your situation and determine whether there are any available alternative repayment arrangements ("ARAs") on your facility, taking into account your financial circumstances.

The criteria used to assess your financial difficulties may include:

- The overall level of borrower borrowings, including any links with personal debt of the owners of the borrower who are concerned in its management, impacts on the business of the borrower.
- Borrower repayment history, and current and future repayment capacity.
- Loan security position.
- Whether the borrower has any business debt other than the credit facility in financial difficulties, and if so the overall business indebtedness of the borrower.
- Any debt related to property and other investments were relevant.
- Expected business performance / viability of the proposal or business.
- Borrower co-operation and details provided.

We will communicate to you in writing details of the outcome of our assessment, based on the information provided by you, within 15 working days of receiving all the required information. If we are unable to form a decision with 15 working days, we will write to you explaining the reasons why it is taking longer than 15 working days and confirmation of when the assessment will be completed.

We may offer you an alternative arrangement to assist you to resolve financial difficulties subject to you meeting our criteria. The decision process will take into account your full circumstances such as, where applicable:

- The overall level of borrowings with both us and any other financial institution
- The current and future overall repayment capacity
- Previous repayment history
- The existing security position with regard to your borrowings
- The viability of the business
- Your co-operation and the information you provide to us

In order for us to help you develop a long-term solution for your facility repayments it is important throughout the assessment process that you:

- Act in good faith
- Keep us informed of any developments that will impact your business or your financial situation
- Keep to your agreements with us
- Always make honest and full disclosures
- Consider any third-party recommendations (You can employ third party advisers who may accompany you during any discussions)

STEP 4

RESOLUTION

Having completed our assessment, Capitalflow will then determine whether a particular ARA would be suitable based on your financial circumstances.

It is important that you are fully aware of the implications of any ARA before you commit to it, alternative arrangements may be affordable for your business in the short term but could be more expensive in the longer term. We recommend you seek independent legal/financial advice in this regard.

It is very important that you adhere to the terms of the agreed arrangement and advise us immediately of any change to your financial situation.

Where we decline your request for an ARA, we will advise you of the reason for the decline and where possible we will continue to make every effort to work with you to put a solution in place for your facility.

APPEALS

At Capitalflow we have an internal appeals procedure allowing a borrower to make an appeal on one of the following:

- the refusal of a credit application;
- credit was approved but for a lower amount or a shorter term than requested, or with special terms or conditions required by Capitalflow;
- the withdrawal or reduction of a credit facility;
- a special term or condition which is required by Capitalflow in order to provide an alternative arrangement;
- the refusal to offer an alternative arrangement;
- you have been classified as 'not co-operating' by Capitalflow as set out in the SME Regulations.

You must submit your appeal in writing within 20 business days of receipt of our decision. We will acknowledge your appeal within 5 working days of receipt of the appeal. If we cannot make a decision on the appeal within 15 working days following the submission of an appeal, we will inform you how long it will take to reach a decision and the reasons why it will take longer than 15 working days. Within 5 days of completion of the appeal we will notify you of the decision of the appeal and the reasons behind that decision.

The appeals panel is comprised of at least 2 decision makers who have:

- (a) Not been involved in the borrower's case previously
- (b) Sufficient knowledge to conduct the appeal

The appeals form can be found on our website.

The appeals form should be completed in writing and sent to:

**Appeals Board,
Capitalflow,
The Crescent Building, Block A Northwood Business Park,
Santry, Dublin 9,
Dog X8W3**

COMPLAINTS

Our commitment is to provide you with the best service at all times. However, we understand that sometimes we may fall short of the standard you expect, or you may be unhappy with a decision we have made. We will strive to resolve your complaint quickly and fairly and we encourage you to contact us as early as possible either in writing or by calling one of our two offices.

Within 5 working days of a complaint being received, we will issue you a letter confirming our acknowledgement of this complaint. We will issue you with a point of contact in relation to the complaint until the complaint is resolved or cannot be progressed any further. A regular update will be provided on the progress of the investigation, no longer than 20 working days. We will attempt to investigate and resolved a complaint within 40 working days of having received the complaint. Where the 40 days have elapsed and the complaint has not been resolved, we will inform you the anticipated time frame. On completion of the investigation, we will inform you on the outcome of the investigation within 5 working days.

There are a number of ways to contact us with a complaint:



Write to us at address below



Call us: (01) 563 2400



Online Complaints Form

**Complaints Officer,
Capitalflow,
The Crescent Building, Block A Northwood Business Park,
Santry, Dublin 9
Dog X8W3**

If you are not satisfied with the outcome, you can refer your complaint to the Financial Services and Pensions Ombudsman (FSPO) which is an independent body.

- You can email the FSPO at info@fspoi.ie or telephone it on 01 567 7000.
- You can also write to the FSPO office at Lincoln House, Lincoln Place, Dublin 2, D02 VH29

Information about the FSPO is also available from its website www.fspoi.ie

FURTHER SOURCES OF USEFUL INFORMATION

There are some good sources of information such as -

- Small Firms Association www.ibec.ie/sfa
- Central Bank of Ireland www.centralbank.ie/
- Irish SME Association <https://isme.ie/>
- The Residential Tenancies Board www.rtb.ie
- Citizens Information www.citizensinformation.ie
- Irish Governments Support for SME's <https://supportingsmes.gov.ie/>
- Local Enterprise Office <https://www.localenterprise.ie/>

THANK YOU!

[CAPITALFLOW.IE](https://capitalflow.ie)

Capitalflow Group DAC trading as Capitalflow Commercial Finance is regulated by the Central Bank of Ireland

