

FEXCO Asset Finance: Booklet of Information for SMEs in Financial Difficulties

FEXCO Asset Finance is a flexible and innovative provider of hire purchase and business leasing products. We pride ourselves in having a deep understanding of our customers' businesses, a strong relationship with customers and a unique proposition of providing flexible lending solutions to all our customers.

We comply with the Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Lending to Small and Medium-Sized Enterprises) Regulations 2015 (the "**SME Regulations**"). An SME is an enterprise which employs fewer than 250 persons and has an annual turnover not exceeding €50 million and/or an annual balance sheet total not exceeding €43 million. A copy of the SME Regulations can be found on the Central Bank's website www.centralbank.ie.

It is in your best interests to engage with us about any arrears or financial difficulties you may be experiencing and, in light of our obligations under the SME Regulations, we have prepared this booklet to assist you in relation to any such difficulties which you may be experiencing.

Procedures for dealing with SME customers in financial difficulties

If you notify us that you may be at risk of going into arrears or if you are already in arrears and you are concerned about going into financial difficulties (i.e. you believe that you may go into arrears for 3 consecutive months), we will offer you the option of an immediate review of your facility with us. If you agree to that review, we will, having regard to your particular circumstances, identify what options are available to address your anticipated arrears or financial difficulties. We will inform you in writing of the outcome of the review and any recommended course of action you should take pursuant to the review.

If you are in arrears for 15 working days, we shall (if we are not already in contact with you) contact you to identify the reasons for this. There may be a very reasonable explanation as to why a payment may have been missed on an initial basis and we will always discuss matters with you to ascertain whether or not there are any underlying financial difficulties regarding your ability to repay our lending.

Once we are in contact with you, we will let you know what information we require in order to understand your financial circumstances. The type of financial information we will require will vary depending on the nature and size of your business but it will typically include the following:

- Details as to why the arrears have arisen
- Up-to-date financial information (which may include your most recent audited and/or management accounts)
- Your current cash flow position and cash flow projections for the next six months
- Your pipeline of sales

- Details of your current tax position
- Details of other borrowings entered into by you over the last 3-years
- Any other information that we consider appropriate.

We reserve the right to impose any fees or charges on you as set out in the contractual agreement between you and us.

Alternative Arrangements

We will use the information which you provide to us to assess your situation for the purposes of considering what alternative arrangement (if any) may be appropriate to your circumstances. The most common alternative arrangement which we enter into will involve rescheduling your payment obligations. We will consider each financial difficulties case on the specific facts of that case. When considering which alternative arrangement (if any) is appropriate to you, we shall consider the following:

- your current and future repayment capacity;
- the viability of the business;
- any links with personal debt of the owners of the business;
- your previous repayment history;
- your overall indebtedness; and
- your co-operation and the information you provide to us.

In general we will make a decision on whether we will enter into an alternative arrangement with you within 15 working days of having all of the information which we require to make that decision. If we cannot meet this deadline, we shall let you know in writing why the process is taking longer than anticipated and how long it will take to complete.

If we do identify an alternative arrangement for you, we will write to you outlining the details of that proposal including details of all revised terms and applicable fees and charges. You will have the option to accept or reject this proposal. If you reject the proposal, we will write to you outlining the implications of doing so.

If we decide that it is not possible to offer you an alternative arrangement, we will advise you of this decision in writing. We will give you clear reasons for our decision and its implications.

Engagement and Co-Operation

It is in your best interests to engage with us about any arrears or financial difficulties you may be experiencing.

If you are experiencing financial difficulties, we will provide you with the contact details of one of our employees who you should treat as your designated contact point within FEXCO Asset Finance for any queries or concerns you may have.

You are welcome to invite any third party adviser you may have (e.g. your accountant or financial adviser) to attend any meetings with us (whether in person or over the phone) to discuss any of the items set out in this booklet.

Not Co-Operating

It is of utmost importance that you co-operate with us in relation to your financial situation. If you fail to co-operate with us, you will be classified as “not co-operating” and this may have the following implications:

- We will not be in a position to offer you an alternative arrangement
- We may take legal action immediately to enforce our rights under our agreement with you (and we will seek to recover from you the legal costs which we incur in respect of any such action)

You can only be classified as not co-operating if:

- you fail to make a full and truthful disclosure to us of the information which we require to assess your financial situation within the timeframes specified by us; and
- we issue a warning letter to you (and if applicable any guarantor) to let you know what specific actions you must take to enable us to complete an assessment of your circumstances and a warning that you will be classified as not co-operating if you do not take those actions within the timeframe set out in the letter.

Impact on Credit Rating

You should note that if arrears do arise on your account, your credit rating may be affected. Where applicable, we notify the Irish Credit Bureau when arrears arise on accounts and this will have an impact on your credit rating.

Impact on Other Facilities with us

In the event that one of your accounts with us goes into arrears or requires to be re-scheduled, we shall also review all other facilities that you have with us. These may not be in arrears, but if they are, they will form part of the overall picture which we will take into account when assessing what alternative arrangements (if any) are appropriate to your circumstances.

Appeal Arrangements

We may, during the course of engaging with you in relation to any financial difficulties you may be experiencing, make a decision with which you disagree. This may include withdrawing or reducing a credit facility, imposing a special term or condition which is required by us in order to provide you with an alternative arrangement, a refusal to offer you an alternative arrangement and/or classifying you as “not co-operating”.

In those circumstances, you are entitled to appeal our decision through our internal appeals process. The appeal must be submitted in writing to us within 30 days of the decision issued by us. The appeal will be reviewed by two reviewers who have not been involved in your case previously. We will respond to you with a decision within 15 working days of receipt of the appeal and any supporting documentation requested from you to support the appeal.

Complaints

In the event that you wish to make a complaint, your complaint should be submitted to us in writing. We will acknowledge your complaint in writing within 5 working days and advise you of the name of the person dealing with your complaint. It is our intention, where possible, to investigate and resolve your complaint within 40 working days and you will receive regular updates on progress every 20 working days. If we cannot resolve your complaint within 40 working days, we will write and explain the reason for the delay and indicate when we expect to have a resolution. If you are not happy with our response, you may be entitled to make a complaint to the Financial Services Ombudsman. Please see www.financialombudsman.ie for further information including contact details and eligibility criteria.