

# The Code of Conduct for Business Lending to Small and Medium Enterprises

National Irish Bank

Please read this brochure carefully if you are an existing or prospective borrower.

If you are an existing or prospective guarantor, please note carefully the text in section 6 of this guide concerning guarantees.

## Glossary

In this document the following terms bear the following meanings:

**"Credit Product"** means any of the following credit products when provided by National Irish Bank within Ireland to a SME Customer operating in Ireland: (i) an overdraft; (ii) a loan; (iii) a term loan; (iv) invoice discounting.

National Irish Bank does not itself provide hire-purchase and leasing products. These products are otherwise offered within the Danske Group of companies in Ireland but are not provided subject to the Code.

**"SME Customer"** means an enterprise that employs fewer than 250 persons and which has an annual turnover not exceeding €50 million and/or an annual balance sheet total not exceeding €43 million.

**"we", "us", "our"** means Danske Bank A/S trading as National Irish Bank

**"you", "your", "borrower"** means a SME Customer

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# 1. Introduction

National Irish Bank fully supports and adheres to the Code of Conduct for Business Lending to Small and Medium Enterprises. This brochure outlines how we will apply the Code in our dealings with you as a SME customer.

The Code applies to the provision or proposed provision by us of a Credit Product in Ireland to a SME Customer operating in Ireland.

This brochure provides certain information about the Code. It also provides certain details that we are required to supply to you under the Code.

Please note that the Code does not apply to:

- a SME not operating in Ireland;
- National Irish Bank when providing a service outside of Ireland;
- lending between National Irish Bank and other financial institutions;
- syndicated, club or multi-lender transactions;
- special purpose vehicles (SPVs), including SPVs established for the purposes of a particular transaction.

Please note also that nothing in the Code or in this brochure prohibits us from acting with all necessary speed in the case of a liquidation, receivership or examinership or similar insolvency event, or where there is reasonable evidence of fraud, terrorist connections, money laundering and/or misrepresentation.

**This brochure is not intended to, and does not, create legal relations between us and you. It is not a legal document and should not be relied upon as such.**

## 2. Credit Applications

### General

If you have applied for a Credit Product from us and are awaiting a response, please note the following.

We consider each application for credit on its own merits. As with all banks, an application must satisfy our credit and risk criteria before it will be accepted.

Customers are generally keen to know how long the credit application process will take. To a certain extent, this is down to you. This is because we need you to provide us with the complete information that we require (or as may be required by law) to enable your application to be processed.

Once you provide us with all the documentation and information that we need to assess your application, we have set ourselves the service targets set out below. These targets identify the timeframe within which we aim to revert to you with a final credit decision following receipt of all the information we require to assess your application.

Overdrafts	2 weeks
Loans	2 weeks
Term loans	2 weeks
Invoice discounting	3 weeks

While we will make every effort to meet these targets, we disclaim any and all liability arising in the event that in any one or more instances we fail to meet these targets. However, our customers are regularly pleased by how quickly we can give a final decision, often far sooner than these target timeframes may suggest.

### Successful applications

If you have applied for a Credit Product from us and your application has been successful, you will be sent a letter of offer.

The letter of offer confirms the credit facility that we are prepared to extend to you and sets out the terms and conditions that will apply to that facility, if you accept the offer. Please note in particular the provisions concerning default as well as those concerning fees, charges and interest rates. The letter of offer outlines the next steps necessary to draw down the facility, including what conditions (if any) must be satisfied and what security will be required before drawdown can occur.

### **Unsuccessful applications**

If you have applied for a Credit Product from us and your application has been unsuccessful, you will be sent a letter explaining clearly the reason(s) why.

## **3. Withdrawals or Amendments**

### **Withdrawals or amendments of credit**

Where we have issued a Credit Product to you, we only ever withdraw or amend the relevant Credit Product in accordance with the terms and conditions applicable to that Product. Unless prohibited by law or court order, we will notify you promptly of the proposed withdrawal or amendment and advise you of the reason(s) for same.

Any decision to withdraw/amend credit facilities will be taken on its own merits. Notwithstanding the foregoing, we reserve the right to act with all necessary speed to withdraw credit where there is a reasonable suspicion of fraud, money laundering, terrorist connections and/or misrepresentation.

### **Other amendments**

We will inform you in advance of making any changes to the terms, conditions, fees and charges relating to a Credit Product of which you have availed.

## **4. Taking Security: our Collateral Policy**

We may seek security for any Credit Product that we offer. Typically the security sought will be a mortgage, charge, pledge or assignment of certain property.

In addition, we may request a personal guarantee of a business loan. Such security/guarantees:

- (1) reduce the risk arising for us in the context of a particular lending proposition and so make it possible for us to approve borrowing that could otherwise be too risky; and
- (2) enable us to provide you with a more competitively priced Credit Product as, in the event of your defaulting on your obligations, we are in a better position to recover what is owed to us.

We always look for security appropriate to the risk that we incur by lending money to you. We have due regard to the nature, liquidity and value of collateral being offered, as well as to the level of credit being sought. We seek never to impose unreasonable collateral requirements for the provision of credit or unreasonable personal guarantee requirements.

When it comes to enforcement of (i) mortgages on a consumer's principal private residence in Ireland and (ii) enforcement of personal guarantees secured over a guarantor's principal private residence in Ireland, we adhere to the Financial Regulator's Code of Conduct on Mortgage Arrears.

It is our policy to enforce our rights under any loan, security or guarantee documentation to the fullest extent possible. This includes seeking accrued interest and other charges arising, as well as legal, selling and other related costs. Where liquidation of collateral is not sufficient to discharge the entirety of the obligations arising for a borrower/guarantor (as appropriate), our policy, unless otherwise agreed with a borrower/guarantor in writing, is to pursue a borrower/guarantor for the balance of the obligations arising. This may include but is not limited to the commencement of bankruptcy or insolvency proceedings.

Offering security or a guarantee for a loan is a very serious matter. The various forms of security and guarantees are each subject to their own terms and conditions and to applicable law. Ultimately, if a borrower defaults on a facility, the end-result in all instances is that some or all collateral may never be returned to the borrower.

We recommend that borrowers and guarantors take independent advice, including but not limited to independent legal advice, before agreeing to offer collateral as security for a loan and/or to act as guarantor.

## 5. Return of security

When all facilities for which security is given have been repaid, we will, at your request, promptly return any security that we held from you for those facilities. To avoid misunderstandings, we ask that any such request should be in writing.

## 6. Guarantees

Sometimes we will request a personal guarantee of the liabilities arising in respect of a Credit Product. A guarantor may also be asked to provide collateral by way of security. So, for example, the guarantor may be requested to provide a mortgage over the guarantor's principal private residence by way of security for the guarantee obligations arising. Such guarantees and collateral arrangements reduce the risk arising for us in the context of a particular lending proposition and so make it possible for us to approve borrowing that could otherwise be considered to be too risky. Guarantees and collateral arrangements also enable us to provide borrowers with a more competitively priced Credit Product. We never seek to impose what we consider to be unreasonable personal guarantee requirements.

PLEASE NOTE that giving a personal guarantee is a very serious matter. Each guarantee will be subject to its own terms and conditions and it is important that you read the text of same. In general: (1) a guarantor will be liable to pay any amounts owing under a guarantee when a borrower defaults; and (2) there is no general requirement that a debtor must be pursued to the full extent of his liabilities before a personal guarantor will be required to repay any amounts outstanding under a guarantee. In the event that a guarantor offers collateral in support of a personal guarantee (e.g. a mortgage over a principal private residence), it is possible that the guarantor could ultimately lose that collateral. So, in the example given, a guarantor's principal private residence could be repossessed and sold. It is our policy to enforce our rights under any guarantee to the fullest extent possible. This includes seeking accrued interest and other charges arising, as well as legal, selling and other related costs. Where liquidation of collateral is not sufficient to discharge the entirety of the obligations arising for a guarantor, our policy, unless otherwise agreed in writing with a guarantor, is to pursue a guarantor personally for the balance of the obligations arising. This may include but is not limited to the commencement of bankruptcy proceedings. We recommend that a prospective guarantor take independent advice, including but not limited to independent legal advice, before agreeing to act as guarantor. The foregoing is by way of general information only and any one guarantee may make different provision.

## 7. Financial Difficulties

Sometimes a loan account may go into arrears. When this happens we generally seek in such instances

- (1) to give you reasonable time, having regard to the circumstances of the case, to resolve an arrears problem;
- (2) to endeavour to agree an approach that will assist you to resolve the arrears problem; and
- (3) to advise you of any possible impact of the default on other accounts held with us.

Any steps such as those identified or others taken in such circumstances are without prejudice to our legal and /or regulatory obligations and/or our legal rights arising. They are also dependent on your co-operation in meeting any requests we may make of you. When it comes to recovering debt from you, we may engage one or more agents, such as solicitors or debt-collection agencies, to do so but we do not generally sell the debt or pass it on to another organisation or to a debt-collection agency.

## 8. Interest

Details as to the basis on which interest is calculated are contained in the particular terms and conditions applicable to any Credit Product of which you avail.

For details of charges applicable see our “Clear and Simple Business Fees and Charges Explained” brochure.

Regardless of the applicable terms and conditions where we change the interest margin on a credit facility, we will notify you promptly of that change. Except as is otherwise provided in the applicable terms and conditions, where an interest rate change is of general application, we may make notification by way of advertising/notices in any appropriate medium.

## 9. Statements, Schedules, and Confirmations

We issue statements, schedules or confirmations (as most appropriate to a particular Credit Product) at regular intervals to borrowers. The interest rate applicable to a Credit Product at the date of issue of such statement, schedule or confirmation will be clearly displayed on the statement, schedule or confirmation, as appropriate.

## 10. Offer of Annual Review

We are pleased to offer all existing SME Customers operating in Ireland and to whom we provide a Credit Product in Ireland the option of an annual review meeting with us which will include a review of all credit facilities and any security arrangements in place. You may avail of this offer once in any one calendar year. Should you wish to avail of this offer, please contact your local National Irish Bank branch or your usual contact at National Irish Bank.

## 11. Complaints

We seek to provide you with the best possible service. However, sometimes complaints arise. In the event that you wish to make a complaint, please contact your usual branch or other contact in the first instance. Where possible we seek to remedy complaints within 5 business days. However, sometimes this is not possible. In such instances, we will:

- (1) issue you an acknowledgement of your complaint within 5 business days of the complaint being received;
- (2) provide you with the name of one or more individuals appointed by us to be your point of contact in relation to the complaint until the complaint is resolved or cannot be processed further;
- (3) provide you with a regular update on the progress of the investigation of the complaint;
- (4) attempt to investigate and resolve your complaint within 40 business days of having received same;
- (5) where 40 business days have elapsed and the complaint has not been resolved, inform you of the anticipated timeframe within which we hope to resolve the complaint;
- (6) advise you, within 5 business days of the completion of the investigation of the complaint, of the outcome of the investigation and, where applicable, explain the terms of any offer or settlement being made.



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Danske Bank A/S (trading as National Irish Bank)  
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