

# FAQs – Live Webinar

## Preparing to meet with banks/financial institutions (31.03.20)

### **Q. What information do I need to meet with the bank?**

Your bank/lending institution may look for a number of items from you on top of any application form that they have. This could include a cashflow statement for the next six to 12 months as well as a reforecast/projections to the end of 2020 and potentially 2021.

The bank will want to understand your cash requirements for the months that you are closed, as well as any cash you will need in the months after you reopen. They will want to see that you have reduced your cash outlay as much as possible and the way in which you have done this. In your re-forecasted projections, the bank may want to understand what your available cash for debt service will be over the next year to two years. The banks may look for a business plan, depending on the level of support your business needs.

### **Q. What financial supports are available to me?**

There are several options in relation to the financial supports available to tourism and hospitality businesses. Each of these will depend on the size, scope and type of business you have:

1. Various banks and financial institutions in Ireland are offering a range of supports for the sector. These range from debt moratoriums, to overdrafts to short term loans in addition to other supports on an individual funder basis. Each bank/financial institution will have more detailed specifics on their websites.
2. The Strategic Banking Corporation of Ireland (SBCI) is offering working capital loans and a credit guarantee scheme. These are in conjunction with three banks (AIB, Bank of Ireland and Ulster Bank). Further details are available on the Fáilte Ireland website and on the SBCI website: <https://sbci.gov.ie/>
3. Microfinance Ireland is offering loans of up to €50k for small businesses. More detail is listed on their website: [www.microfinanceireland.ie](http://www.microfinanceireland.ie)

**Q. What type of interest rates can I expect?**

Interest rates will vary on the type of facility you have. As a general rule of thumb, rates would vary at the moment from 3-5.5%. Overdrafts, for example, will be higher than this as they are used for short term funding. If you had an existing loan, you should expect the rates to remain the same.

**Q. Which financial supports are best suited to my needs?**

This will depend on your business type, current structure and what your needs are. By completing a cashflow and year-end forecast, as well as updated projections for 2021, you will have a better understanding of your position and the level of working capital you may need. For some businesses it may be just a moratorium on their debt, yet for others it may be a moratorium on their debt for a longer period in addition to working capital. It will be important to discuss your needs with your bank/financial advisor so that you can achieve the best solution for your business.

**Q. How do I know when I will be back open again?**

Unfortunately, none of us know when the industry will get back on its feet and will be open for business again. It is safe to say that the year 2020 will be completely different from previous years. People's travel patterns will also be different, therefore it will be difficult to predict exactly when and what type of business we can expect.

Domestic travel will return first with specific international markets returning gradually. What we would suggest is to pick an opening month/time based on your business. Work back from what were your original projections for the year. Be realistic in your forecast, assume that your revenues and/or EBITDA will be down on your original projections with significant cuts for the first number of months of operation.

Prepare different scenarios on a best and worst case basis; for example, opening in month four or in month six or later; slashing revenues by 80% or 40% or somewhere in between or different.