

Monitor Farm Meeting

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12 May 2015

My presentation

- **What We Provide**
- **Banks Appetite For The Sector**
- **Key Areas We Look At Within The Business**
- **Negotiating with the Bank**

Farming & the Bank (What We Provide)

- Farming is a “**GREEN**” sector
- Major lender to Scottish agriculture
- 29 relationship managers throughout Scotland
- 60 managers looking after larger supply chain corporates which support the sector
- Dedicated under writing team
- Technical agricultural team
- We have Provided over £22m of new borrowing within the South of Scotland

You want something from usWhat we look for.....

- **Character**

What we know about the customer, particularly their track record.

- **Ability**

Business acumen of the customer and their knowledge, skills and experience to successfully manage the business.

- **Means**

The customer's overall assets/liabilities profile.

- **Purpose**

What the money is to be used for.

- **Amount**

The amount of the borrowing, how much the customer is to contribute to the venture and whether all associated costs have been considered.

- **Repayment**

Evidence of customer's ability to repay the borrowing and other commitments. Affordability is a key.

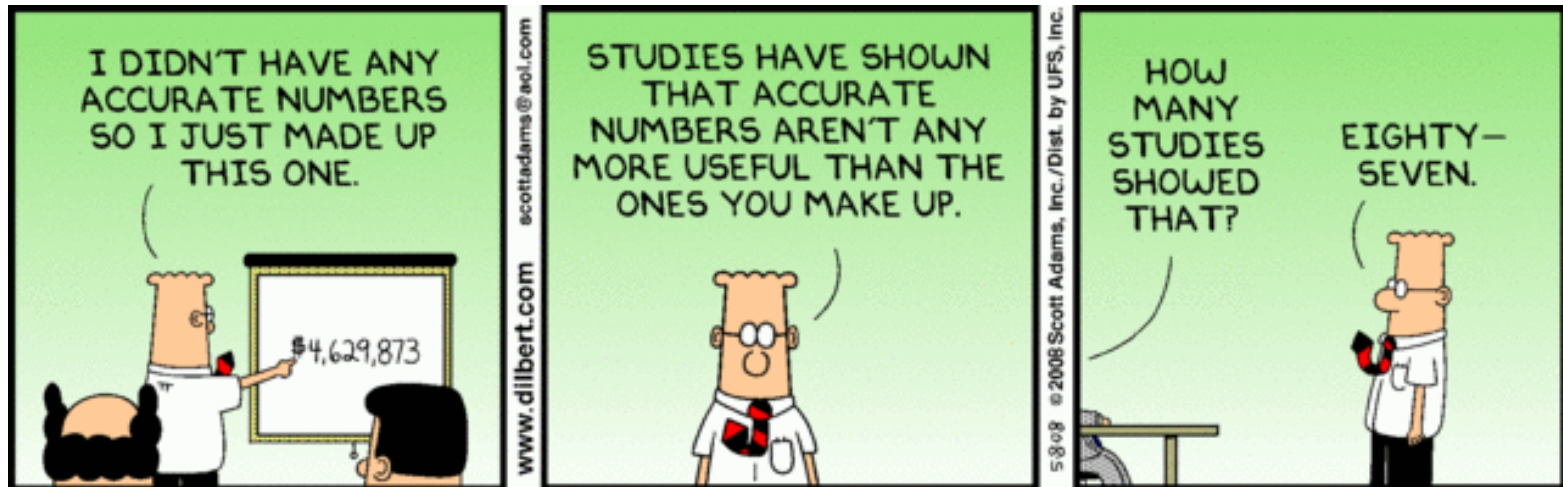
- **Insurance**

How the Bank will be repaid if the business fails or underperforms.



What we require

- Finalised Accounts – required to be provided within 270 days of financial year-end.
- Projections (realistic) – should only be required for diversification or major additional facilities. Assumptions to figures should also be provided



Repayment yes!

- **3 key ratios**

- Debt : Gross Assets
- Financial Charges : Gross Output
- Financial Charges plus Drawings : Gross Output
- Duration

- **Ability to service & repay debt (moved away from LTV)**

- Previously - EBITDA
- Now Funds Flow statement – cash available for debt servicing
- Security

Business Plans



What is a business plan?

A business plan is a description of a business and its owner's intentions for the future

A good business plan will help the owner:

- **Have a clear focus and direction for the business**
- **Set goals against which progress can be measured**
- **Spot potential problems and identify possible solutions**
- **Obtain finance from the Bank**
- **Adapt to changing circumstances as the business grows**

Business Plans



Ten top tips in preparing an effective business plan:

- **Be realistic**
- **Work carefully**
- **Include an Executive summary**
- **What team and skills are required?**
- **What products & services do you need?**
- **What's your target market?**
- **How will you sell to market?**
- **Operations**
- **Finances**
- **Talk to your bank!**

Security may be required. Product fees may apply. Over 18s only

**ANY PROPERTY USED AS SECURITY, WHICH MAY INCLUDE YOUR HOME, MAY BE REPOSSESSED
IF YOU DO NOT KEEP UP REPAYMENTS ON A MORTGAGE OR OTHER DEBT SECURED ON IT**

Match facilities to use

■ Working Capital – aka overdraft

- Fund growing crops, stock & routine monthly costs
- Should swing from credit to debit

■ Term loans

- Used to fund longer-term projects (land purchase, new shed etc)
- Term should match life expectancy of asset and what business can afford to pay
- Capital Repayment Holiday (2 - 5years) – delay capital repayment of facilities until asset generates income

■ Asset Finance

- Security is in most cases in the asset funded
- Asset Finance facilities are separate to bank facilities
- Term can in most cases be matched to the useful life of the asset
- Residual Values/Balloon payments – are set in relation to usage of asset/anticipated future value and can have the effect of reducing monthly payments for cashflow purposes

Our aim

“To be number 1 for customer service, trust and advocacy by 2020”

- Serving customers well
- Working together
- Doing the right thing
- Thinking long term

Thank you

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