

# SCOTIA BANK MEETING

JUNE 26, 2018



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## Attendance

Scott Van Alstyne, Dan Aberhart, Lloyd Streifel, Bob Delparte, Trista White, Alison Ham (recorder)

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## Introduction

- Scott is a Relationship Manager whose background is in the agricultural sector; moved into banking several years ago
- Scotia bank provides crop input financing for dealers. Including fertilizer, chemical, seed & farm fuel through farm supply dealers
- FCC has 55% of the marketshare; 45% - Scotia bank - also have deal with CPS
- Offer comprehensive account receivable management solutions for corporations including credit adjudication, funding and portfolio management allowing ag partners to focus on core business
- 5% are declined based on credit score. The decline rate tends to be higher this time of year
- Communication via phone & email. Application process all completed online
- Service area BC to NFL; based out of Winnipeg - Portage & Main
- Key activities include credit adjudication, collection, application, customer relations & marketing

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## Value Proposition

- Improves liquidity
- Accelerates cash conversion - quick turnaround. Decision made in 24-48 hours
- Improves rigor around credit and collection processes
- Allows ag partners to focus on core business
- Provides customers with competitive financing terms
- Scotia bank has a good reputation for the ease of application process and quick turnaround of approvals.

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## Product Features

- Seasonal line of credit that can be used to finance crop inputs
- No customer financial information required for credit limit requests less than \$200 000 - some exceptions
- Early fall financing available to buy inputs beginning September 1
- Extended repayment as long as 18 months, allow customers to maximize from marketing opportunities
- Ability for customer to pay via cheque, online/telephone banking, or using ABM

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## Application Process

- 2 page application (Over \$200 000 requires financial statement)
- Dealer completes a 1 page dealer report - gov approved ID required
- Or dealer completes a referral form
- Credit application and Dealer report sent to Scotia bank for processing
- Decision Standards - typically no longer than 48 hours - unless additional credit info is required
- Dealers receive an email advising them of the credit application's outcome
- Customer receives written notification, along with terms & conditions, advising them of the Yield More Financing credit limit

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## Interest Rates, Fees & Security

- Interest calculated daily, compounded monthly, from the date of electronic debit to date date paid
- Interest rates: prime + 2.95% for lines of credit up to \$200 000; prime + 1.95% over \$200 000; 18% per annum on past due balances
- Prime, at present, is 3.45
- No account set up fees
- No penalty for early repayment

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## Customer Repayment

- Monthly statements to customer
- Annual revolving credit facility with one payment
  - Payment by February 23 - when utilized prior to Sept 1
  - Payment must be 100% of the customer's outstanding balance as at Aug 31
- Customers who do not revolve their account within a reasonable amount of time will be contacted for payment arrangements

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## Annual Credit Reviews

- The Yield More Financing portfolio is monitored regularly and is automatically renewed annually
  - providing the account is not delinquent;
  - no deterioration of credit repayment;
  - For accounts over \$50 000, annual crops and proceeds letter returned;
  - Credit limit less than or equal to \$200 000
- Annual review - customer doesn't usually even notice
- Accounts over \$50 000 - credit review fees may be charged

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## General Information

- Toll free Customer/Dealer service - hours of operation 8 am to 5 pm, Monday through Friday
- There is pilot program under review, which could enable extended credit terms. The new program would be more dynamic and allow for special programming - if/when approved; willing to discuss terms of special programs
- Strict social media & brand standards; must be approved by marketing & legal teams in Toronto