

November 2015



RBC Royal Bank<sup>®</sup>

# Winning in Agriculture

## Leading the Way in Agriculture - Enhancing Our Competitiveness



We remain committed to acting on your feedback and to partnering with you to discover new opportunities to grow our market share.

By successfully anticipating how our clients, markets and employees are changing, we are introducing enhancements to help us gain market share and win as One RBC.

Watch for more product and service enhancements and policy updates over the coming months.



# What's New – “How to Price for Success” Guide

In today's environment, we continue to be faced with ongoing competitive pricing pressures. Most common is the price match dilemma we experience where our competition has come to market offering a lower rate than ours. We are excited to share a newly created “How to Price” guide intended to assist our Agriculture Commercial roles with pricing strategies to overcome competitive hurdles and align pricing in the context of the value it brings to the client relationship. Pricing remains a priority in our client negotiations and having a good understanding of the opportunities and defensive tactics ensures clients know we have their best interest in mind.

Key elements contained within the guide include:

- New framework for sharing best practices for pricing our lending portfolio within the Agriculture Industry
- Information to assist with pricing decisions and structure
- Sharing of key strategies and best practices from colleagues across the country



# What was delivered - changes to Agriculture (Introduced in July)

## **Royfarm Mortgage Option / Change:**

- Interest only option added to the Royfarm Mortgage product:  
To assist start-up projects where a lag exists between when the investment is made and when it starts to generate cash, this will also be an option to facilitate succession planning.
- Eliminated the 18 month commitment on the RoyFarm mortgage product

## **Farm Management Line:**

- Introduced greater flexibility and fewer eligibility restrictions:
- Eliminated the maximum amount of \$3MM
- Eliminated the restriction of one FML per Single Name
- Changed the minimum BRR from 3+H to 3+M
- Increased the maximum loan-to-value from 65% to 75%
- RBOD, leases and lease lines are now an eligible products to be used within a Farm Management Line
- The operating loan component is to be limited to the greater of 65% of the authorized Farm Management Line Limit, or what the operation would normally qualify as per CRCA16.
- Client can choose terms and amortizations that reflect the security held (i.e. a mortgage) rather than the asset being purchased

Removed the restriction on individual loan products within the global credit limit with the exception of the operating loan. The operating loan can now be the greater of the amount indicated in CRCA 16 or 65% of the FML.

## **Quota:**

- Financing production quota policy has been expanded;
- \$250M pool now available to finance production quotas over 15 years for **3+H** and better borrowers who operate efficient, well managed farms.

## **Overdraft lending:**

- Offering operating loans by way of overdraft:
- Overdraft lending can now be offered to agriculture clients without the need to obtain an exception.

## **Marketing Support:**

A lender who is active in the local community is very important to producers. Recognizing this, RBC has introduced a national marketing strategy highlighting our focus on Agriculture.

A variety of marketing initiatives targeting the specific needs of medium to large sized farms have been developed, some of which include:

- Local business development materials – Stand up Arbies, Ad matt templates, marketing collateral available on Marketing Central and on the “resource page” of our RBC commercial website (<http://www.rbcroyalbank.com/commercial/agriculture/resources.html>)
- National in-market advertising – ie. Digital signage in all “ag” branches – ATM messaging
- Podcast series promoted through RBC Social Media (Twitter & Facebook) – currently well received by farmers
- Ag-specific GO leads to our AAMs on Business Visa offering
- External RBC Client Website enhancements to reflect current offerings available

## Put your action plan together – Creating Growth

Your feedback has been key in helping build targeted solutions to meet the needs of the Agriculture market. RBC will always strive to offer competitive products and services. Armed with these enhancements, Commercial Account Managers can now confidently demonstrate our competitiveness and actively engage with clients.

Building an action plan that addresses market opportunities will be a key driver of success. In today's hyper-competitive business environment, a CAM who knows what needs to be done and is willing to get it done will succeed. Start building your action plan today!



# Support Resources

- [Winning in CFS](#) (shared July 27<sup>th</sup>)
- [Agriculture - RBC Royal Bank](#)
- [How to Price for Success \\*New\\*](#)
- [Agriculture RBC Connect site](#)

## FAQ's:

- [Farm Management Line FAQ's](#)
- [RoyFarm Interest Only FAQ's](#)
- [Quota Pool - FAQ's](#)

## Folio/Policy Updates:

- [CRCA 16-1-2 – Quota Pool](#)
- [H2L2 –17– Farm Management Line](#)
- [FPAL2 – RoyFarm Interest Only](#)
- [FPBL8 – Royal Business Overdraft](#)



COLLECTIVE AMBITION

Purpose-driven, Principles-led & Performance-focused

Stay tuned for more enhancements to come, in the meantime....be part of our winning team and share your success with your peers on our [Agriculture RBC Connect site](#)