

Diane Haggarty

January 2014



Agenda

- Who is B2B Bank?
- RSP Loan Investing
- The Credit Process
- RSP Loan Process
- Why use B2B Bank

The Facts

- Schedule 1 Canadian bank
- More than 1,000 employees, serving more than 27,000 representatives coast-to-coast
- B2B Bank has
 - a loan portfolio of \$5.9. billion*
 - a deposits portfolio of \$9.1 billion*
 - assets under administration \$34 billion*

*As at July 31, 2012.

- There is value in financial advice.
- Families should take care of their finances.
- Everyone should have a financial advisor.
- Everyone should have a chance to live a wealthier life.

We don't compete with you by soliciting your clients directly.

RSP Loan Investing

- Canadians have more than \$630 billion in unused RRSP contribution room.¹
- 52 per cent of working Canadians under 65 are scared they haven't saved enough money for a comfortable retirement.²

¹Source: CBC News, March 2012.

²Source: TD Canada Trust Report, February 2010.

1. A great time to borrow
2. Help clients focus on retirement goals
3. Tax benefits

RSP lending rates

As of August 13, 2013

Amortization period	Variable rate ³	Fixed rate
1 year	Prime + 0.50%	Prime + 2.00%
2 year	Prime + 0.50%	Prime + 3.00%
3 - 5 years	Prime + 2.25%	Not available
6 - 10 years	Prime + 2.75%	Not available

B2B Bank Prime Rate is 3.00% as of August 13, 2013.

³With respect to the Variable Rate RSP loan program, payments are not adjusted when prime fluctuates. This could result in a loan being paid in full before, or after the anticipated amortization schedule.

Loan program overview

Feature	RSP loan program
Minimum	\$2,500
Maximum	No maximum across all terms
Terms	Up to 10 years
Simplified pricing	Rates based on the term selected, not the loan amount
Variable and fixed interest rates	Choose a variable rate loan with a term between 1 and 10 years or a one- to two-year fixed rate loan.
Deferral option	Up to six months on payment (interest accrues from advance of loan until payments are made)
Online application	Apply for all loans online, including Distribution Alliance loans, using EASE (Electronic Application Submission Entry)

2-Year Variable Rate Loan

Borrowed amount	\$2,500
Amortization/term	24 months
Interest rate	3.50%
Deferral period	0
Monthly payment	\$108.01
Tax Refund	\$1000 (assumes a marginal tax rate of 40%)
Tax Refund applied to principal	100% (\$1,000 of your tax refund applied at month 4)
Repayment period	15 months
Total cost of borrowing	\$45.58

RRSP proceeds invested from RSP Loan	\$2,500
Estimated annual RRSP return	6.00%
Years until retirement	35
Value of original \$2500 at retirement	\$19,215

2-Year Variable Rate Loan

Borrowed amount	\$2,500
Amortization/term	24 months
Interest rate	3.50%
Deferral period	0
Monthly payment	\$108.01
Tax Refund	\$1000 (assumes a marginal tax rate of 40%)
Tax Refund applied to principal	0% (\$0 of your tax refund applied at month 4)
Repayment period	24 months
Total cost of borrowing	\$92.17

RRSP proceeds invested from RSP Loan	\$2,500
Estimated annual RRSP return	6.00%
Years until retirement	35
Value of original \$2500 at retirement	\$19,215

10-Year Variable Rate Loan

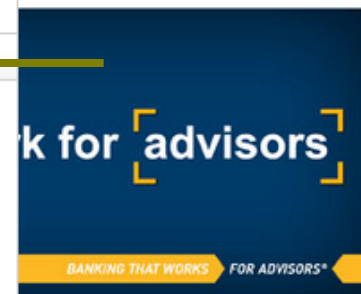
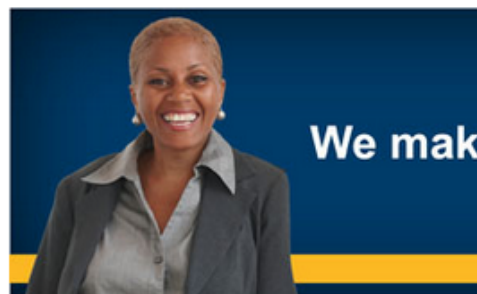
Borrowed amount	\$22.970
Amortization/term	120 months
Interest rate	5.75%
Deferral period	0
Monthly payment	\$252.14
Tax Refund	\$9,188 (assumes a marginal tax rate of 40%)
Tax Refund applied to principal	100% (\$9,188 of your tax refund applied at month 4)
Repayment period	65 months
Total cost of borrowing	\$2473.76

RRSP proceeds invested from RSP Loan	\$22,970
Estimated annual RRSP return	6.00%
Years until retirement	35
Value of original \$2500 at retirement	\$176,549

- My client prefers not to use their own savings for their contribution...
 - RSP loans with a deferred payment option allows your client to put more money to work earlier in their RRSP and use their tax refund to pay off their loan later.
- My client wants to maximize this year's (and/or previous years) RRSP contribution...
 - RSP loans have no loan maximums, so your client can borrow as much as they need, to maximize their RRSP contribution and potential tax refund.
- My client is concerned they can't afford the monthly payment...
 - A variable rate RSP loans can be amortized for up to 10 years to potentially make payments more affordable for your client.



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CONTACT US					



- [DOING BUSINESS WITH US](#)
- [GETTING STARTED](#)
- [CALCULATORS](#)**
- [FORMS](#)
- [RATES](#)
- [EASE](#)
- [WORKFLOWS](#)
- [FAQS](#)
- [GLOSSARY](#)
- [MARKETING MATERIAL](#)
- [RSP RESOURCE CENTRE](#)

I NEED

- Doing business with us
- Getting Started
- Calculators**
- Forms
- Rates
- EASE
- Workflows
- FAQs
- Glossary
- Marketing Material
- RSP Resource Centre

Calculators

Eliminate guesswork. Your clients will appreciate the accuracy of the information you provide. These calculators will help you get every detail right.

List of calculators available:

- [Investment Loan Calculator](#)
- [RSP Loan Calculator](#)**
- [Investment Loan Excess Collateral Calculator](#)
- [Margin Warning/Call Calculator](#)
- [Net Worth & TDSR For 100% Loans](#)
- [Interest Deductibility and Cost of Borrowing Calculator](#)

Advisor's Role

- Know the client.
- Assess the client's short and long-term financial goals.
- Evaluate the risk profile: Is the client a suitable candidate for an RSP loan?
- Communicate risks of investment strategies.
- Recommend appropriate investments and strategies.

B2B Bank's Role

- Underwrite RSP loan and administer account. We do not endorse nor advise on investment strategies.
- Educate advisors on how to use B2B Bank products.
- Provide advisors with marketing material and tools to grow business.
- Issue statements and other reporting requirements

The Credit Process

The 5 Cs of Credit:

- Capacity
- Capital
- Collateral
- Credit history
- Character



Understanding credit

- **Credit** refers to agreements entered into by individuals (or entities) for the financing of purchases, such as real estate, cars and investments, or for use on an “as needed” basis, such as lines of credit.
- All credit requires **repayment**, whereby the borrower agrees to receive lent monies now which they must repay in the future according to specific schedules or under certain circumstances.
- Loans and credit cards are examples of **credit products**.

Credit bureaus and credit reporting

- Credit bureaus are institutions that collect individuals' credit information. The information is used as a risk management tool to help businesses make credit decisions.
- A credit bureau keeps monthly records of an individual's current and past due payments, credit limits and debt levels. They also collect public record information, such as bankruptcies, collections or judgments.
- Trans Union and Equifax are the largest credit bureaus providing credit report services in Canada.

Capacity

- Capacity is the estimated amount of debt a borrower can carry, and is determined by a mathematical calculation known as their Total Debt Service Ratio (TDSR).
- TDSR shows the amount of one's gross income dedicated to the repayment of debt, as well as indicates the amount of additional debt one could reasonably afford to carry.

$$\begin{array}{c} \text{Total} \\ \text{monthly debt} \\ \text{payments} \end{array} \div \begin{array}{c} \text{Gross} \\ \text{monthly} \\ \text{income} \end{array} \times 100 \% = \begin{array}{c} \text{Capacity} \\ \text{(TDSR)} \end{array}$$

TIP: Industry rule of thumb, TDSR should be \leq 40% of monthly income.

Payments and income typically include:

Payments	Income
<ul style="list-style-type: none">• Housing• Loans• Credit cards• Lines of credit• Car lease, car loan	<ul style="list-style-type: none">• Salary• Commissions• Self-employed earnings• Net rental income

Capacity Illustration

Calculating TDSR

Total monthly payments:			Gross monthly income:			TDRS
Mortgage	=	\$2,000	Salary	=	\$9,500	38.56%
Car lease	=	600				
Line of credit	=	400				
Credit card	=	100				
Investment loan	=	563				
		<u>\$3,663</u>				

TIP: This is an acceptable TDSR because the applicant's monthly debt payments are \leq 40% of gross monthly income.

Capital

- Capital is the measure of a borrower's net worth. It is calculated by subtracting the borrower's liabilities from their assets.
- Capital reassures a lender by providing alternative ways for the borrower to repay debt other than their monthly income.

$$\text{Assets} - \text{Liabilities} = \text{Capital (Net worth)}$$

TIP: Net worth for 100% RSP Loans should be equal to the loan amount.

Assets and liabilities typically include:

Assets	Liabilities
<ul style="list-style-type: none">• A home• Registered plans• Mutual funds• Stocks	<ul style="list-style-type: none">• Mortgages• Personal loans• Credit card debt• Line of credit balances

NOTE: Some items do not qualify as assets, e.g., home furnishings, art, automobiles and jewellery.

Sample illustration

Calculating capital

Assets:			Liabilities:			Capital (Net worth):
A home	=	\$450,000	Mortgage	=	\$300,000	<u>\$243,000</u>
Registered plans	=	75,000	Personal loans	=	5,000	
Mutual funds	=	25,000	Credit card	=	2,000	
		<u>\$550,000</u>			<u>\$307,000</u>	

Credit history

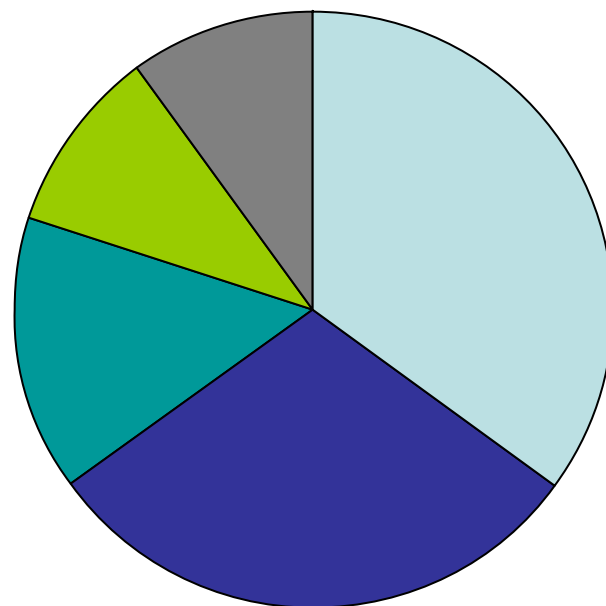
- Credit history is the collection of information about past behaviour in meeting debt obligations.
- The information includes: number and types of credit accounts, how long each account has been open, amounts owed, amount of available credit used, whether bills are paid on time, and number of recent credit inquiries.
- All of the above information, including an individual's credit score, is contained in their credit report, as issued by a consumer credit bureau.

Credit history

- A credit score (such as a Beacon score) is a three-digit number lenders use to help determine the credit risk and creditworthiness of a potential borrower.
 - Lenders typically use an individual's credit score and other statistical assessment tools to help predict the likelihood of bankruptcy or track trends to determine the probability of an individual making continued payments.
 - Credit scores are on a scale from around 300 to 900.
 - Individuals with below average scores may have difficulty qualifying for additional credit.

Factors that contribute to a credit score:

- Payment history — 35%
- Utilization — 30%
- Credit history — 15%
- New credit — 10%
- Credit mix — 10%



A credit score is positively affected by:

- Making loan and credit card payments on time.
- Paying down revolving credit card debt.
- Maintaining moderate utilization rate on credit cards.
- Refraining from lowering existing credit limits and consolidation.
- No bankruptcies, collections or judgments.

TIP: Your client should review their report critically, to ensure it contains no errors or fraudulent activity prior to applying for a major loan.

A credit score is negatively affected by:

- Opening multiple credit products in a short period.
- Closing seasoned, well-paid accounts.
- Borrowing from a finance company.
- Using the services of a credit repair company.
- Switching from a mortgage to a HELOC.
- Regularly reaching credit card limits.

NOTE: Reviewing a credit file or obtaining pre-approved credit cards does not negatively impact a credit score.

Factors that contribute to an individual's credit assessment:

- Length of credit history
- Depth of credit information
- Delinquency history

A credit assessment is positively affected by:

- Paying bills on time.
- Keeping balances low.
- Maintaining few revolving accounts.

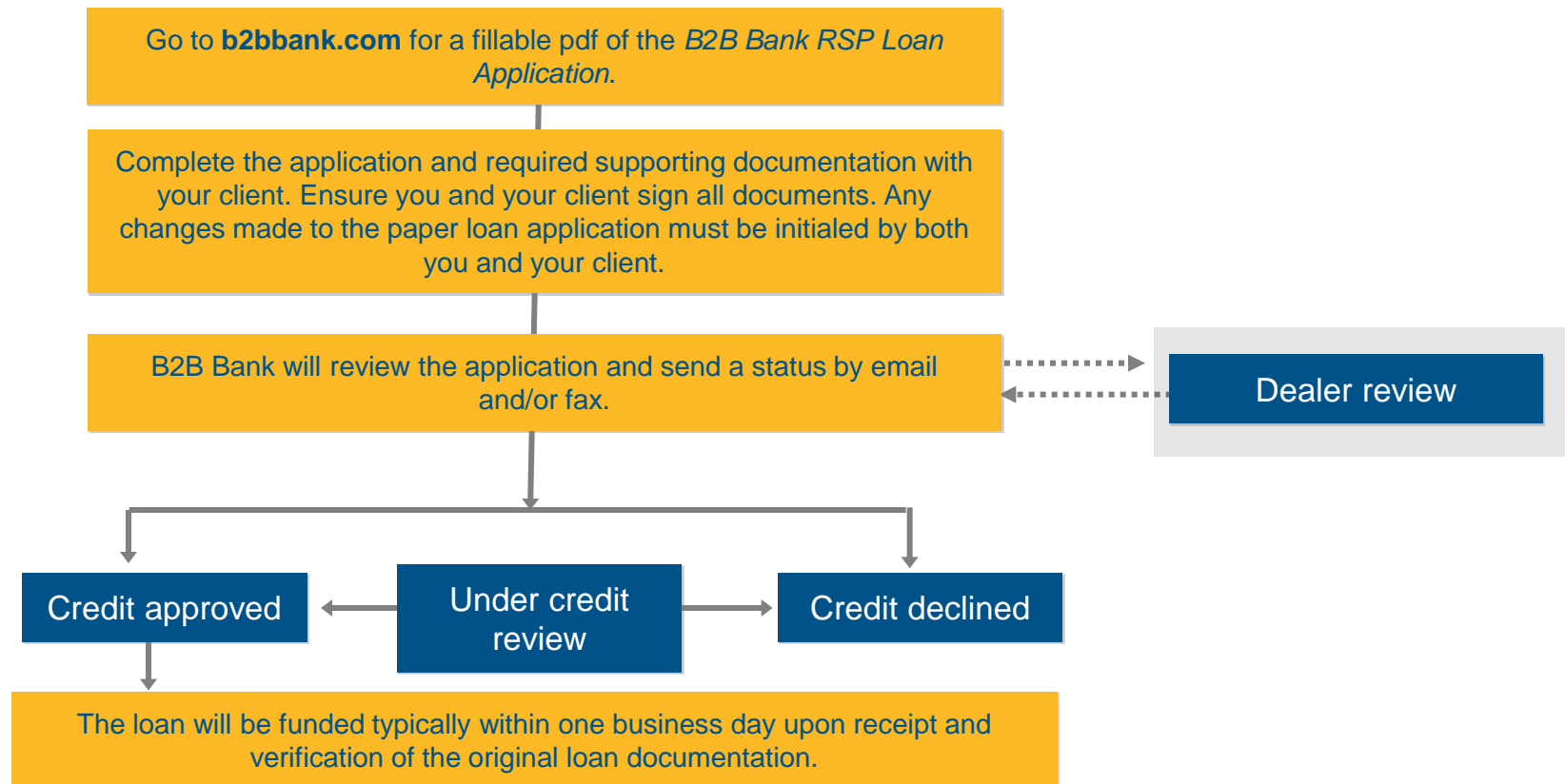
Character

- In addition to the other 4 Cs of Credit, an individual's credit is determined by a number of factors, including:
 - Occupation type
 - Length at job
 - Length at residence
 - Provision of complete and accurate financial information

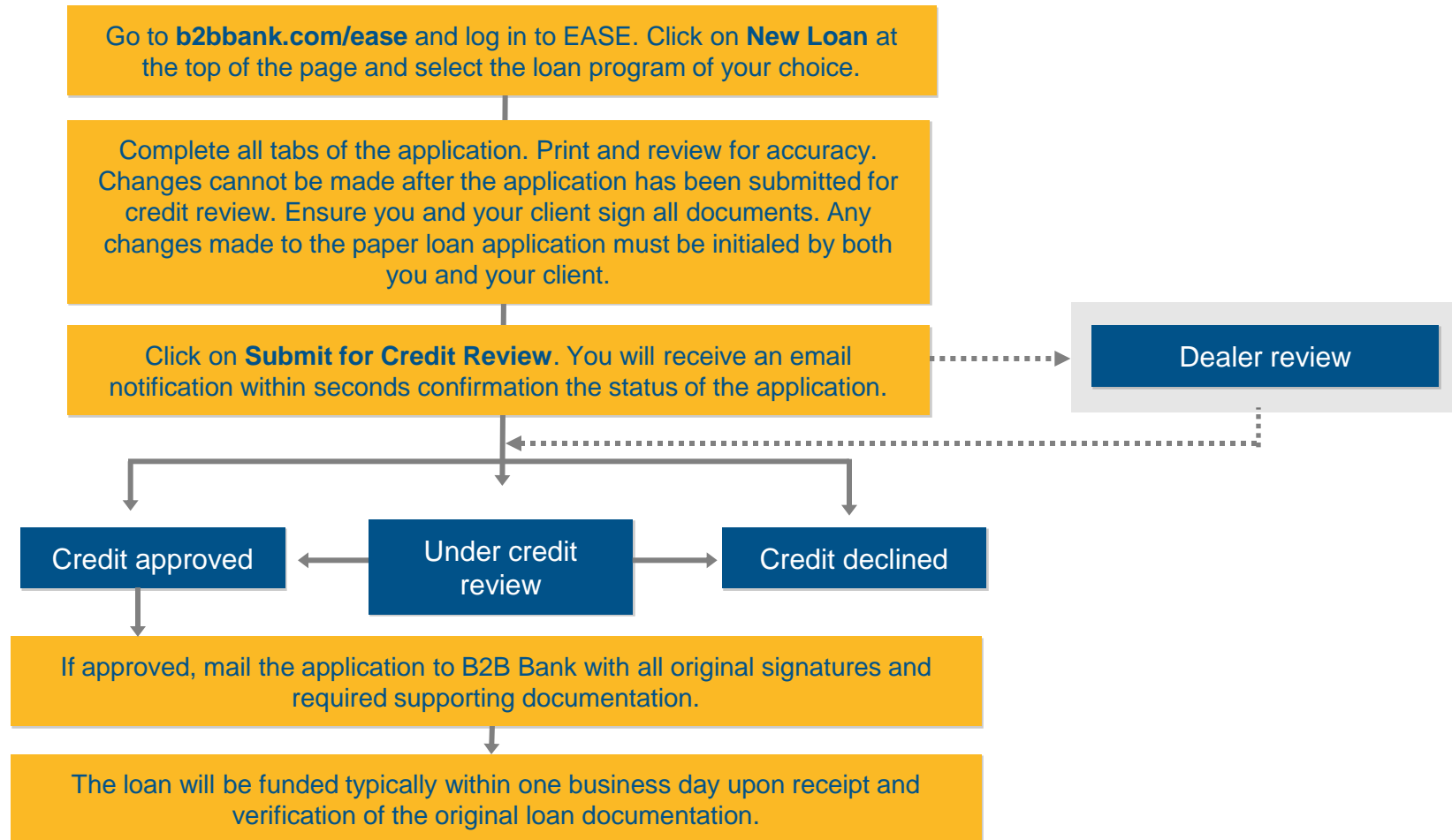
NOTE: The way your client manages credit will provide a general impression of character.

RSP Loan Process

Paper application process



Online application process Electronic Application Submission Entry (EASE) system



Enter the following information:

Advisor **Loan** Borrower Assets Liabilities Other

LOAN DETAILS LTV 0.00 % Rate 0.00 % TDSR 0.00 % Monthly Payment \$0.00

PRODUCT LOAN TYPE

* (\$) AMOUNT APPLIED FOR <input type="text" value="0.00"/>	* REGISTERED ACCOUNT NUMBER <input type="text"/>
(S) AMOUNT APPLIED FOR <input type="text" value="0.00"/>	REGISTERED ACCOUNT NUMBER <input type="text"/>
(S) AMOUNT APPLIED FOR <input type="text" value="0.00"/>	OTHER ACCOUNT <input type="text"/>
(S) TOTAL LOAN AMOUNT <input type="text" value="0.00"/>	AMORTIZATION <input type="text" value="12"/> MONTHS

Are you paying out another institution? NO YES

DEFERRAL OPTION <input type="text" value="No deferral"/> MONTHS (MAXIMUM 6 MONTHS)	FIRST PAYMENT DATE (DD/MM/YYYY) <input type="text" value="29"/> <input type="text" value="10"/> <input type="text" value="2009"/>
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OFFER ID

Select the product and loan type

Indicate the loan amount

Select the payment date

The Borrower tab is used for the credit decision process. Required information includes:

- Borrower's first and last name
- Preferred language
- Banking information
- Co-borrower selection (if applicable)

TIP: Selecting **Yes** to the **Co-Borrower** option will automatically add the **Co-borrower** tab to your online application.

Advisor

Loan

Borrower

Assets

Liabilities

Other

History

PRIMARY BORROWER INFORMATION

LTV 0.00 % Rate 0.00 % TDSR 0.00 % Monthly Payment \$0.00

PREFERRED LANGUAGE OF PRIMARY BORROWER ENGLISH FRENCHCO-BORROWER? NO YES

* LAST NAME <input type="text"/>	* FIRST NAME <input type="text"/>	INITIAL <input type="text"/>	TITLE Mr <input type="text"/>	* GENDER <input checked="" type="radio"/> MALE <input type="radio"/> FEMALE	* DATE OF BIRTH (DD/MM/YYYY) <input type="text"/> <input type="text"/> <input type="text"/>	SOCIAL INSURANCE NUMBER (999999999) <input type="text"/>	MARITAL STATUS Single <input type="text"/>
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* HOME ADDRESS: <input type="text"/>	* CITY: <input type="text"/>	* PROVINCE: Not Selected <input type="text"/>	* POSTAL CODE <input type="text"/>
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* HOME PHONE NUMBER (9999999999) <input type="text"/>	WORK PHONE NUMBER (9999999999) <input type="text"/>	AT CURRENT ADDRESS FOR LESS THAN 3 YEARS? <input type="radio"/> YES <input checked="" type="radio"/> NO
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<input checked="" type="radio"/> HOME OWNER <input type="radio"/> RENTER <input type="radio"/> WITH PARENTS	SINCE (YYYY) <input type="text"/>	HAVE YOU PREVIOUSLY DECLARED BANKRUPTCY? <input checked="" type="radio"/> NO <input type="radio"/> YES IF YES, DATE OF DISCHARGE? <input type="text"/>
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* NAME OF EMPLOYER <input type="text"/>	* MONTHS OF SERVICE < 1 <input type="text"/>	* (\$) PRESENT ANNUAL GROSS INCOME 0 <input type="text"/>
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* ADDRESS OF EMPLOYER

* SELF-EMPLOYED <input type="radio"/> YES <input checked="" type="radio"/> NO	* OCCUPATION All other occupations <input type="text"/>	POSITION <input type="text"/>
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INFORMATION FROM VOID CHEQUE FOR MONTHLY PAYMENTS

* INSTITUTION NAME <input type="text"/>	* BRANCH NUMBER <input type="text"/>	* ACCOUNT NUMBER <input type="text"/>
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CLIENT IDENTIFICATION Please provide details of 2 of the following original valid pieces of identification (including one with photo): Drivers Licence, Passport, Birth Certificate, or similar Canadian Government Record or Identification Document

1. * ID NAME <input type="text"/>	* NUMBER <input type="text"/>	* ISSUED BY <input type="text"/>	* EXP DATE (DDMM/YYYY) <input type="text"/> <input type="text"/> <input type="text"/>
2. * ID NAME <input type="text"/>	* NUMBER <input type="text"/>	* ISSUED BY <input type="text"/>	* EXP DATE (DDMM/YYYY) <input type="text"/> <input type="text"/> <input type="text"/>

- **Monday, March 3, 2014**

- Paper loan applications
 - B2B Bank must receive all paper applications by 5:00 p.m. ET in order to be processed for the 2013 tax year.
- Online loan applications submitted through EASE
 - B2B Bank must receive all electronic applications by 11:59 p.m. ET in order to be processed for the 2013 tax year.



**A bank
focused
on advisors**