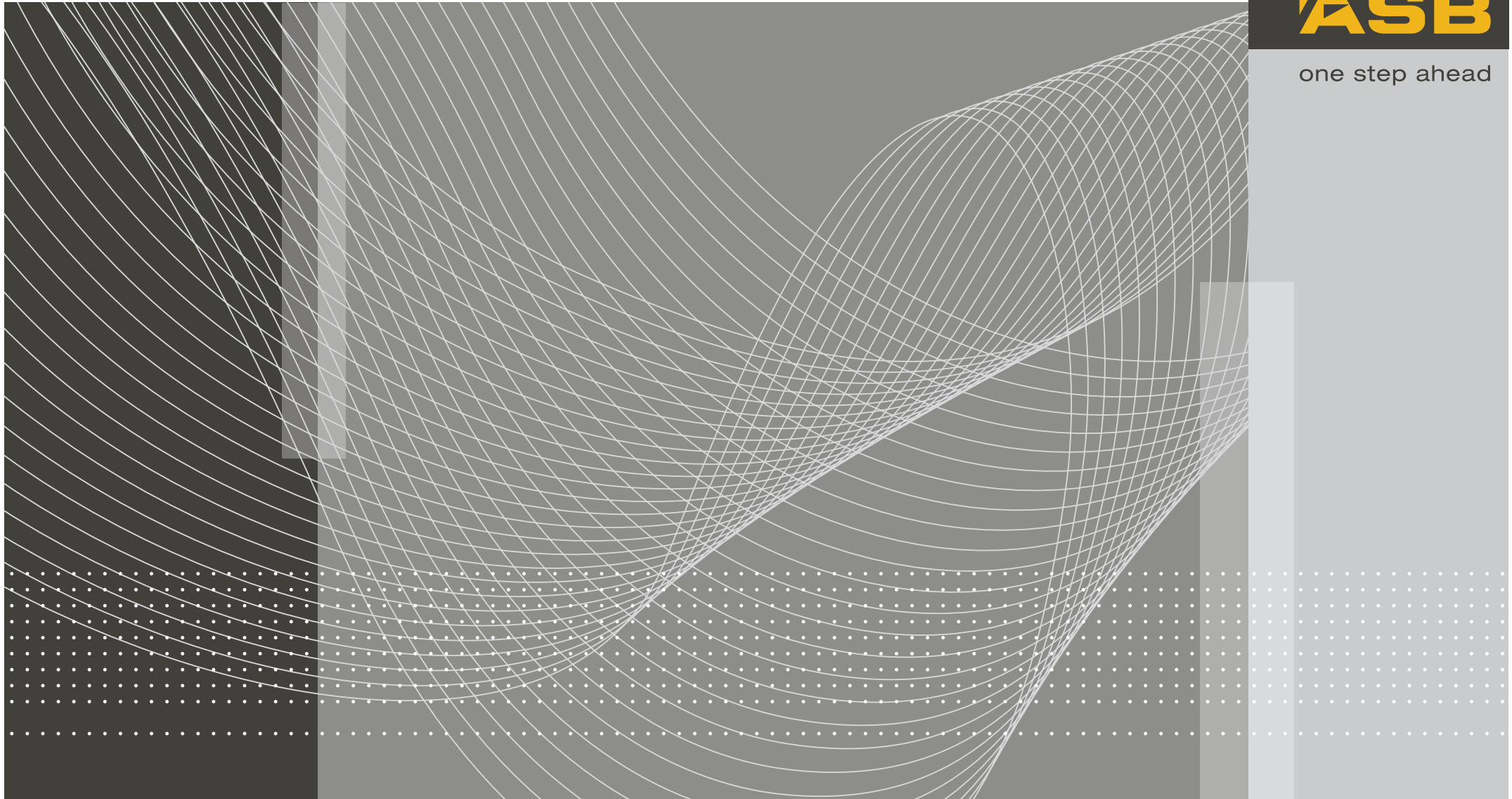


Your guide to applying for business finance

ASB

one step ahead



If you're in need of extra funds for your business, you can apply for business finance whether you're just starting up or expanding your company. For banks to say 'yes' to your application, they'll need to have a good understanding of your business, the market it operates in, and information about how the funds will be used.

To help you stay ahead of the game, we've put together this guide with a checklist of what banks could be looking for, the kind of questions they might ask, along with some helpful tips.

Have a look at the table for a quick summary, and read on for more details.

What you'll need for your application?

- A business plan** > A document that outlines the big picture for your business: where it is now, where you want it to go, how you plan on getting there, and an idea of how it will succeed in the future.
- About your application** > How you'll use the funds, how much you'll need and how you intend to repay it.
- Supporting information** > Any relevant documents or contracts that will help the bank get a better understanding of the figures or projections you mention in your application.

What is a business plan?

A business plan is like a roadmap to your long-term goals, which breaks down your journey into steps you'll need to take to get there. Writing up a business plan gives you a clear sense of direction, and a barometer to measure your progress against. It's also vital to have a business plan to show the bank you're serious about the application, and that you have a good chance of success.

Your business plan section by section

Overview > The essence of your business.

Business profile > An overall description of what your business is and where you want it to go.

Your market > Your assessment of the market you're in, your customers and competitors.

Sales and marketing > Details of your sales and marketing strategy including your product/service, promotion, distribution and pricing.

Management and staff > How your business will be managed and staffed including details of the responsibilities of key staff.

Operational plan > How your business operates. This includes information about premises, equipment, materials, licences, consents, insurance, suppliers and systems.

Finances and forecasting > Information that shows your business is viable. Profit and loss forecasting, cash flow, capital expenditure and information on how loans and investors will be repaid and when.

Succession planning > A plan of how your business will work well into the future.

For more in-depth information, have a look at ASB's "Your guide to writing a business plan"



About your application

Where will the funds be going?

To help your bank review your application, it helps to show you've thought out how a successful application for funds will affect your company. Some questions you could be asked include:

- > How much funding do you need?
- > What will you be doing with the funds, and how will it assist your business?
- > How much income will you have to service current and proposed funding?
- > Will you be entering into any new contracts? If you are, provide details.
- > How will this affect your other business activities (if relevant)?
- > What assets are you offering as security for the loans?

Try to be as realistic as you can when coming up with the amount you'll need.

Work with your accountant and your bank to understand the level of funding you need.



Supporting information

What documents should I have at hand?

The following documentation should be helpful for your bank to get a better understanding of your application:

- > Sale & Purchase Agreements, Registered Valuations of properties involved, Quotable Valuations and Lease / Tenancy Agreements
- > Relevant Contracts, like Agency, Licence or Franchise Agreements.
- > Your latest business Financial Statements.
- > Any relevant Local Authority Consents/ Approvals and Regulatory Compliance Requirements
- > Business Plan, Profit & Loss projections and other financial reporting.
- > Details of what insurance is held to protect income, key people, assets etc.

Once you've gathered the information outlined in this application, you can be confident you're well prepared.

Questions to ask your bank

It's a great way to get to know your bank a little better, and to hone your finance application. Here are some suggestions as to the kind of questions to ask your bank:

- > How long will it take to get approval for my funding application?
- > Who are my key contacts at the bank going forward?
- > What are the applicable interest rates?
- > What fees will I pay?
- > What security do you require?
- > Are there any penalties if I repay early?
- > What other services can you offer my business?

Your next step

We hope you have found this guide helpful in putting together a successful business finance application.

Call the ASB Business Banking team today on 0800 272 222 or email us at businessbanking@asb.co.nz to talk to us about your financing needs.

Simply put, making a successful application is about letting the bank know you're running a great company and that you're on top of all financial aspects of it.

All lending is subject to ASB Lending Criteria.

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