

EDC Corporate Presentation

**Business Opportunities in
Central Europe**

March 8th, 2006

Canada 

 **EDC**

Agenda

- Corporate Overview
- Overview of EDC's Products

Corporate Overview

Realize a World of Opportunity

EDC offers a wide range of trade finance solutions
to Canadian companies of all sizes
and their customers abroad.

Corporate Profile

- Began operations in **1944**.
- As a Crown corporation EDC **reports** to Parliament through the **Minister for International Trade**.
- EDC conducts its activities in a **socially responsible** manner and carefully balances the need to operate in a **sound financial manner** with its **public policy value**.

Corporate Profile (cont'd)

Head Office:

→ Ottawa

Regional Offices (11):

→ Vancouver, Calgary, Edmonton, Winnipeg, London, Toronto, Montreal, Quebec, Moncton, Halifax and St John's

International presence (8) :

→ Brazil (2), China, Malaysia, Mexico (2), Poland and India

2004 Achievements (highlights*)

- Supported **\$54.9 billion** in exports and international investments in more than 170 markets around the world
- Supported **\$11.6 billion** in 146 developing markets
- Served **6, 962* customers** (of which 6,345 were SMEs)

Customer Satisfaction Index of 81.8 was achieved in 2004.

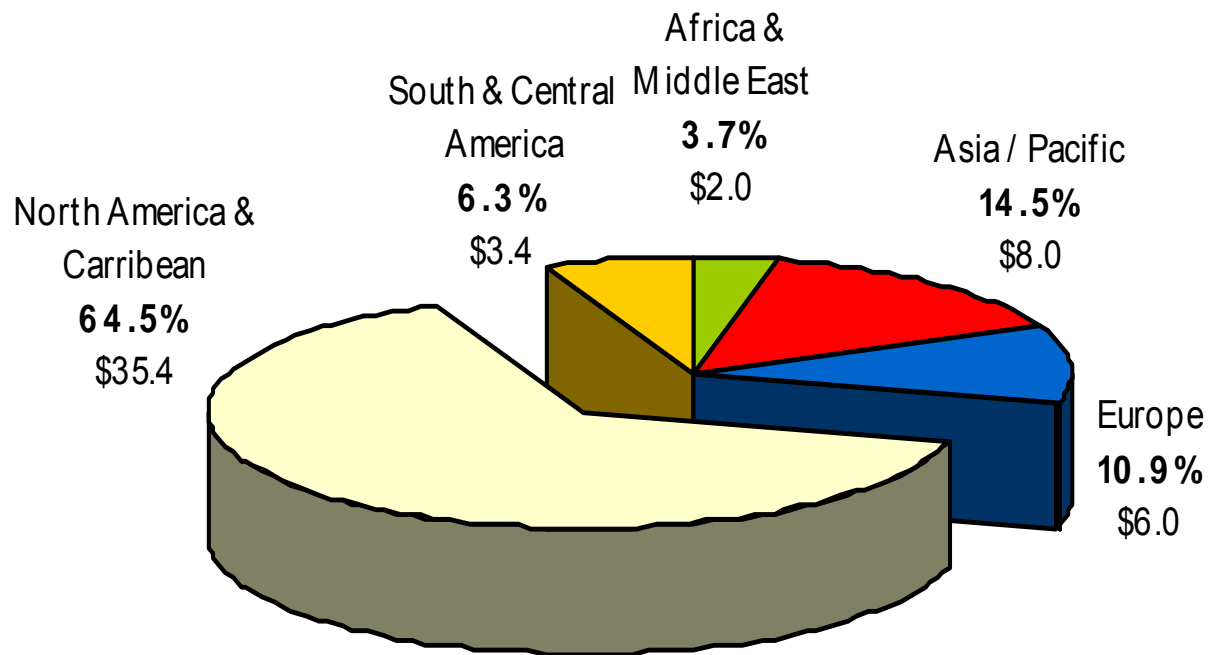
* Source: EDC Data 2004

*5,900 Direct + 1062 Indirect

EDC Sector Teams

Consumer Goods (Agri-Food)	Emerging Exporters Team*	Mining, Infrastructure Development & Services (MIDAS)
Aerospace	Energy	Surface Transportation
Advanced Technologies & Manufacturing (ATM)	Financial Institutions	Telecom
Base & Semi	Forestry	

EDC Volume (billion)



Source: EDC Data 2004

Top Countries Volume (\$M)

USA	\$30,587
MEXICO	\$1,910
JAPAN	\$1,811
TAIWAN	\$1,484
CHINA	\$1,365

Top Countries Volume (\$M)

UK	\$1,235
BRAZIL	\$983
SOUTH KOREA	\$827
FRANCE	\$784
GERMANY	\$742

Overview of EDC Products

3 Main Categories

- Accounts Receivable Insurance
- Bonding Support/Performance Guarantees
- Export Financing

Accounts Receivable Insurance (ARI)

www.edc.ca/insurance

What is Accounts Receivable Insurance?

Accounts Receivable Insurance (ARI) covers exporters against non payment of their short term export receivables through the issuance of whole turnover credits insurance Policies.

- Covers all (most) credit sales
- Standard cover rate 90%
- 1- or 2-year term
- Pay-as-you-go

Benefits of Accounts Receivable Insurance

1. Covers 90% of losses when foreign buyers don't pay
2. Helps increase access to working capital
(e.g. by using ARI as collateral against operating lines)
3. Helps improve cash flow
(e.g. by freeing up capital normally provisioned for losses)

Benefits of Accounts Receivable Insurance (cont'd)

4. Allows exporters to offer more flexible payment terms with EDC- backed credit decisions
5. Helps exporters to break into new markets around the world
6. Provides on-going access to EDC's market/buyer intelligence

.....and when the unexpected happens

EDC paid claims: \$64 million in 2004

Claims Waiting Period

Risk	Period
Insolvency	Immediately
Termination	4 months
Political Risk	4 months
Buyer Default	6 months
Repudiation	After goods sold

Waiting period can be adjusted to reflect specific country/buyer experience

Contract Insurance & Bonding CIB

www.edc.ca/insurance

www.edc.ca/bonding

EDC's Contract Insurance & Bonding Services

I. Contract Frustration Insurance (CFI)

II. Bank Instruments guaranteeing contract performance

- Performance Security Guarantees (PSG) and
- Performance Security Insurance – wrongful call (PSI)

III. Surety Bond Reinsurance (SBI)

I. Contract Frustration Insurance (CFI)

Single contract insurance that provides work-in-process and receivables protection for 90% of eligible losses arising from a wide range of commercial and political risks. CFI is a single contract alternative to EDC's Accounts Receivables Insurance policy.

CFI is targeted specifically to Canadian exporters of capital goods or services and their Canadian suppliers, and is available on a fully selective basis, provided the associated risks and Canadian benefits are acceptable to EDC.

II. Bank Instruments that Guarantee Contract Performance

Performance Security Guarantee (PSG)...

100% guarantee to the *bank* against any call

- EDC has full recourse to Exporter via Indemnity Agreement
- frees up working capital funds

Account PSG (A-PSG) ...

- PSG facility for frequent issuers of export bank instruments
- Pre-approved, pre-committed capacity

II. Bank Instruments that Guarantee Contract Performance (cont'd)

Performance Security Insurance (PSI)...

95% coverage to the *exporter* against:

- Wrongful call of a bank instrument, and
- Rightful call outside of exporter's control

III. Surety Bonds

EDC's Role:

EDC provides reinsurance capacity to surety market

Export Financing

Financing Solutions for Exporters

- I. Exporter Guarantee Program
- II. Foreign Buyer Financing

www.edc.ca/financing

Exporter Guarantee Program

- **A risk sharing guarantee designed to encourage Financial Institutions to advance loans to smaller exporters by providing additional security**
- Guarantee covers up to 75% of loan (case-by case basis for operating and term loan facility).
- Existing operating lines of credit are not affected.
- There are no add-on fees payable to EDC
- Financial Institution is responsible for funding and perfecting security

Exporter Guarantee Program

- Pre-shipment loans can be used to cover WIP financing needs for direct exports as well as indirect (i.e. component sub-supply in Canada related to a product that is ultimately exported).
- Approved Pre-shipment loans can be up to 100% of the contract costs.
- The term of the loan is linked to the payment terms identified in the commercial contract.

Variations of support:

- **Contract Specific** (pre-shipment) – One-off or “Bulge” facility to specifically support an export contract.

Exporter Guarantee Program

Variations of support:

- **Revolving Facility** (pre-shipment) – specifically support a series of purchase orders or contracts knowing each deal is covered under the guarantee.
- **Operating Facility** – A general corporate purpose facility to be administered by the provider in support of day to day operational activities.
- **Term Loan Facility-**
 - Infrastructure investment in Canada relating to specific existing export contracts;
 - Infrastructure investment in Canada relating to general corporate purpose financing; and
 - Foreign Direct Investment Out to support the acquisition of a foreign asset or company.

Direct Buyer Loans

- Tailored specifically to your commercial contract
- EDC disburses funds to you on behalf of the borrower
- Meets the credit needs of your foreign buyer
- Competitive interest rates & fees

Financing Eligibility Criteria

Exporter:

- Business operating in Canada
- Technically & financially capable
- Deal demonstrates benefits to Canada

Buyer/Borrower:

- Credit-worthy
- From acceptable country

Project:

- Technical & commercial viability

EDC's eProducts

www.edc.ca/online

EDC's eProducts

- 1) Export *Check*
- 2) Export *Protect*
- 3) Export *Market Insight (free)*
- 4) Export *Able (free)*

EDC's eProducts

1. Export *Check*

Help you decide how much (if any) credit you might want to extend to a potential U.S. or foreign customer.

Promptly determine your buyer's credit profile with:

1) EDC Opinion Reports

Obtain key credit and financial information on U.S. or foreign companies.

2) Dun & Bradstreet Information Reports

Fast and easy access to detailed credit information reports on foreign companies.

EDC's eProducts

2. Export Protect

A quick, simple and secure way to insure one transaction against non-payment.

- 1) Coverage:
for up to 90% of losses if your foreign buyer doesn't pay after it has accepted the goods
- 2) Maximum transaction amount:
up to USD250,000.00

Note: *EDC also offers traditional Account Receivable Insurance which covers more than one export transaction.*

EDC's eProducts

3. Export Market Insight (Free)

A world of information at your fingertips.

You can have access to EDC market intelligence.

EDC's EXPORT Market Insight can help you:

- 1) Analyze markets
- 2) Assess expansion opportunities
- 3) Stay on top of political risks and economic trends

Select the market (s) you are interested in and updates will be automatically delivered to your desktop.

EDC's eProducts

4. Export Able (Free)

An on-line questionnaire that helps Canadian companies develop a successful export strategy.

A tool to help you address the following questions:

- 1) Is there an appetite for your product or service?
- 2) Is your company ready to take on the export challenge?
- 3) Do you have financing in place?
- 4) Have you developed a comprehensive business and marketing plan?

Thank You
www.edc.ca

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