Solutions Guide for Financial Institutions

Say “yes” to your customers more often

If you want to enhance the lending value of your customer’s assets or use our guarantees as security, consider partnering with Export Development Canada (EDC).

By learning more about our products and services we can help you take on more credit solutions for your customers and take on more business without taking on more risk.

This guide has been designed to show you how:

- **Looking for the right solution fast?** Our solutions grid can help you quickly identify the right EDC product for you and your customer. If they’re looking for a larger operating line of credit, we have a number of options depending on their circumstances. If they need a term loan, our Export Guarantee Program may be the answer.
- **Need more details?** Our product fact sheets give you an overview of the product benefits, coverage, eligibility criteria and pricing. There’s also information on how to apply and how to submit a claim.

Use this condensed guide for a quick overview of our products. For more in-depth information on how we help you grow your business while reducing your risks, visit EDC’s complete online *Solutions Guide for Financial Institutions* at **FIguide.edc.ca**.

BG-Condensed-0112

Find the solution that's right for you—and your customers

Export Development Canada is Canada's export credit agency, offering financial and risk management solutions to help Canadian businesses expand into the international market. By working with us, you can say "yes" to your exporting customers more often so you can continue to help them expand their business. That means a growing loan portfolio and higher customer satisfaction ratings for you.

How do you want to help your customer?	How we can help you do that:
Operating Line of Credit	Accounts Receivable Insurance lets you lend against all or some of your customer's receivables by including those receivables in their borrowing base. Our Export Guarantee Program can help you support your customer's financing needs by protecting you against payment default under an operating line. Contract Frustration Insurance allows you to increase your customer's borrowing base by enhancing the value of the contract's receivables. Single Buyer Insurance lets you lend against your customer's receivables with a single buyer by including those receivables in their borrowing base. Bank Factoring Insurance allows you to provide your customer with an alternative working capital tool while minimizing risk.
Foreign Investments and Foreign Affiliates Financing	The Export Guarantee Program provides flexible risk-sharing guarantees that can help you free up a customer's working capital. Political Risk Insurance covers your risks when you lend to a Canadian company with assets or investments in an emerging market. Our Foreign Investment Financing solution enables us to provide lending support that complements your existing credit facilities.
Standby Letter of Credit and Letter of Guarantee	Our Account Performance Security Guarantee provides a 100% guarantee if bonds are called, which helps you meet your customers' needs without squeezing their operating lines.
Foreign Exchange Facility	The Foreign Exchange Facility Guarantee provides a 100% guarantee of the collateral security required for your settlement risk, helping you meet your customers' needs without squeezing their operating lines.
Term Loans	Our Export Guarantee Program provides flexible risk-sharing guarantees that can give you the comfort you need to provide the additional financing your customers require. Political Risk Insurance covers your risks when you lend to a Canadian company with assets or investments in an emerging market. Our Foreign Investment Financing solution complements your existing credit facilities by providing term-loan financing for foreign investments.
Export Letter of Credit	Our Trade Finance Obligations Policy protects against default on a letter of credit issued by a foreign financial institution in a challenging market.
Payables Financing	Our Supplier Payment Program can increase your lending capacity by insuring a credit facility against non-payment by your customer.
Receivables Purchase	Bank Factoring Insurance lets you factor your customers' receivables to increase their working capital.
Foreign Buyer Financing	Political Risk Insurance covers your risks when lending to emerging-market governments that purchase Canadian goods and services.

For more information about how we can help, go to our Solutions Guide for Financial Institutions at **FIguide.edc.ca**. Contact us at **1-866-551-3607** if your customer has annual sales under CAD 10 million, or **1-866-572-6447** for those with annual sales that are higher. Or you can visit us at **www.edc.ca**.

(SB-TipSheet-0112)

Accounts Receivable Insurance

How Export Development Canada (EDC) can help you say "yes" to your exporting customers more often without taking on all the risk.

OVERVIEW

Your customer wants to borrow against their receivables but you are concerned about the risk. Our Accounts Receivable Insurance (ARI) allows you to include those receivables in their borrowing base or operating line because 90% of their losses are covered against a variety of commercial and political risks.

COVERAGE

Your customer can use ARI to insure all or some of their receivables for up to 90% of losses resulting from buyer non-payment; refusal to accept the goods; bankruptcy or insolvency; cancellation of import or export permits; currency conversion or transfer; and war, revolution or insurrection.

Coverage for contract cancellation can also be provided. This insures both 90% of costs incurred from the time the contract is signed until the contract is cancelled, and 90% of the unpaid receivable relating to goods shipped.

Claims can be paid directly to you if your customer puts a Direction to Pay or a Tripartite Agreement in place.

ELIGIBILITY

Any Canadian business that exports goods or services can apply.

HOW TO APPLY FOR ARI

1. Your customer completes and signs an Application for Accounts Receivable Insurance. This can also be done online.
2. We will make an offer of insurance to your customer, which the customer must accept (and for which they must pay the acceptance fee) in order to activate the policy.
3. If a Direction to Pay is to be added to the policy, the customer completes and submits an EDC Direction to Pay Form to us.
4. We acknowledge the direction and return a copy to the insured and to your institution, together with the appropriate policy documentation. We copy relevant future correspondence to your institution.
5. If a Tripartite Agreement is to be added to the policy, your customer provides you with a signed EDC Tripartite Agreement Form.
6. Your institution signs the Tripartite Agreement and returns it to the customer, who signs it and forwards it to us.

HIGHLIGHTS

- Allows you to include foreign receivables in your customer's borrowing base.
- Claims can be paid directly to you if your customer puts a Direction to Pay or a Tripartite Agreement in place.
- ARI is flexible and can be used to cover one-buyer, complex contracts or all receivables.

OTHER PRODUCTS OF INTEREST

- Single Buyer Insurance lets you lend against foreign receivables with one buyer.
- Contract Frustration Insurance lets you lend against the value of a contract's receivables.
- The Export Guarantee Program is a risk-sharing program that protects you against your customer's payment default under their operating line.
- Bank Factoring Insurance lets you factor receivables to increase working capital.

ABOUT US

Export Development Canada is Canada's export credit agency, offering financial and risk management solutions to help Canadian businesses expand into the international market.

7. We verify and sign the Agreement and then send you an original executed Agreement.
8. The customer receives an original of the executed Tripartite Agreement. We will also send you a copy of the customer's policy documents if you request them.

NOTIFICATION OF OVERDUE ACCOUNTS

Your customer must immediately notify us if they become aware of any event or circumstance that could cause a loss greater than or equal to $100,000.

Your customer must provide us with all particulars of amounts payable under eligible contracts that have been in default for more than 90 days, where the aggregate of such amounts owing from a buyer is greater than or equal to $100,000.

Your customer must stop shipping goods to buyers that have been in default for more than 60 days if the amount that is more than 60 days overdue represents more than 10% of the total amount outstanding with that buyer.

SUBMITTING A CLAIM

Claims can be submitted online through Debt Management via EDC Direct. A claim can be submitted in respect of a debt 120 days (four months) after the occurrence of the risk event that caused the loss. If, however, a buyer has either been placed into receivership or has commenced proceedings under bankruptcy or insolvency laws, the claim should be submitted immediately.

No supporting documentation is required for claims of $5,000 or less, although we reserve the right to ask for such supporting documents at any time.

Supporting documents must be submitted for claims over $5,000. This can be done online through Debt Management via EDC Direct, or by email, fax, or mail.

If a Direction to Pay or a Tripartite Agreement is in place, we pay your institution directly.

PRICING

Policy premium rates vary according to factors such as the products or services sold, the country where the buyer is located, terms of payment, spread of buyer risk, claims history, loss history and credit practices.

The insured customer pays the premiums to us based on their insurable sales, which the customer is required to report to us on a regular (usually monthly) basis, using our standard Declaration Form.

› FIND OUT MORE

Would you like to learn how our Accounts Receivable Insurance can help you say "yes" to your customers more often?

Contact us at **1-866-551-3607** if your customer has annual sales under CAD 10 million, or **1-866-572-6447** for those with annual sales that are higher. Or you can visit us at **FIguide.edc.ca**.

Ce document est également disponible en français.

Single Buyer Insurance

How Export Development Canada (EDC) can help you say "yes" to your exporting customers more often without taking on all the risk.

OVERVIEW

Your customer wants to borrow against their foreign receivables with a single buyer but you are concerned about the risk. Our Single Buyer Insurance allows you to increase their borrowing base by strengthening the value of those receivables for six months.

COVERAGE

Single Buyer Insurance insures up to 90% of your customer's eligible losses resulting from buyer non-payment; bankruptcy or insolvency; cancellation of import or export permits; currency conversion and transfer; and war, revolution or insurrection.

Your customer can use Single Buyer Insurance to cover export sales to the same buyer for a period of six months. The receivables must be due within the policy's 180-day coverage period. New policies can be issued for further six-month periods subject to the continued creditworthiness of the buyer.

There is a maximum liability on the policy, which is the maximum value of receivables that can be owed at any point in time.

Single Buyer Insurance is intended primarily for companies that make infrequent export sales and rarely need to insure foreign receivables.

ELIGIBILITY

Any Canadian business that exports goods or services can apply.

HOW TO APPLY FOR SINGLE BUYER INSURANCE

1. Your customer completes and signs the Application for Single Buyer/Contract Frustration Insurance.
2. We will make an offer of insurance to your customer, which the customer must accept (and pay the premium) in order to activate the policy.
3. If your customer is a registered EDC Direct user, they can apply for Single Buyer Insurance online.
4. If a Direction to Pay is to be added to the policy, the customer completes and submits the EDC Single Buyer Direction to Pay Form to us.
5. We acknowledge the direction and return a copy to the insured and to your institution, together with the appropriate policy documentation. Relevant future correspondence is copied to your institution.

HIGHLIGHTS

- Allows you to finance select receivables while mitigating risk.
- Allows you to provide a temporary increase in your customer's operating line without taking on additional risk.
- Claims can be paid directly to you if your customer puts a Direction to Pay or a Tripartite Agreement in place.

OTHER PRODUCTS OF INTEREST

- Accounts Receivable Insurance lets you lend against all or some of your customer's receivables.
- Contract Frustration Insurance lets you lend against the value of a contract's receivables.
- Bank Factoring Insurance lets you factor receivables to increase working capital.
- The Export Guarantee Program is a risk-sharing guarantee that protects you against your customer's payment default on their operating line.

ABOUT US

Export Development Canada is Canada's export credit agency, offering financial and risk management solutions to help Canadian businesses expand into the international market.

6. If a Tripartite Agreement is to be added to the policy, your customer provides you with a signed EDC Single Buyer Tripartite Agreement Form.
7. Your institution signs the Tripartite Agreement and returns it to the customer, who signs it and forwards it to us. We verify and sign the Agreement and then send you an original executed Agreement.
8. The customer receives an original of the executed Tripartite Agreement. We will also send you a copy of the customer's policy documents if you request them.

NOTIFICATION OF OVERDUE ACCOUNTS

Your customer must immediately notify us if they become aware of anything that could cause non-payment under a contract.

Your customer must immediately notify us of any amounts payable by the buyer that become more than 60 days overdue.

Your customer must stop shipping goods to a buyer who becomes in default of any amount owed to the insured, unless we consent, in writing, to such goods being shipped despite the buyer being overdue.

SUBMITTING A CLAIM

A claim can be submitted in respect of a debt 120 days (four months) after the occurrence of the risk event that caused the loss. If, however, a buyer has either been placed into receivership or has commenced proceedings under bankruptcy or insolvency laws, the claim should be submitted immediately.

To be considered, a claim must be submitted no later than 180 days (six months) from the date of occurrence of the risk event that caused the loss. Supporting documents must be provided for any claim submitted. This can be done by email, fax, or mail.

If a Direction to Pay or a Tripartite Agreement is in place, we pay your institution directly.

PRICING

There is a one-time premium, payable upfront by the insured customer. The premium is calculated according to the coverage amount and the buyer risk.

FIND OUT MORE

Would you like to learn how our Single Buyer Insurance can help you say "yes" to your customers more often?

Contact us at **1-866-551-3607** if your customer has annual sales under CAD 10 million, or **1-866-572-6447** for those with annual sales that are higher. Or you can visit us at **FIguide.edc.ca**.

Ce document est également disponible en français.

Contract Frustration Insurance

How Export Development Canada (EDC) can help you say "yes" to exporting your customers more often without taking on all the risk.

OVERVIEW

Your customer needs additional operating credit because they have a complex contract in hand, but the risks for the bank are too high. Our Contract Frustration Insurance (CFI) allows you to increase their operating line because it enhances the value of the contract's receivables and the work in progress.

COVERAGE

A CFI policy applies to a single, specific export contract for services, capital goods or projects. It can insure up to 90% of your customer's losses for a range of commercial and political risks, including buyer non-payment; buyer bankruptcy or insolvency; cancellation of import or export permits; currency conversion and transfer; a host government's moratorium on debt; war, revolution or insurrection; and contract cancellation.

Claims can be paid directly to you if your customer puts a Direction to Pay or a Tripartite Agreement in place.

ELIGIBILITY

In evaluating applications made by your customer, we consider criteria such as:

- the benefits to Canada;
- the creditworthiness of the customer's foreign buyer;
- the contractual terms and conditions;
- the conditions and economic outlook in the foreign buyer's country; and
- the customer's technical and managerial capabilities.

HOW TO APPLY FOR CFI

1. Your customer must complete and sign the Application for Single Buyer/Contract Frustration Insurance.
2. If the transaction qualifies for CFI, we will make an offer of insurance to your customer, which the customer must accept in order to activate the policy. Paying the premium constitutes acceptance.
3. If a Direction to Pay is to be added to the policy, the customer completes and submits the EDC Direction to Pay Form to us.
4. We acknowledge the direction and return a copy to the insured and to your institution, together with the appropriate policy documentation. Relevant future correspondence is copied to your institution.

HIGHLIGHTS

- Coverage can be customized to meet the specific terms of the contract.
- Pre-shipment coverage can enhance the security value of the work in progress related to a contract.
- Claims can be paid directly to your financial institution if your customer puts a Direction to Pay or a Tripartite Agreement in place.

OTHER PRODUCTS OF INTEREST

- Accounts Receivable Insurance lets you lend against all or some of your customer's receivables.
- Single Buyer Insurance lets you lend against foreign receivables with one buyer.
- Bank Factoring Insurance lets you factor receivables to increase working capital.
- The Export Guarantee Program is a risk-sharing program that protects you against your customer's payment default under an operating line.

ABOUT US

Export Development Canada is Canada's export credit agency, offering financial and risk management solutions to help Canadian businesses expand into the international market.

5. If a Tripartite Agreement is to be added to the policy, your customer provides you with a signed EDC Tripartite Agreement Form.
6. Your institution signs the Tripartite Agreement and returns it to the customer, who signs it and forwards it to us. We verify and sign the Agreement and then send you an original executed Agreement.
7. The customer receives an original of the executed Tripartite Agreement. We will also send you a copy of the customer's policy documents if you request them.

NOTIFICATION OF OVERDUE ACCOUNTS

Your customer must immediately notify us if they become aware of any event or circumstance that could cause a loss including, without limitation, any deterioration in the financial condition of the buyer.

Your customer must immediately notify us and provide the full particulars of any amounts payable by the buyer that are more than 90 days overdue.

Your customer must stop shipping goods to buyers that have been in default for more than 90 days for an aggregate amount greater than 10% of the contract price.

SUBMITTING A CLAIM

A claim can be submitted in respect of a debt 120 days (four months) after the occurrence of the risk event that caused the loss. However, if a buyer has either been placed into receivership or has commenced proceedings under bankruptcy or insolvency laws, the claim may be submitted immediately.

To be considered, a claim must be submitted no later than 12 months from the date of the occurrence of the risk event that caused the loss.

Supporting documents must be provided for any claim submitted. This can be done by email, fax, or mail.

PRICING

There is a one-time premium, payable upfront by the insured customer. The premium is calculated based on a range of factors including liability, coverage duration, payment terms, buyer risks and other contract-specific risks.

› FIND OUT MORE

Would you like to learn how our Contract Frustration Insurance can help you say "yes" to your customers more often?

Contact us at **1-866-551-3607** if your customer has annual sales under CAD 10 million, or **1-866-572-6447** for those with annual sales that are higher. Or you can visit us at **FIguide.edc.ca**.

Ce document est également disponible en français.

Political Risk Insurance

How Export Development Canada (EDC) can help you say "yes" to your exporting customers more often without taking on all the risk.

OVERVIEW

If you are looking to cover your risks when lending to a Canadian company with assets or investments in an emerging market, or to emerging-market governments that purchase Canadian goods and services, our Political Risk Insurance (PRI) protects you against this exposure. This may enhance your capacity to support your customers.

COVERAGE

PRI of Assets or PRI of Equity insures up to 90% of eligible losses resulting from expropriation, political violence, or currency inconvertibility or non-transfer. It can apply to individual overseas investments or physical assets, or to a portfolio of investments or physical assets. We can tailor the policy to your customer's specific risk-mitigation needs.

Once the policy is activated, it remains in effect even if political risks change drastically in the foreign country. In addition, you can have the proceeds of claim payments under the policy paid directly to your institution by having the customer sign a Direction to Pay.

PRI of Bank Loans insures up to 100% of your eligible losses if a commercial borrower fails to pay because of expropriation, political violence, or currency inconvertibility or non-transfer. Principal and regular accrued interest can both be protected.

PRI of Non-Honouring of a Sovereign Obligation (NHS) insures up to 95% of loan losses resulting from non-payment by a sovereign borrower or guarantor. In some cases, we can consider insuring loans made to a state-owned entity or to quasi- or sub-sovereign governments. Principal, regular accrued interest and capitalized upfront NHS premiums can all be protected.

ELIGIBILITY

For **PRI of Assets**, your customer must have physical assets in an emerging market, such as inventory or cash accounts, and should have full ownership of them.

For **PRI of Equity**, your customer must have equity invested in a plant or joint venture in an emerging market. Your customer should own a controlling interest in the foreign affiliate, although under some circumstances we may consider insuring minority investments.

For **PRI of Bank Loans**, the loan must be made to a commercial entity located in an emerging market in support of Canadian foreign direct investment or Canadian exports.

For **PRI of NHS**, the loan must be made to an emerging market government or, under certain conditions, to a state-owned entity or quasi-sovereign government in support of Canadian exports. Your financial institution must also be willing to share some of the risk with us (typically 5% or 10% of the exposure).

HIGHLIGHTS

- PRI of Assets or PRI of Equity coverage can reduce your risk when lending to a customer with investments or physical assets in emerging markets.
- PRI of Bank Loans and PRI of Non-Honouring of a Sovereign Obligation (NHS) can help open the door to new lending opportunities with foreign governments and commercial borrowers in emerging markets.

OTHER PRODUCTS OF INTEREST

- Documentary Credit Insurance protects against default on a letter of credit issued by a bank in a challenging market.
- A Foreign Exchange Facility Guarantee helps you meet your customer's need for foreign exchange contracts without squeezing their operating line.
- The Export Guarantee Program is a flexible risk-sharing guarantee that can help you free up a customer's working capital.

ABOUT US

Export Development Canada is Canada's export credit agency, offering financial and risk management solutions to help Canadian businesses expand into the international market.

Political Risk Insurance

HOW TO APPLY

PRI of Equity or **PRI of Assets**:

1. Your customer must complete and sign an application for PRI of Equity or PRI of Assets, as applicable, and attach the documents we require.
2. We evaluate the risks that we are being asked to cover and, assuming the outcome of the evaluation is positive, we will make an offer of insurance to your customer.
3. If a Direction to Pay is to be added to the policy, the customer completes and submits an EDC Direction to Pay.
4. We acknowledge the Direction to Pay and return a copy to your customer and to your institution, together with the appropriate policy documentation. Relevant future correspondence is copied to your institution.
5. Coverage is effective upon policy signing and payment of premium.

PRI of Bank Loans or **PRI of NHS**:

1. There is no application form, but we will request information such as the value of the export contract or investment, the transaction location and the specific risks to be insured.
2. We issue a Non-Binding Indication that quotes the policy terms we will consider.
3. Once we have agreed on policy terms with your institution, we prepare a final execution version of the policy for your signature.
4. Coverage is effective upon policy signing and payment of premium.

SUBMITTING A CLAIM

For **PRI of Assets** or **PRI of Equity**, your customer must submit a claim no later than 30 calendar days after the expiry of the applicable claim waiting period and demonstrate that an insured risk has occurred.

Once the claim waiting period has expired and we have all the relevant information, we will make a claim determination and pay your customer within 30 days if the claim is accepted. If a Direction to Pay is in place, we will pay your institution directly.

For **PRI of Bank Loans**, claims should be submitted according to the waiting period given in the policy, but no later than 12 months after the due date of the loan payment. We will determine the claim eligibility and, if the claim is accepted, will pay it within 10 days of notifying you of our decision.

For **PRI of NHS**, claims should be submitted according to the waiting period given in the policy, but no later than six months from the date of the loss. We will determine the claim eligibility and, if the claim is accepted, will pay it within 10 days of notifying you of our decision.

PRICING

Premiums vary according to the type and number of political risks insured, and on a risk assessment that considers country, industry and transaction characteristics.

› FIND OUT MORE

Would you like to learn how our Political Risk Insurance can help you say "yes" to your customers more often?

Contact us at **1-866-551-3607** if your customer has annual sales under CAD 10 million, or **1-866-572-6447** for those with annual sales that are higher. Or you can visit us at **FIguide.edc.ca**.

Ce document est également disponible en français.

Bank Factoring Insurance

How Export Development Canada (EDC) can help you say "yes" to your exporting customers more often without taking on all the risk.

OVERVIEW

Your customer needs more working capital but you are unable to increase their operating line. Your solution is to factor their receivables, but you are concerned about the risk. Our Bank Factoring Insurance (BFI) program (also known as our Accounts Receivable Policy for Purchased Receivables) can cover up to 90% of losses incurred due to non-payment by your customer's buyer.

COVERAGE

Once we have approved the foreign buyer, you may purchase the receivable from your customer and insure it under the BFI program. The policy covers 90% of any losses due to political or commercial risks on your customer's open account sales for up to 180 days.

We can also cover an exporter's open account sales within Canada, subject to the approval of our domestic partner, Compagnie Française d'Assurance pour le Commerce Extérieur – Canada Branch (COFACE).

Please note that the BFI program is intended to provide working capital support, not to cover an exporter's riskier transactions or transfer them off its balance sheet.

ELIGIBILITY

All Canadian financial institutions are eligible. However, you should find out whether your institution is able to participate.

HOW TO APPLY FOR BFI

1. Approval must be obtained from EDC for a credit limit on the foreign or domestic buyer.
2. Each exporter insured under the policy must complete a Canadian Benefits Report and have an overall Canadian content of at least 40%. We can consider supporting exporters whose Canadian content is less than 40%, but we must provide agreement in writing.
3. As commercial disputes are not covered under the policy, Canadian banks often ask their customers to obtain an acceptance document from the buyer, who agrees to pay the bank on the agreed date, thus reducing the risk of a dispute.

HIGHLIGHTS

- Allows you to provide your customer with an alternative working capital tool while minimizing risk.
- Premiums are pay-as-you-go.
- Offers you and your customer the flexibility to choose which receivables to factor.

OTHER PRODUCTS OF INTEREST

- An Account Performance Security Guarantee provides a 100% guarantee of payment if a bond is called.
- The Export Guarantee Program is a risk-sharing program that protects you against your customer's payment default on their operating line.
- Single Buyer Insurance lets you lend against foreign receivables with one buyer.

ABOUT US

Export Development Canada is Canada's export credit agency, offering financial and risk management solutions to help Canadian businesses expand into the international market.

Bank Factoring Insurance

SUBMITTING A CLAIM

In the event of default when BFI is in place, your financial institution can submit a claim to us and receive 90% of the loss. Claim waiting periods are as follows:

- buyer insolvency: no waiting period
- buyer repudiation: payment once the goods have been resold
- other risks: four months

PRICING

Our premium rates are competitive and based on the risk of the buyer, the country, the business sector and the payment terms. There is a CAD 10,000 setup fee, of which CAD 5,000 is applied as a credit for future premiums paid.

FIND OUT MORE

Would you like to learn how our Bank Factoring Insurance can help you say "yes" to your customers more often?

Contact us at **1-866-551-3607** if your customer has annual sales under CAD 10 million, or **1-866-572-6447** for those with annual sales that are higher. Or you can visit us at **FIguide.edc.ca**.

Ce document est également disponible en français.

Export Guarantee Program

How Export Development Canada (EDC) can help you say "yes" to your exporting customers more often without taking on all the risk.

OVERVIEW

Your customer needs more financing and you need to know your risks are covered. Our Export Guarantee Program (EGP) is a flexible risk-sharing guarantee that can give you the comfort you need to provide the additional financing they require.

COVERAGE

The EGP's primary purpose is to provide your institution with a risk-sharing mechanism to support both incremental financing for your exporting customers and financing for new customers. The percentage coverage of the guarantee varies according to the credit strength of the exporter and the type of assets being financed.

Coverage levels are as follows:

- The aggregate EGP-guaranteed amounts to any one customer cannot exceed CAD 10 million.
- For financing of domestic assets, guarantees can be up to 75%. Individual credit facilities may be guaranteed up to 90% if the guaranteed amount is less than CAD 500,000 and your financial institution has other exposure with the customer.
- For financing of foreign assets, up to 100% coverage is possible for qualifying foreign assets. Typical foreign financing scenarios include foreign affiliate working capital, foreign affiliate capital expenditures and foreign-domiciled inventory owned by the Canadian exporter or its foreign affiliate.

ELIGIBILITY

In situations involving non-Canadian assets, such as foreign affiliate financing, foreign inventory or foreign receivables, your customer should be a good credit risk within Canada. The foreign assets should be of a type that would be financed by your institution if they were in Canada.

To qualify for an EGP guarantee on a domestic operating line or a CAPEX loan not directly related to an export, your customer's export sales in the most recent 12 months must have been at least 15% of total sales or CAD 5 million. Your customer must also have exported goods and/or services in some amount in the two years preceding the last 12 months.

HOW TO APPLY FOR THE EGP

1. Contact an EDC account manager to see if your transaction is eligible for the EGP.
2. Provide your EDC account manager with your customer's latest two to three years of financial statements, the purpose of the financing and a summary of the proposed terms.
3. Once we have received the above information, we will provide you with an early indication of eligibility for EGP support, indicative pricing and documentation requirements. This will require two to four business days.

HIGHLIGHTS

- Supports a broad range of your customer's financing needs, from operating lines to investments abroad, including capital expenditures and margining offshore inventory and receivables.
- Is an ideal tool for leveraging your risk capacity.
- Can help you retain and grow your customer base by giving you the confidence to provide innovative credit solutions for direct and indirect exporters across sectors and regardless of company size.

OTHER PRODUCTS OF INTEREST

- Accounts Receivable Insurance lets you lend against all or some of your customer's receivables.
- An Account Performance Security Guarantee provides a 100% guarantee of payment if a bond is called.
- Political Risk Insurance covers you and your customer against political risks in emerging markets.
- Contract Frustration Insurance lets you lend against the value of a contract's receivables.

ABOUT US

Export Development Canada is Canada's export credit agency, offering financial and risk management solutions to help Canadian businesses expand into the international market.

4. Once you have your internal credit approval, you can present the proposal to your customer and have them sign the financing agreement. You should then submit a completed EGP application with all necessary supporting documents.
5. If your customer qualifies for an EGP facility, we will issue an EGP Approval and provide you with a welcome kit that lists your EDC contacts, payment instructions and an Amendment Request form.
6. The EGP is effective as of the Effectiveness Date stated on the EGP Approval. Your institution sends us the initial or full guarantee fee and setup fee, as applicable to your specific guarantee. We will send you an invoice for each fee payment.
7. You can now finalize the loan with your customer and begin disbursements.

SUBMITTING A CLAIM

If there is a default on the facility guaranteed under the EGP, your institution must demand payment from your customer and all third-party guarantors. If the default is not rectified, your institution must take the following steps:

For guarantees equal to or less than CAD 500,000:

1. You submit a Notice of Demand to us within 90 days of the payment default.
2. You send our Asset Management team the Demand Details Form for payment under the guarantee.
3. Your institution takes the steps necessary to collect on the security and shares the proceeds with us on a pro-rata basis.

For guarantees greater than CAD 500,000:

1. You submit a Notice of Demand to us within 90 days of the payment default.
2. You send our Asset Management team the Demand Details Form for payment under the EGP guarantee.
3. You submit security documents and other supporting documents to us.
4. Your institution takes the steps necessary to collect on the security and shares the proceeds with us on a pro-rata basis.

PRICING

The EGP Guarantee Fee is a flat fee calculated on the guaranteed amount. It is calculated using an EDC risk-based pricing grid together with your institution’s estimate of the projected usage of the facility (for revolving lines).

The Guarantee Fee is calculated in advance and is payable either within 15 business days of the guarantee date or quarterly in advance. A setup fee of 25 basis points is applied to guarantees greater than CAD 500,000. The fee is charged on new guarantees and on the renewal of an existing guarantee.

EGP fees are calculated in advance and may be passed on to your customer or covered by your financial institution through its fees and the interest it earns on the facility.

› FIND OUT MORE

Would you like to learn how our Export Guarantee Program can help you say “yes” to your customers more often?

Contact us at **1-866-551-3607** if your customer has annual sales under CAD 10 million, or **1-866-572-6447** for those with annual sales that are higher. Or you can visit us at **FIguide.edc.ca**.

Ce document est également disponible en français.

Account Performance Security Guarantee

How Export Development Canada (EDC) can help you say "yes" to your exporting customers more often without taking on all the risk.

OVERVIEW

Your customer has bonding requirements in the form of standby letters of credit (SLCs) or letters of guarantee (LGs), but not the collateral required to cover your risks. Our Account Performance Security Guarantee (Account PSG) provides a 100% irrevocable and unconditional guarantee if the bonds are called, helping you meet your customers' needs without squeezing their operating lines.

COVERAGE

An Account PSG is issued on a facility basis (essentially a bonding line) with an annual renewal, which streamlines delivery. It is a first-demand guarantee and can cover different types of obligations, the most common being contractual obligations.

To complement our Account PSG, we also offer Performance Security Insurance (PSI), which is designed specifically to protect your customer if a buyer, without valid reason, makes a call against an SLC or LG that you have issued on your customer's behalf.

To obtain an Account PSG, your customer must sign an indemnity agreement with us. This means that we have recourse to your customer if we make a payment to your financial institution under the Account PSG.

ELIGIBILITY

Requests for an Account PSG must meet our normal eligibility criteria, including compliance with EDC-legislated mandate obligations and the satisfaction of our usual underwriting criteria.

HOW TO APPLY

1. Your customer provides us with the initial required documentation. We may ask for additional information during application processing.
2. After we carry out our analysis and approve the Account PSG, we send you and your customer a Letter of Offer and a Certificate of Cover with General Terms and Conditions.
3. To activate the Account PSG, your financial institution returns the signed Letter of Offer within 30 days from the date of the letter, or as otherwise agreed.
4. No fees are payable until we receive and confirm Requests for Cover for specific SLCs or LGs.

HIGHLIGHTS

- Allows you to transfer the risk to EDC, an AAA-rated sovereign guarantor.
- Offers a streamlined process that provides fast, predictable Account PSG support for standby letters of credit and letters of guarantee.
- Allows you to offer additional credit capacity to your customers so they can grow their business.

OTHER PRODUCTS OF INTEREST

- The Export Guarantee Program is a flexible risk-sharing guarantee that can help you free up a customer's working capital to finance the contracts they are bonding.
- Contract Frustration Insurance lets you lend against the value of a contract's receivables to manage some of the risks of the contract your customer is bonding.
- Accounts Receivable Insurance lets you lend against all or some of your customer's receivables, including receivables related to the contract they are bonding.

ABOUT US

Export Development Canada is Canada's export credit agency, offering financial and risk management solutions to help Canadian businesses expand into the international market.

Account Performance Security Guarantee

HOW TO SUBMIT A REQUEST FOR COVER

1. To request coverage for an SLC or LG, complete the online Request for Cover form.
2. Attach to the online form a copy of the SLC or LG to be issued and for which coverage is being requested.
3. Should we decide to issue the coverage, we will email you a Confirmation of Request for Cover. The effectiveness of the confirmation is subject to the payment of the Account PSG fee within 15 days of the date of confirmation.

HOW TO RENEW AN ACCOUNT PSG

1. We issue a Renewal Notification Letter and Renewal Form to your customer 90 days prior to the expiry of the Account PSG validity period, with a copy to your financial institution.
2. We follow up with your customer to obtain all requested information and to determine and validate coverage requirements for the following year.
3. After we successfully complete the underwriting process, we send you and your customer a Renewal Letter of Offer and a Certificate of Cover.
4. The Account PSG Renewal becomes effective upon our receipt of the Renewal Letter of Offer, signed by your financial institution, within 30 days from the date of the Renewal Letter of Offer or as otherwise agreed.

SUBMITTING A CLAIM

If your financial institution makes a payment under an SLC or LG that we support under the Account PSG, you may submit a completed PSG Claim Payment Application form, together with all requested supporting documentation, to our Claims and Recoveries Department.

You should submit the claim no later than the relevant demand expiry date. This is defined as the later of 90 days following the expiry of a covered SLC or LG, and 30 days following the lifting of any court injunction prohibiting your financial institution from complying with a demand for payment by the beneficiary or the foreign institution.

As per the Account PSG General Terms and Conditions, an EDC claim payment to your financial institution will be made within five business days of our receipt of a completed PSG Claim Payment Application Form, together with all requested supporting documentation.

PRICING

No upfront fees are payable when an Account PSG is set up. Instead, an Account PSG Fee Rate is established by EDC and quoted in the Certificate of Cover, and is applied as a percentage of the value of each SLC and LG submitted by you under a Request for Cover. To determine the fee for each SLC or LG, the Fee Rate is multiplied by the value of the SLC or LG and by the covered validity period, in months, of the SLC or LG.

FIND OUT MORE

Would you like to learn how our Account Performance Security Guarantee can help you say “yes” to your customers more often?

Contact us at **1-866-551-3607** if your customer has annual sales under CAD 10 million, or **1-866-572-6447** for those with annual sales that are higher. Or you can visit us at **FIguide.edc.ca**.

Ce document est également disponible en français.

Foreign Exchange Facility Guarantee

How Export Development Canada (EDC) can help you say "yes" to your exporting customers more often without taking on all the risk.

OVERVIEW

Your customer wants to hedge foreign exchange risk but doesn't have the collateral you require to set up a foreign exchange facility. Our Foreign Exchange Facility Guarantee (FXG) provides a 100% irrevocable and unconditional guarantee of the collateral security amount required for the settlement risk, helping you meet your customer's needs without squeezing their operating line.

COVERAGE

With a 100% irrevocable and unconditional guarantee, our FXG can often allow you to free up financial capacity under your customer's credit line or cash reserves. This may allow you to provide the customer with additional working capital or other financing.

FXG has a term of one year and can cover foreign exchange contracts with terms of 12, 24 or 36 months.

Your customer must sign an indemnity agreement, which means that we have recourse to the customer if we make a payment to your financial institution under the FXG.

We do not usually take tangible security but may require co-indemnity agreements from related parties or subordination agreements.

An FXG covers all FX contracts that are entered into during the FXG Validity Period, together with those that were entered into prior to the start date of the FXG Validity Period, but have not yet reached their settlement date.

ELIGIBILITY

The customer's export sales in the previous year must have been either 15% of total sales, or equal to or greater than CAD 5 million. Note that the FXG must be used for managing transaction-based FX exposure and not for speculation.

HOW TO APPLY FOR AN FXG

1. Your customer provides us with the initial required documentation. We may require additional information during application processing.
2. After we carry out our analysis and approve the FXG, we send you and your customer a Letter of Offer and an FXG Certificate with General Terms and Conditions.
3. Your financial institution returns the signed Letter of Offer within 30 days from the date of the letter, or as otherwise agreed.
4. The FXG fee appears on the FXG Certificate and is payable within the same time frame that is set out in the Letter of Offer. The fee covers the entire FXG Validity Period.
5. Coverage is effective once the FXG fee is paid and we receive the Signed Letter of Offer.

HIGHLIGHTS

- Transfers the collateral security amount of your settlement risk to EDC, an AAA-rated sovereign guarantor.
- Offers a streamlined process that provides fast, predictable FXG support for foreign exchange contracts entered into by your customers under a Foreign Exchange Facility.
- Allows you to offer additional credit capacity to your customers so they can grow their business.

OTHER PRODUCTS OF INTEREST

- The Export Guarantee Program is a flexible risk-sharing guarantee that can help you free up a customer's working capital.
- An Account Performance Security Guarantee provides a 100% guarantee of the collateral security required if bonds issued in the form of standby letters of credit (SLCs) or letters of guarantee (LGs) are called.
- Accounts Receivable Insurance lets you lend against all or some of your customer's receivables.

ABOUT US

Export Development Canada is Canada's export credit agency, offering financial and risk management solutions to help Canadian businesses expand into the international market.

HOW TO RENEW AN FXG

1. Ninety days prior to the expiry of the FXG Validity Period, we will issue a Renewal Notification Letter and Renewal Form to your customer, with a copy to your financial institution.
2. We will follow up with your customer to obtain all requested information and to determine and validate coverage requirements for the following year. We may also follow up with you to advise you of the renewal and to confirm your current relationship with the customer.
3. After successful completion of the underwriting process, we will send you and your customer a Renewal Letter of Offer and an FXG Certificate, which includes the General Terms and Conditions.
4. The FXG Renewal becomes effective upon our receipt of the Renewal Letter of Offer, signed by your financial institution, within 30 days from the date of the Renewal Letter of Offer or as otherwise agreed.
5. In addition, the effectiveness is also conditional on payment to us of the specified upfront fee within 30 days of the Renewal Letter of Offer issuance date, or as otherwise agreed.

SUBMITTING A CLAIM

To submit a claim, complete an FXG Claim Payment Application form, together with all requested supporting documentation. A guide to completing the claim payment application is included in the application form.

A claim should be submitted to us by your financial institution no later than 20 days after the settlement date, the margin call date or the lifting of an injunction, as applicable.

Our Claims and Recoveries Department will work with your financial institution in respect of all claims submissions.

In accordance with the FXG General Terms and Conditions, an EDC claim payment to your financial institution must be made within five clear business days of our receipt of a completed FXG Claim Payment Application form, together with all requested supporting documentation.

PRICING

A one-time upfront FXG fee is payable—either by your financial institution on behalf of your customer or directly by your customer—both at the time an FXG is established and at each annual renewal.

The FXG fee amount is provided by EDC to your financial institution in the FXG Certificate, which we provide at the offer stage of a new FXG and at the renewal of an existing FXG.

› FIND OUT MORE

Would you like to learn how our Foreign Exchange Facility Guarantee can help you say "yes" to your customers more often?

Contact us at **1-866-551-3607** if your customer has annual sales under CAD 10 million, or **1-866-572-6447** for those with annual sales that are higher. Or you can visit us at **FIguide.edc.ca**.

Ce document est également disponible en français.

Supplier Payment Program

How Export Development Canada (EDC) can help you say "yes" to your exporting customers more often without taking on all the risk.

OVERVIEW

Your customer needs a short-term loan to cover supplier payment, but increasing the operating line is not an option. Our Supplier Payment Program (SPP) can increase your lending capacity by insuring a credit facility for up to 90% against non-payment by your customer.

COVERAGE

Under the SPP, your financial institution provides your customer with a credit facility evidenced by a 90-day promissory note or other debt instrument. Our SPP insurance covers 90% of the facility limit evidenced by the note, with the remaining 10% of the risk retained by your financial institution. You then pay the customer's suppliers.

The SPP policy renews automatically on its anniversary date, unless we advise your financial institution in writing that we will cancel the policy within a specified number of days of the anniversary date. The coverage for each exporter is contingent upon the exporter qualifying each year.

Transactions involving both foreign and domestic suppliers are covered by the SPP.

ELIGIBILITY

The exporter must have annual export sales of either CAD 5 million or 15% of total sales, and must re-qualify annually. The exporter must also exceed your financial institution's minimum credit score as agreed between us and your institution.

HOW TO APPLY FOR THE SPP

Approval must be obtained from EDC for your customer. Since not all Canadian financial institutions provide this program, you may need to find out whether your institution is able to participate.

SUBMITTING A CLAIM

If a default occurs when a SPP policy is in place, your financial institution can submit a claim to us and receive 90% of the loss. There is no claim waiting period if the buyer is insolvent. If the buyer defaults on payment, the claim waiting period is three months.

PRICING

Pricing is based on your customer's risk profile. Premiums are payable on a pay-as-you-go, monthly or quarterly basis.

FS-SPPforFI-0112

HIGHLIGHTS

- An SPP facility is backed by EDC, an AAA-rated sovereign insurer.
- It does not dilute the security you hold under your General Security Agreement because we do not require any security for an SPP-backed facility.
- It can add value to your customer relationship by allowing you to provide an alternative working capital tool while minimizing risk.

OTHER PRODUCTS OF INTEREST

- The Export Guarantee Program is a flexible risk-sharing guarantee that can help you free up a customer's working capital.
- Bank Factoring Insurance lets you factor receivables to increase working capital.
- Accounts Receivable Insurance lets you lend against all or some of your customer's receivables.

ABOUT US

Export Development Canada is Canada's export credit agency, offering financial and risk management solutions to help Canadian businesses expand into the international market.

› FIND OUT MORE

Would you like to learn how our Supplier Payment Program can help you say "yes" to your customers more often?

Contact us at **1-866-551-3607** if your customer has annual sales under CAD 10 million, or **1-866-572-6447** for those with annual sales that are higher. Or you can visit us at **FIguide.edc.ca**.

Foreign Investment Financing

How Export Development Canada (EDC) can help you say "yes" to your exporting customers more often without taking on all the risk.

OVERVIEW

Your customer is a mid-market company that needs financing to expand its operations outside of Canada, but you are not comfortable lending against offshore assets. For companies with annual revenues of CAD 10 million or more, our Foreign Investment Financing solution enables us to provide lending support for foreign investments, typically term loans that complement your existing credit facilities.

COVERAGE

Our Foreign Investment Financing solution's primary purpose is to provide your institution's mid-market, credit-worthy customers with financing solutions for foreign investments, typically through term loans secured by the foreign asset. This collaborative, non-competitive solution enables you to satisfy your customers' foreign financing needs.

Financing is typically through a secured term loan, structured in one of two ways:

1. The loan is made directly to your customer in Canada, in support of its foreign investment. In such cases, the foreign affiliate is required to provide a guarantee, secured by a first charge over the foreign affiliate's assets.
2. The loan is made directly to the foreign affiliate and is secured by the foreign assets. In this case, the Canadian parent is required to provide a guarantee, secured by a second charge on the Canadian assets.

EDC financing terms are tailored to each transaction. Advance rates, repayment terms and interest rates are determined on a case-by-case basis, depending on (inter alia) the quality and location of the foreign assets, and the credit strength and track record of your customer.

In all cases, loans are provided on a commercial basis, with pricing commensurate with transactional risks.

ELIGIBILITY

This product is for credit-worthy mid-market companies, with revenues of at least CAD 10 million and at least three years of operations, that are trying to expand their international reach.

Due to the costs involved in retaining counsel and registering security abroad, Foreign Investment Financing is generally not an efficient solution for smaller exporters (under CAD 10 million) or for smaller loans (less than CAD 1 million). For those situations, we recommend the Export Guarantee Program.

HIGHLIGHTS

- Allows you to assist your customers with their international growth strategy, without having to take foreign risks or register foreign security.
- Leaves the bank's existing collateral package intact.
- As a non-competitive lending partner, we can help you tailor solutions that best meet the needs of your customer.

OTHER PRODUCTS OF INTEREST

- The Export Guarantee Program is a risk-sharing product that lets you offer support to your customer for its foreign investments without taking on all the risk yourself.
- Political Risk Insurance covers you and your customer against political risks in emerging markets.

ABOUT US

Export Development Canada is Canada's export credit agency, offering financial and risk management solutions to help Canadian businesses expand into the international market.

Foreign Investment Financing

HOW TO APPLY FOR FOREIGN INVESTMENT FINANCING

1. Contact an EDC account manager directly to discuss potential Foreign Investment Financing solutions. Alternatively, you can ask your customer to contact EDC directly.
2. Supply your customer's latest three years of financial statements, together with an outline of the purpose of the financing, to the EDC account manager.

PRICING

Our pricing is structured on commercial terms based on the transaction structure and risks. If the transaction appears viable after we perform high-level due diligence on your customer's credit and security, we will deliver a term sheet to your customer.

If the terms are accepted by your customer, they pay us a work fee. We then commence due diligence to get final credit authorization.

All fees and expenses are to be paid by the exporter and/or its affiliates as applicable.

› FIND OUT MORE

Would you like to learn how our Foreign Investment Financing can help you say "yes" to your customers more often?

Contact us at **1-866-572-6447** if your customer has annual sales of CAD 10 million or above, or **1-866-551-3607** for those with annual sales that are lower. Or you can visit us at **FIguide.edc.ca**.

Ce document est également disponible en français.

Trade Finance Obligations Policy

How Export Development Canada (EDC) can help you say "yes" to your exporting customers more often without taking on all the risk.

OVERVIEW

Does your customer have a letter of credit issued by a financial institution in a challenging market? Is your country limit already at capacity or do you need to establish a counterparty limit with another financial institution? Our Trade Finance Obligations (TFO) Policy protects you if a foreign financial institution defaults, enabling you to leverage more trade finance deals.

COVERAGE

Our Trade Finance Obligations (TFO) Policy covers a broad scope of obligations. In addition to insuring letters of credit, subject to certain eligibility criteria, we can cover a range of trade-related payment obligations owed by foreign financial institutions, including bank-to-bank trade loans, syndicated loans, refinancing agreements, standby letters of credit, avalized bank drafts and other negotiable instruments issued by foreign financial institutions.

ELIGIBILITY

All Canadian financial institutions are eligible for coverage of letters of credit and most Canadian financial institutions are also eligible for TFO coverage on many other types of trade finance obligations.

HOW TO APPLY FOR TFO

1. Find out whether your institution is able to participate.
2. Once the TFO Policy is issued, your trade finance department can submit an online application to EDC to cover a specific trade finance obligation. Trade finance obligations other than documentary letters of credit are subject to some eligibility criteria.
3. Paperwork is minimal with EDC's online approval process. It uses a single-page form, the "Anti-Corruption Declaration and Environmental Statement," which the exporter must sign on either a transactional or annual basis.

SUBMITTING A CLAIM

In the event of a payment default with the TFO Policy in place, your institution must submit a claim to us within 60 days of the date of default.

For a claim, we typically require a copy of the letter of credit or other financial institution payment obligation and any supporting documents. We also require a statement of account showing how much the foreign financial institution has paid and how much it owes.

PRICING

Our premium rates are competitive and market-based, but we are also open to fee-sharing with our financial institution partners so that our premium is a portion of the spread earned on the risk we are covering.

FS-TFOforFI-0112

HIGHLIGHTS

- Covers 90 to 95% of the loss if a foreign financial institution fails to pay you under a letter of credit.
- Allows you to transfer the risk to EDC, an AAA-rated sovereign guarantor.
- Allows you to develop new foreign banking relationships without taking on additional risk.

OTHER PRODUCTS OF INTEREST

- Accounts Receivable Insurance lets you lend against all or some of your customer's receivables.
- The Export Guarantee Program is a flexible risk-sharing guarantee that can help you free up a customer's working capital.
- Political Risk Insurance covers you and your customer against political risks in emerging markets.

ABOUT US

Export Development Canada is Canada's export credit agency, offering financial and risk management solutions to help Canadian businesses expand into the international market.

FIND OUT MORE

Would you like to learn how our Trade Finance Obligations Policy can help you say "yes" to your customers more often?

Contact us at **1-866-551-3607** if your customer has annual sales under CAD 10 million, or **1-866-572-6447** for those with annual sales that are higher. Or you can visit us at **FIguide.edc.ca**.

Canada

EDC

Realize a World of Opportunity