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EXPORT FINANCE CORPORATION OF CANADA, LTD.

ANNUAL REPORT

YEAR ENDED 30th APRIL

1964

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EXPORT FINANCE CORPORATION OF CANADA, LTD.

SUITE 1314 PRUDENTIAL BUILDING
4 KING STREET WEST
TORONTO, CANADA

DIRECTORS

T. A. BOYLES, *President*
J. N. GOSELIN, *Vice-President*

T. L. AVISON
J. W. AYLWARD
C. B. CLARK
W. M. CURRIE
J. J. DENISON
E. R. ERNST
F. S. HARRISON
A. LACASSE
D. C. LANGFORD
L. LAVOIE
A. F. LUCAS
R. M. MACINTOSH
A. F. MAYNE
R. PRIMEAU

GENERAL MANAGER

H. DUKE SCOTT

DEPUTY GENERAL MANAGER

R. S. SNEYD

SECRETARY-TREASURER

M. R. JENNINGS

EXPORT FINANCE CORPORATION OF CANADA, LTD.

PRESIDENT'S REPORT

I have pleasure in submitting to the shareholders the Annual Report of the Corporation for the year ended April 30, 1964, the third full year of our operations.

The facilities of the Corporation have been used to an increasing extent during the past year by both the Banks and Export Credits Insurance Corporation and it is gratifying to note that a substantial part of our rediscounts represents the export of capital goods. Bills on our books represent exports to twelve countries. The machinery provided by us is by no means utilized to the full and companies concerned in the production of substantial capital projects may have confidence that if the project is sound ample funds are available through the Banks in co-operation with this Corporation.

Our participation in the money markets in Canada and abroad has, of course, increased proportionately to the increase in our assets and I am pleased to assure you that the rates which our management has been able to secure on the sale of our short term paper has enabled us to quote rediscount rates which place the Canadian exporter in a fully competitive position with discount rates quoted in other countries.

I would draw your attention to the satisfactory increase in our earned surplus in spite of the fact that the cost of our financing has

increased marginally over the previous year. The Corporation's overhead costs have been held to a minimum and this, of course, has only been possible by reason of the routine facilities afforded us by our shareholding Banks.

My term as President expires today and I wish to express my thanks to the General Manager and his staff for their work during the year and to our shareholder Banks for their understanding and co-operation.

The General Manager will deal in detail with the operating results for the past year.

T. A. BOYLES,
President.

June 3, 1964.

EXPORT FINANCE CORPO

BALANCE SHEET

ASSETS

Cash	\$ 336,908
Loans receivable (including accrued interest \$833,950)	138,543,902

Approved on behalf of the Board:

T. A. BOYLES, *Director.*

T. L. AVISON, *Director.*

\$138,880,810

NOTE: Loans payable in United States dollars exceed loans receivable in United States dollars. United States dollars have been converted at the rate of Canadian \$1.0808 to U.S. \$1. Loans made by the Corporation are due in varying instalments in the years 1964 to 1968, except for an amount of \$2,107,922 which matures in January, 1968. At maturity of such re-financing.

RATION OF CANADA, LTD.

— APRIL 30, 1964

LIABILITIES

Accounts payable and accrued expenses	\$ 1,650
Income taxes payable	351,812
Loans payable (including accrued in- terest \$646,556)	127,330,340
	<hr/> 127,683,802

Shareholders' equity:

Capital stock:

Authorized:

10,000,000 shares of the par value of \$5.00 each	<u>\$50,000,000</u>
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Issued:

2,000,000 shares	\$10,000,000
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Earned surplus	<u>1,197,008</u>	<u>11,197,008</u>
		<u>\$138,880,810</u>

; the excess has been covered by the purchase of exchange futures. All assets and liabilities in
00, being the average rate of exchange applying on forward contracts entered into with banks.
969. The loans payable by the Corporation mature in the period from May, 1964 to November,
riety dates loans payable will be re-financed, as necessary, at interest rates obtainable at the dates

EXPORT FINANCE CORPORATION OF CANADA, LTD.

Statement of Income and Expenditure and Earned Surplus Year Ended April 30, 1964

Interest earned	\$5,326,421
Interest expense	4,148,710
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	1,177,711
Administrative expenses:	
Salaries — officers	\$30,250
— other	4,554
Legal fees	356
Other professional fees	1,000
Rent	3,856
Other	<u>9,715</u>
	49,731
	<hr/>
Net profit before taxes on income	1,127,980
Taxes on income	576,500
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Net profit	551,480
Earned surplus at April 30, 1963	645,528
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Earned surplus at April 30, 1964	<u>\$1,197,008</u>

Auditors' Report to the Shareholders

We have examined the balance sheet of Export Finance Corporation of Canada, Ltd. as of April 30, 1964 and the statement of income and expenditure and earned surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, with the explanation given in the note to the balance sheet, the accompanying balance sheet and statement of income and expenditure and earned surplus present fairly the financial position of the corporation as at April 30, 1964 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario
May 12, 1964

PEAT, MARWICK, MITCHELL & Co.
Chartered Accountants.

EXPORT FINANCE CORPORATION OF CANADA, LTD.

GENERAL MANAGER'S REPORT

The operations of the Corporation for the year have resulted in a net profit of \$551,480 or 5.17% on the paid up capital and surplus of \$10,645,528. The former amount has been added to earned surplus which now stands at \$1,197,008.

The policy of the Corporation continues to be to maintain our rediscount rates at a level which enables the banks to finance exports in our field at the lowest possible competitive rates and the return on the Shareholders' Equity has, therefore, been extremely modest. It is safe to assume that the rediscount rates quoted by the Corporation are such that the cost of financing exports in our field compares favourably with costs in other countries.

In all cases, bills held by us carry the endorsement of the respective Chartered Bank and payment for the relative exports has been insured by Export Credits Insurance Corporation or, alternatively, the bills are fully guaranteed by the latter. During the year we have rediscounted bills amounting to some \$77 millions of which some \$38 millions represent bills maturing within five years purchased from Export Credits Insurance Corporation, which bills carry the full guarantee of the latter.

Since the inception of the Corporation bills amounting to \$198 millions have been discounted and the difference between this amount and the amount at present outstanding, namely \$138 millions, is accounted for by the payment of matured items.

Exports to the following countries are covered by bills purchased or rediscounted by us: Argentina, Brazil, Ceylon, Chile, Czechoslovakia, East Pakistan, Israel, Jugoslavia, Liberia, Mexico, Poland and the United States. A substantial volume of our business

represents grain exports to Central Europe and the balance covers the export of capital goods and services.

Bills held by us are expressed either in Canadian or United States dollars and our market operations have been in both currencies. Any borrowings in one currency in excess of our assets in the same currency have been hedged in the exchange market and have mostly been in the short term category. The weighted average of our notes issued has been approximately 90 days. While short term money rates have shown a slightly higher tendency during the past year, we have had no difficulty in securing ample funds from day-to-day to meet our requirements. The name of the Corporation has become well and favourably known in the money market.

A substantial part of our portfolio falls due in the coming months but I fully expect that new business which will be offered to the Corporation will more than offset the reduction of our assets caused by maturing bills and I would emphasise that our access to the money market is such that we would not hesitate to increase the volume of our rediscounts by a substantial amount. Some indication has been apparent that our facilities for the financing of medium term exports of capital goods are having a favourable effect on the volume of our export trade and it is hoped that manufacturers of such goods will keep in close touch with their bankers with a view to enlarging the scope of their business in this field to the fullest possible extent.

I would add my own thanks to those of the President for the excellent facilities afforded us by the Chartered Banks and express my gratitude to him, to our Vice President and other Directors, for their help and counsel. My associates join me in these sentiments. The results of the year's business, which I trust will be regarded as satisfactory to you, would not have been possible had it not been for the continued interest and counsel of our Board.

H. DUKE SCOTT,
General Manager.

June 3, 1964.



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