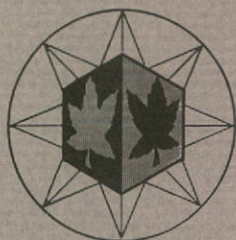


C.F.I.
(1967-68)



EXPORT FINANCE CORPORATION OF CANADA, LTD.

ANNUAL REPORT

YEAR ENDED 30th APRIL

1967

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EXPORT FINANCE CORPORATION OF CANADA, LTD.

4 KING STREET WEST
TORONTO, CANADA

DIRECTORS

T. L. AVISON, *President*

R. W. SHANNON, *Vice-President*

C. W. ARNOLD

J. W. AYLWARD

T. A. BOYLES

J. H. COLEMAN

J. J. DENISON

E. R. ERNST

D. C. LANGFORD

L. LAVOIE

R. LECLERC

R. M. MACINTOSH

G. PERREAULT

R. PRIMEAU

M. C. C. ROSS

S. T. STRATHY

GENERAL MANAGER

H. DUKE SCOTT

DEPUTY GENERAL MANAGER

R. S. SNEYD

SECRETARY-TREASURER

S. J. GASTON

EXPORT FINANCE CORPORATION OF CANADA, LTD.

PRESIDENT'S REPORT

The Annual Report which reflects the sixth year of operation of the Corporation is submitted herewith to the shareholders for the year ended April 30, 1967.

It is suggested that it is perhaps unreasonable to review the results of a Corporation such as ours, which was established specifically and exclusively to assist in the financing of term loans by the chartered banks related to exports, strictly on a twelve month basis. Rather, the activities of the Corporation over a period of years should be regarded as the criterion of its progress. While the Corporation has paid no dividends to its shareholders since its inception, it has nevertheless completed its sixth year with an earned surplus in excess of \$800,000, an experience which cannot be regarded as unsatisfactory.

There is no need to comment to the shareholders of the Corporation on the pattern and development of short term interest rates during our fiscal year just terminated. Because the New York short term money market was practically closed to your Corporation and because the Directors anticipated the adverse effect of such upward interest rate movements, it was necessary again to refrain from accepting new business in the volume that might otherwise have been desirable. As a result you will notice that the total assets and corresponding liabilities of the Corporation have declined significantly in the past fiscal year.

Recently, and in modest amounts, your Directors have again authorized management to undertake new business to the extent it could prudently be considered. The Corporation is therefore again in a modest way accepting new business. It is gratifying to be able to report that in the first month of the new fiscal year commencing May 1, 1967, the Corporation's activities have again produced a profit.

As President, I would like to associate myself with my predecessors in expressing my thanks to the General Manager, the Deputy General Manager, the Secretary-Treasurer and the staff for their efforts in the difficult year just ended. I would also like to express my appreciation to the Directors and shareholders for their support during the year.

T. L. AVISON,
President.

June 14, 1967.

EXPORT FINANCE CORPORATION

BALANCE SHEET

with comparative

ASSETS

	1967	1966
Cash	\$ 1,096,657	\$ 1,240,655
Income taxes recoverable	—	99,541
Loans receivable (including accrued interest 1967, \$521,020; 1966, \$905,676) (note 2)	90,171,944	178,359,979

Approved on behalf of the Board:

T. L. AVISON, Director.

R. W. SHANNON, Director.

<u>\$ 91,268,601</u>	<u>\$179,700,175</u>
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NOTES: 1. Assets in United States dollars exceed liabilities in United States dollars at April 30, 1967. The Corporation has been used to convert United States dollar assets to Canadian dollars to the extent that have been converted at the rate of Canadian \$1.08250 equal to U.S. \$1.00, the rate prevailing at April 30, 1966 was Canadian \$1.00. Assets were converted on a similar basis; the rate prevailing at April 30, 1966 was Canadian \$1.00. Loans made by the Corporation are substantially due, in varying instalments, from March, 1968, except for a loan of \$2,000,000 (U.S.) which matures in March 1969. the dates of such re-financing.

2. All loans receivable have been guaranteed by Exports Credit Insurance Corporation.

ATION OF CANADA, LTD.

—APRIL 30, 1967

figures for 1966

LIABILITIES

	1967	1966
Accounts payable and accrued expenses \$	1,500	\$ 1,700
Loans payable		
(including accrued interest		
1967, \$436,547; 1966, \$1,304,430) ..	80,443,666	167,976,914
	<u>\$ 80,445,166</u>	<u>\$167,978,614</u>
Shareholders' equity:		
Capital stock:		
Authorized:		
10,000,000 shares		
of the par		
value of		
\$5 each	<u>\$ 50,000,000</u>	
Issued:		
2,000,000 shares	10,000,000	10,000,000
Earned surplus	823,435	1,721,561
	<u>10,823,435</u>	<u>11,721,561</u>
	<u><u>\$ 91,268,601</u></u>	<u><u>\$179,700,175</u></u>

1967. The average rates of future exchange sales contracts outstanding at April 30, 1967 have at such contracts exist. All other United States dollar assets and all United States dollar liabilities prevailing at April 30, 1967. At April 30, 1966, assets and liabilities in United States dollars at \$1.07688 equal to U.S. \$1.00.

1967 to 1969. The loans payable by the Corporation mature in the period from May, 1967 to At maturity dates loans payable will be re-financed, as necessary, at interest rates obtainable at

and/or the Canadian Chartered Banks through which the loans were negotiated.

EXPORT FINANCE CORPORATION OF CANADA, LTD.

Statement of Income and Expenses and Earned Surplus

Year Ended April 30, 1967

with comparative figures for 1966

	1967	1966
Interest earned	\$6,198,990	\$9,435,053
Interest expense	7,041,207	9,443,098
Gross loss	842,217	8,045
Administrative expenses:		
Salaries — officers	35,800	37,861
— other	4,620	4,228
Legal fees	—	2,237
Other professional fees	1,800	1,850
Rent	3,455	4,153
Other	10,234	9,542
	55,909	59,871
Net loss before recoverable taxes		
on income	898,126	67,916
Taxes recoverable, due to application of loss		
carry over provisions of Income Tax Acts	—	35,750
Net loss	898,126	32,166
Earned surplus at beginning of year	1,721,561	1,753,727
Earned surplus at end of year	<u>\$ 823,435</u>	<u>\$1,721,561</u>

See accompanying notes to balance sheet.

Auditors' Report to the Shareholders

We have examined the balance sheet of Export Finance Corporation of Canada, Ltd. as of April 30, 1967 and the statement of income and expenses 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, the accompanying balance sheet and statement of income and expenses and earned surplus present fairly the financial position of the corporation as at April 30, 1967 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.

PEAT, MARWICK, MITCHELL & Co.,

Chartered Accountants.

Toronto, Ontario,
May 18, 1967.

EXPORT FINANCE CORPORATION OF CANADA, LTD.

GENERAL MANAGER'S REPORT

In a short review of the figures disclosed in the appended statement as at the close of our sixth year it would perhaps be redundant to point out that the unprecedented rise in money rates is responsible for the large part of the loss on the year's operations namely \$842,000.

The balance of the loss consists of administrative expenses of \$55,000. The latter have been reduced by some \$5,000 from the previous year.

The marginal profit in the rates quoted by us to the Banks on export paper is at times based on purely "notional" market quotations as on a rising money market it is difficult, if not impossible to secure money for the term we would prefer and we have perforce been obliged to rely more heavily on short term financing. This has increasingly exposed us to the impact of the rise in money rates.

A large part of our low-yield assets have now run off and the bulk of the balance falls due in the next few months; this will leave us with assets of better earning capacity and unless money rates increase again very considerably our operations in future should yield a reasonable profit.

As in the past our assets consist wholly of export paper endorsed with full recourse by a Chartered Bank and/or guaranteed by the Export Credits Insurance Corporation.

“Balance of payment” problems and other restrictions still hamper the working of a free money market between countries and there seems little prospect of relief in the near future. The bulk of Canadian exports for deferred payment is denominated in U.S. Dollars and restrictions on the free flow of money between countries will eventually increase the cost of term financing if indeed it has not already done so.

The advice and wise counsel of our President, Vice-President and Directors and also of other officers of the Banks have been of great help to me during the last rather difficult year and I thank them.

H. DUKE SCOTT,
General Manager.

June 14, 1967.



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