

Tips to help you secure the EDC Business Credit Availability Program (BCAP) Guarantee

Your gateway to this funding is your bank manager or other bank representative.

If your bank approves and makes a loan to you, EDC will provide a guarantee to the bank for 75% of the loan amount. EDC would then pay the bank up to the guaranteed amount should you fail to repay the loan.

Up to \$5 million in credit (75% guaranteed by EDC) can be applied for by Canadian businesses with liquidity challenges created by the COVID-19 crisis, as summarized below.

For more information, see:

<https://www.edc.ca/en/about-us/newsroom/edc-covid-business-support.html>

How to qualify

1. The BCAP is available to all Canadian companies subject to 2 and 3 below and subject to meeting any requirements of your bank (see also below).
2. Currently, to qualify for the BCAP, your business needs to meet the exporter requirements of EDC. There are three exporter types:
 - a. Direct exporter
 - b. Indirect exporter
 - c. Future exporter

See EDC's website for additional information regarding who is an exporter:

<https://jwp.io/s/8PwwC23k>

3. It is expected that the Government of Canada will extend EDC's powers under the BCAP to waive the exporter requirements. If this happens, you should review the change in rules to determine whether the BCAP will be available to you though you may not be an exporter.



4. Funds available from a BCAP-guaranteed bank loan must be used by your company only for liquidity needs created by the COVID-19 crisis. One example of this would include to pay interest on other loans in the event of a decrease in liquidity due to COVID-19.

How to apply

5. Book your appointment with your bank manager or loan officer.
6. Ahead of and at the meeting:
 - a. Prepare and provide a copy of your business plan.
 - b. Prepare and provide a brief statement about your business, its success and potential for growth if not covered in your business plan or if your business plan is not available.
 - c. For helpful tools and templates, see: <https://www.bdc.ca/en/articles-tools/entrepreneur-toolkit/templates-business-guides/pages/business-plan-template.aspx>
 - d. Provide your 2018 and 2019 financial statements, as well as the first quarter of 2020.
 - e. Prepare and provide a brief statement regarding the negative impacts of COVID-19 on your company's liquidity.
 - f. Understand and be clear about:
 - i. What is the value of the loan you are seeking?
 - ii. How long will you need the loan?
 - iii. What repayment terms are you looking for?
7. Be prepared to complete the usual loan application and other bank documents. Remember, the bank is lending you the first 25% of any approved amount and will want to review your financial and other information.
8. Do you have or are you willing to provide any collateral? If so, bring any supporting documents with you.
9. It should be noted that not all banks are rolling out their BCAP loan programs at the same rate. It is expected that some will be prepared to extend BCAP loans sooner than others.



Understanding the loan process

10. While different banks have different approaches, your bank will likely evaluate your firm's financial strength. They may consider your "current ratio", "gross margin" and "net income" to assess your ability to pay back the loan. These terms are defined as:
 - a. Current Ratio = Current Liabilities/Current Assets
 - b. Gross Margin = Net Sales – Cost of Goods Sold
 - c. Net Income = Total Revenues – Total Expenses

If you are not sure what these are or how to calculate them, ask your banker to walk through these formulas with you.

11. Test your financial literacy here: <https://itools-ioutils.fcac-acfc.gc.ca/FLSAT-OAELF/star-comm-eng.aspx>
12. Know your credit score, which will determine in part how the bank perceives you as a credit risk: <https://www.canada.ca/en/financial-consumer-agency/services/credit-reports-score/order-credit-report.html>

Other EDC and government programs

13. You may speak to an EDC representative and/or your bank to determine whether you qualify for other EDC programs. Examples may include letter of credit guarantees, surety guarantees or direct loans.
14. There may also be other government programs available to you and you should monitor media releases and government websites to make sure you remain current in these turbulent times.

If you have any questions or comments, please contact our vice-president of public affairs, Rodrigue Gilbert, at rgilbert@cca-acc.com, or 613-236-9455, ext. 432.