EXPORT DEVELOPMENT CANADA
QUARTERLY FINANCIAL REPORT

RESILIENT TOGETHER

SEPTEMBER 30, 2022 | UNAUDITED

Canada

EDC

TABLE OF CONTENTS

Caution regarding forward-looking statements
This document contains projections and other forward-looking statements regarding future events. Such statements require us to make assumptions and are subject to inherent risks and uncertainties. These may cause actual results to differ materially from expectations expressed in the forward-looking statements.

EDC

OVERVIEW

Export Development Canada (EDC) is Canada's export credit agency. Our mandate is to support and develop, directly or indirectly, Canada's export trade, and the capacity of Canada to engage in trade and respond to international business opportunities, as well as to provide development financing and other forms of development support in a manner consistent with Canada's international development priorities. We provide insurance and financial services, bonding products, small business solutions as well as online credit risk management tools. Our customers are Canadian exporters, investors and their international buyers. We place a particular emphasis on small and medium enterprises by developing tools to help them succeed in international markets. EDC is a Crown corporation, wholly owned by the Government of Canada and accountable to Parliament through the Minister of International Trade, Export Promotion, Small Business and Economic Development. Our revenue is generated primarily by collecting interest on our loans, fees on our guarantee products and premiums on our insurance products.

Economic Environment

The global economy is experiencing a broad-based slowdown with the International Monetary Fund (IMF) forecasting global growth to be 3.2% in 2022 and 2.7% in 2023. There are multiple factors weighing in on the outlook including lingering effects from the Russia-Ukraine war, synchronized tightening of monetary policy, and multi-decade high inflation.

Commodity prices impacted by the Russia-Ukraine war, such as wheat, crude oil and natural gas, declined in the third quarter but remain elevated. The benchmark price of West Texas Intermediate averaged US$93 per barrel in the third quarter as OPEC+ restricts supply. European Union members implemented natural gas consumption limits due to supply cut-offs from Russia. The European Central Bank also raised their policy interest rate for the first time in nearly a decade by 125 basis points. The United Kingdom is experiencing rough waters, including the death of Queen Elizabeth II in addition to political uncertainty as the new U.K. Prime Minister's proposed sweeping tax breaks were reversed. Instability in the British Pound and bond markets required the intervention of The Bank of England, in addition to raising their policy interest rate by another 100 basis points. The Governor also signaled that a recession is forthcoming in the U.K.

Outside Europe, the Chinese economy continues to slow as it adapts to the COVID-zero policy and a distressed property sector. The People's Bank of China has lowered their policy interest rates to stimulate economic activity. In the U.S., consumer spending is shifting to cover the increase in the cost of living as inflation remains high, though declining to 8%. Amid record low unemployment, the Federal Reserve raised their key policy interest by 150 basis points in the quarter and removed their forward guidance.

Overall, supply chain pressures have eased, but mainly due to the decline in key shipping rates. As central banks implement quantitative tightening, equity markets will continue to be volatile as investors move to less-risky assets. Highly indebted developing countries will have limited fiscal ability to support their economies.

For Canada, trade is trending lower in nominal terms as the benefits from higher commodity prices fade. The housing market continues to slow with sales and average prices declining as rates increase. Consumer and business confidence is waning, dampening retail sales growth. The Canadian labour market remains tight with record job vacancies. Inflation is starting to decline from peak levels and hit 7% year-over-year growth. The Bank of Canada raised their policy interest rate by 175 basis points in the third quarter and continues quantitative tightening. The Canadian dollar depreciated, averaging 77 cents per USD in the third quarter.

Macroeconomic Outlook

Our expected credit loss impairment model uses forward looking information determined from reasonable and supportable forecasts of future economic conditions as at the reporting date. Our forecasts are updated quarterly, and the impact of the update is reflected in the expected credit losses for the period. The economic outlook for the world has weakened since the first half of the year, due to headwinds from a rare convergence of challenges.

Dramatic increases in key central bank interest rates to combat high inflation and Russia's war against Ukraine weigh heavily on the outlook. Uncertainty over natural gas supplies and elevated prices are dragging the Euro Area into recession this year and early next year, likely posting no growth in 2023. The tightening of financial conditions around the world is increasing the risk of debt distress in emerging markets. While we aren't forecasting a global recession, a fragile global economy leaves little room for error. Downside risks are significant, and this is reflected in relatively low probabilities assigned to our basecase and upside scenarios. Our downside economic scenario sees a recession in both developed and emerging markets starting in early 2023 and is assigned a probability of 35% which remains unchanged from the probability assigned at the end of the second quarter.

Risk Management

Our business activities expose us to a wide variety of risks including strategic, financial and operational risks. We manage risk with a three lines of defence risk governance structure, which emphasizes and balances strong central oversight and control of risk with clear accountability for and ownership of risk within the "front lines". The structure supports the cascade of EDC's risk appetite throughout the organization and provides forums for risks to be appropriately considered, discussed, debated and factored into business decisions at all levels and across all functions. This structure will allow us to continue to manage our business as risks evolve in the current economic environment. As credit conditions tighten with the rising interest rate environment EDC will continue to leverage our strong capital position to bring value to Canadian companies.

For a more comprehensive discussion on our risk management, please refer to pages 95-103 of our 2021 Annual Report. Refer to Note 7 of the accompanying financial statements for details on financial instrument risks.

Impact of Foreign Exchange Translation on Financial Results

Our foreign currency-denominated results are impacted by exchange rate fluctuations. The Canadian dollar relative to the U.S. dollar weakened in the third quarter of 2022, resulting in a rate of $0.73 at the end of the quarter compared to $0.79 at the end of the prior year. The impact of the weaker dollar was an increase to our assets and liabilities which are primarily denominated in U.S. dollars and are translated to Canadian dollars at rates prevailing at the statement of financial position date. In addition, the Canadian dollar average for the third quarter of 2022 weakened against the U.S. dollar, as the Canadian dollar averaged $0.77 in the third quarter, compared to $0.79 for the third quarter of 2021. This had a favourable impact on our financial results, as the components of net income as well as our business facilitated are translated at the average exchange rates.

Business Facilitated

Business facilitated for financing and investments increased by $1.2 billion compared to the prior year mainly due to increases in project finance and investments. The increase in project finance activity primarily occurred in the transportation and storage sector where we signed larger transactions when compared to the same period in 2021. The increase in business facilitated for investments resulted from increased capital deployed to medium-sized companies.

Business facilitated for credit insurance increased by 28% compared to the same period in 2021 primarily due to increases in the manufacturing, wholesale and retail trade and utilities sectors as a result of higher declarations made during the period from existing policyholders due to a general increase in commodity prices.

Business Facilitated

	For the nine months ended	
(in millions of Canadian dollars)	**Sep 2022**	Sep 2021
Business Facilitated		
Direct lending	**10,827**	10,949
Project finance	**2,939**	1,564
Loan guarantees	**2,409**	2,680
Investments	**488**	287
Total financing and investments	**16,663**	15,480
Credit insurance	**66,643**	52,223
Financial institutions insurance	**4,870**	5,186
International trade guarantee	**5,730**	5,455
Political risk insurance	**625**	456
Total insurance	**77,868**	63,320
Total	**$94,531**	$78,800

SUMMARY OF FINANCIAL RESULTS

Financial Performance

	For the three months		For the nine months ended		
(in millions of Canadian dollars)	**Sep 2022**	Sep 2021	**Sep 2022**	Sep 2021	Sep 2022 Corporate Plan
Net financing and investment income	**266**	277	**865**	880	875
Net insurance premiums and guarantee	**84**	90	**242**	265	259
Realized gains (losses)[2]	**33**	87	**50**	164	15
Net revenue	**383**	454	**1,157**	1,309	1,149
Administrative expenses	**161**	146	**481**	436	491
Provision for (reversal of) credit losses	**(164)**	(223)	**197**	(456)	(125)
Net claims-related expenses (recovery)	**1**	(16)	**(3)**	67	131
Income before unrealized (gains) losses	**385**	547	**482**	1,262	652
Unrealized (gains) losses on financial instruments[2]	**(531)**	(178)	**(519)**	(561)	-
Net income	**916**	725	**1,001**	1,823	652
Other comprehensive income	**70**	120	**49**	269	24
Comprehensive income	**$986**	$845	**$1,050**	$2,092	$676

[1] Includes loan guarantee fees.
[2] Included in Other (Income) Expenses on the Condensed Consolidated Statement of Comprehensive Income.

Quarter Highlights

We had a **net income** of $916 million in the third quarter of 2022 compared to $725 million for the same period in 2021 mainly due to an increase in unrealized gains on financial instruments carried at fair value.

Net realized gains of $33 million in the third quarter of 2022 were mainly due to strong performance in our investments portfolio and foreign exchange translation, partially offset by realized losses in the marketable securities portfolio.

We recorded a **reversal of credit losses** of $164 million in the quarter compared to $223 million in the same period last year. The overall impact of credit migration within our portfolio as well as net loan repayments, particularly in our impaired portfolio, resulted in a reversal of credit losses in the third quarter of 2022. The reversal in 2021 was primarily due to a change in our loss given default (LGD) model for our aerospace portfolio, which resulted in a $155 million reversal of credit losses. In 2020 we adopted a new Aerospace LGD model to reflect the increased risk stemming from the COVID-19 pandemic which was not being captured in the existing model. In the third quarter of 2021, we reverted to the previous Aerospace LGD model as it properly captured existing market risks.

Net unrealized gains of $531 million in the third quarter of 2022 compared to $178 million in the same period in the prior year primarily due to the volatility associated with our financial instruments carried at fair value through profit or loss. Due to the volatility and difficulty in estimating fair value gains or losses on financial instruments, a forecast for these items is not included in the Corporate Plan.

We recorded **other comprehensive income** of $70 million mainly due to improvements in the discount rate used to value the pension obligations, partially offset by negative returns on plan assets.

Year to Date Highlights

Net income for the first nine months of 2022 was $1.0 billion compared to $1.8 billion for the same period in 2021 mainly due to an increase in the provision for credit losses and a decrease in realized gains.

Net revenue was $152 million lower than the same period in 2021 primarily due to a decrease in realized gains. In 2022 we recorded $50 million in realized gains compared to $164 million in the prior year period primarily due to realized losses within our marketable securities portfolio and decrease in realized gains in our investments portfolio.

We recorded a **provision for credit losses** of $197 million compared to a $456 million reversal of provision in the prior year period and a $125 million reversal of provision in the Corporate Plan. The provision charge in the first three quarters of 2022 was primarily due to the impact of the macroeconomic forecasts and net downward credit migration, partially offset by the impact of net repayments and maturities. The reversal in 2021 was primarily due to an improvement in the macroeconomic forecast in the first nine months of 2021, as well as a change in our loss given default model for our aerospace portfolio, partially offset by a significant loan restructuring in the manufacturing sector and an impairment in the aerospace portfolio.

Net claims-related expenses for the first nine months of 2022 were $70 million lower than the same period in 2021 and $134 million lower than the Corporate Plan mainly due to the elimination of the risk adjustment related to the COVID-19 pandemic and higher claim recoveries.

We recorded an **other comprehensive gain** of $49 million mainly due an improvement in the discount rate used to value the pension obligations, partially offset by negative returns on plan assets.

Provision for (Reversal of) Credit Losses by Sector

Activity within the provision for (reversal of) credit losses during the third quarter by sector was as follows:

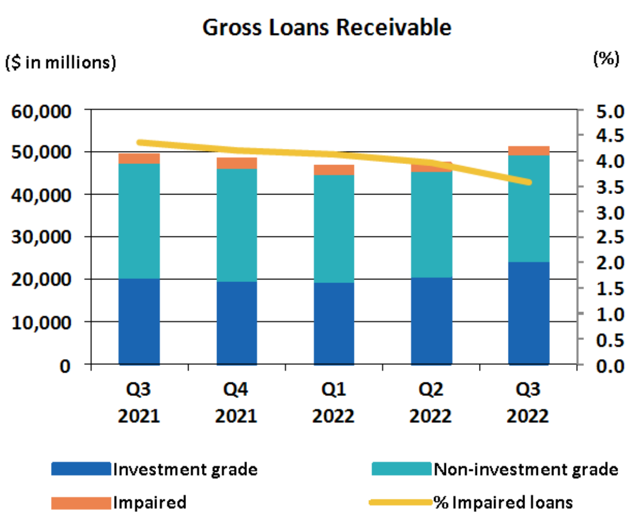
	Three months ended September 30, 2022			Three months ended September 30, 2021		
(in millions of Canadian dollars)	**Performing**	**Impaired**	**Total**	Performing	Impaired	Total
Manufacturing	**64**	**3**	**67**	(34)	-	(34)
Commercial properties	**1**	**14**	**15**	(26)	34	8
Professional services	**17**	**(4)**	**13**	(10)	(1)	(11)
Finance and insurance	**3**	**-**	**3**	1	(5)	(4)
Wholesale and retail trade	**5**	**(6)**	**(1)**	(7)	(18)	(25)
Information	**28**	**(91)**	**(63)**	(4)	(37)	(41)
Transportation and storage	**(212)**	**16**	**(196)**	(146)	14	(132)
Sovereign	**(20)**	**-**	**(20)**	5	-	5
Other	**27**	**(9)**	**18**	12	(1)	11
Total	**$(87)**	**$(77)**	**$(164)**	$(209)	$(14)	$(223)

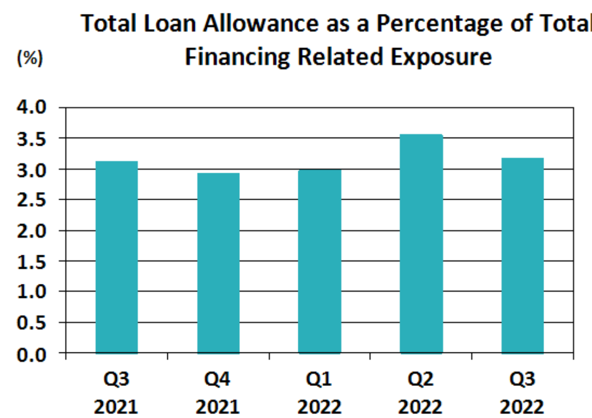
Activity within the provision for (reversal of) credit losses during the first nine months by sector was as follows:

(in millions of Canadian dollars)	Nine months ended September 30, 2022 **Performing**	**Impaired**	**Total**	Nine months ended September 30, 2021 Performing	Impaired	Total
Transportation and storage	**191**	**21**	**212**	(117)	40	(77)
Manufacturing	**47**	**(1)**	**46**	(122)	(22)	(144)
Commercial properties	**15**	**16**	**31**	(70)	107	37
Wholesale and retail trade	**25**	**(4)**	**21**	(29)	(29)	(58)
Professional services	**20**	**(4)**	**16**	(35)	(10)	(45)
Finance and insurance	**14**	**-**	**14**	(14)	(15)	(29)
Resources	**(13)**	**(5)**	**(18)**	-	(32)	(32)
Sovereign	**(47)**	**-**	**(47)**	5	-	5
Information	**37**	**(170)**	**(133)**	(28)	(39)	(67)
Other	**46**	**9**	**55**	(45)	(1)	(46)
Total	**$335**	**$(138)**	**$197**	$(455)	$(1)	$(456)

Financial Position

As at *(in millions of Canadian dollars)*	**Sep 2022**	Dec 2021	Sep 2022 Corporate Plan
Total assets	**67,293**	60,615	62,010
Total liabilities	**55,413**	45,975	49,550
Equity	**11,880**	14,640	12,460
Gross loans receivable	**51,230**	48,437	48,821
Total allowances - loans portfolio	**2,130**	1,910	1,860
Total allowances - insurance	**440**	440	666





Total assets are $6.7 billion higher than December 2021 primarily due to an increase in marketable securities of $3.0 billion as a result of debt issuances during the year net of funds used for the share buyback, and an increase of $2.8 billion in gross loans receivable primarily as a result of net loan disbursements ($1.8 billion) and foreign exchange translation ($1.1 billion).

The decrease in **equity** from December 2021 is primarily due to a repurchase of 38.1 million shares during the first three quarters of 2022 for an amount of $3,810 million based on the capital position of our core programs. As agreed with our shareholder in early 2022, dividends are paid by way of a share buyback until such time as our share capital as a proportion of our total equity returns to pre-pandemic levels.

Impaired loans as a percentage of gross loans receivable has decreased since the fourth quarter of 2021 primarily due to repayments from two obligors within the information and resources sectors.

Loan allowance as a percentage of total financing exposure decreased during the third quarter. The total allowance for losses on loans, loan commitments and loan guarantees was $2.1 billion at the end of the third quarter, a decrease of $90 million from the end of the second quarter. The key components impacting the change in allowance during the quarter were as follows:

- net repayments and maturities – reduction of $189 million;
- remeasurements due to credit migration – reduction of $143 million;
- new originations – increase of $110 million;
- impact of foreign exchange – increase of $64 million;
- updated macroeconomic assumptions – increase of $58 million; and
- reversal of loan write-offs – increase of $10 million.

STATEMENT OF MANAGEMENT RESPONSIBILITY

Management is responsible for the preparation and fair presentation of these Condensed Consolidated Quarterly Financial Statements in accordance with the Treasury Board of Canada's *Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Reports,* and for such internal controls as management determines is necessary to enable the preparation of Condensed Consolidated Quarterly Financial Statements that are free from material misstatement. Management is also responsible for ensuring all other information in this Quarterly Financial Report is consistent, where appropriate, with the Condensed Consolidated Quarterly Financial Statements.

These condensed consolidated quarterly financial statements have not been audited or reviewed by an external auditor.

Based on our knowledge, these unaudited Condensed Consolidated Quarterly Financial Statements present fairly, in all material respects, the financial position, results of operations and cash flows of the corporation, as at September 30, 2022 and for the periods presented in the Condensed Consolidated Quarterly Financial Statements.

Mairead Lavery,
President & CEO

Scott Moore,
Senior Vice-President & CFO

Ottawa, Canada
November 17, 2022

Export Development Canada

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of Canadian dollars)

As at

	Notes	Sep 2022	Dec 2021
Assets			
Cash		**401**	207
Marketable securities		**12,068**	9,082
Derivative instruments		**1,971**	1,139
Loans receivable	2	**51,150**	48,345
Allowance for losses on loans	2	**(1,900)**	(1,760)
Investments		**2,651**	2,707
Reinsurers' share of premium and claims liabilities	3	**90**	110
Property, plant and equipment		**40**	44
Intangible assets		**50**	63
Right-of-use assets		**120**	127
Retirement benefit assets		**343**	346
Other assets		**309**	205
Total Assets		**$67,293**	$60,615
Liabilities and Equity			
Accounts payable and other credits		**153**	185
Loans payable		**49,885**	43,525
Derivative instruments		**4,128**	1,003
Lease liabilities		**152**	158
Loan guarantees	2	**245**	188
Allowance for losses on loan commitments	2	**20**	20
Premium and claims liabilities	3	**650**	670
Retirement benefit obligations		**180**	226
Total Liabilities		**55,413**	45,975
Financing commitments (Note 2) and contingent liabilities (Note 4)			
Equity			
Share capital	5	**8,490**	12,300
Retained earnings		**3,390**	2,340
Total Equity		**11,880**	14,640
Total Liabilities and Equity		**$67,293**	$60,615

The accompanying notes are an integral part of these consolidated financial statements.

These financial statements were approved for issuance by the Board of Directors on November 17, 2022.

Manjit Sharma
Director

Mairead Lavery
Director

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of Canadian dollars)

	Notes	For the three months ended Sep 2022	Sep 2021	For the nine months ended Sep 2022	Sep 2021
Financing and Investment Revenue:					
Loan		**511**	345	**1,263**	1,092
Marketable securities		**55**	20	**108**	63
Investments		**3**	5	**19**	9
Total financing and investment revenue		**569**	370	**1,390**	1,164
Interest expense		**294**	83	**503**	263
Financing-related expenses		**9**	10	**22**	21
Net Financing and Investment Income		**266**	277	**865**	880
Loan Guarantee Fees		**20**	22	**53**	76
Insurance premiums and guarantee fees		**72**	75	**211**	212
Reinsurance ceded		**(8)**	(7)	**(22)**	(23)
Net Insurance Premiums and Guarantee	8	**64**	68	**189**	189
Other (Income) Expenses	10	**(564)**	(265)	**(569)**	(725)
Administrative Expenses	11	**161**	146	**481**	436
Income before Provision and Claims-Related Expenses		**753**	486	**1,195**	1,434
Provision for (Reversal of) Credit Losses	2	**(164)**	(223)	**197**	(456)
Claims-related expenses (recovery)		**(5)**	(17)	**(32)**	62
Reinsurers' share of claims-related expenses		**6**	1	**29**	5
Net Claims-Related Expenses (Recovery)	9	**1**	(16)	**(3)**	67
Net Income		**916**	725	**1,001**	1,823
Other comprehensive income:					
Retirement benefit plans remeasurement		**70**	120	**49**	269
Comprehensive Income		**$986**	$845	**$1,050**	$2,092

The accompanying notes are an integral part of these consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in millions of Canadian dollars)

		For the three months ended		For the nine months ended	
	Notes	**Sep 2022**	Sep 2021	**Sep 2022**	Sep 2021
Share Capital					
Balance beginning of period		**9,990**	12,300	**12,300**	12,300
Shares repurchased	5	**1,500**	-	**3,810**	-
Balance end of period		**8,490**	12,300	**8,490**	12,300
Retained Earnings					
Balance beginning of period		**2,404**	957	**2,340**	6,990
Net income		**916**	725	**1,001**	1,823
Other comprehensive income					
Retirement benefit plans		**70**	120	**49**	269
Dividends	5	**-**	-	**-**	(7,280)
Balance end of period		**3,390**	1,802	**3,390**	1,802
Total Equity End of Period		**$11,880**	$14,102	**$11,880**	$14,102

The accompanying notes are an integral part of these consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of Canadian dollars)

	For the three months ended		For the nine months ended	
	Sep 2022	Sep 2021	**Sep 2022**	Sep 2021 *
Cash Flows from (used in) Operating Activities				
Net income	**916**	725	**1,001**	1,823
Adjustments to determine net cash flows from (used in) operating activities				
Provision for (reversal of) credit losses	**(164)**	(223)	**197**	(456)
Actuarial change in the net allowance for claims on insurance	**(17)**	(22)	**(30)**	41
Depreciation and amortization	**8**	8	**23**	24
Realized gains	**(15)**	(80)	**(32)**	(153)
Changes in operating assets and liabilities				
Change in accrued interest and fees on loans receivable	**(99)**	(12)	**(141)**	(40)
Change in accrued interest and fair value of marketable securities	**121**	31	**398**	132
Change in accrued interest and fair value of loans payable	**(746)**	(106)	**(1,553)**	(324)
Change in fair value of investments	**110**	(205)	**282**	(480)
Change in derivative instruments	**744**	172	**1,686**	129
Other	**196**	(210)	**138**	(15)
Loan disbursements	**(5,998)**	(3,556)	**(13,669)**	(10,764)
Loan repayments and principal recoveries from loan asset sales	**3,867**	3,895	**11,919**	14,985
Net cash from (used in) operating activities	**(1,077)**	417	**219**	4,902
Cash Flows from (used in) Investing Activities				
Disbursements for investments	**(207)**	(96)	**(447)**	(291)
Receipts from investments	**118**	173	**368**	340
Purchases of marketable securities	**(2,171)**	(1,987)	**(6,505)**	(5,881)
Sales/maturities of marketable securities	**2,907**	1,888	**7,642**	5,977
Purchases of property, plant and equipment	**-**	-	**(1)**	(1)
Purchases of intangible assets	**-**	-	**-**	(1)
Net cash from (used in) investing activities	**647**	(22)	**1,057**	143
Cash Flows from (used in) Financing Activities				
Issue of long-term loans payable	**4,521**	402	**12,469**	7,212
Repayment of long-term loans payable	**(3,665)**	(1,890)	**(10,380)**	(7,090)
Issue of short-term loans payable	**12,119**	6,075	**36,542**	18,943
Repayment of short-term loans payable	**(11,021)**	(5,866)	**(32,048)**	(17,177)
Disbursements from sale/maturity of derivative instruments	**(80)**	(7)	**(177)**	(39)
Receipts from sale/maturity of derivative instruments	**21**	21	**37**	42
Issue (repurchase) of share capital	**(1,500)**	-	**(3,810)**	-
Dividends paid	**-**	-	**-**	(7,280)
Net cash from (used in) financing activities	**395**	(1,265)	**2,633**	(5,389)
Effect of exchange rate changes on cash and cash equivalents	**256**	53	**306**	3
Net increase (decrease) in cash and cash equivalents	**221**	(817)	**4,215**	(341)
Cash and cash equivalents				
Beginning of period	**5,687**	3,352	**1,693**	2,876
End of period	**$5,908**	$2,535	**$5,908**	$2,535
Cash and cash equivalents are comprised of:				
Cash	**401**	176	**401**	176
Cash equivalents included within marketable securities	**5,507**	2,359	**5,507**	2,359
	$5,908	$2,535	**$5,908**	$2,535
Operating Cash Flows from Interest				
Cash paid for interest	**$182**	$117	**$385**	$349
Cash received for interest	**$394**	$323	**$1,086**	$1,057

The accompanying notes are an integral part of these consolidated financial statements.

**Prior period has been reclassified to reflect current period presentation.*

Notes to the Condensed Consolidated Financial Statements

1. Significant Accounting Policies

Basis of Presentation

Our condensed consolidated financial statements comply with the *Standard on Quarterly Financial Reports for Crown Corporations* issued by the Treasury Board of Canada.

Except as indicated below, these Condensed Consolidated Financial Statements follow the same accounting policies and methods of computation as our audited Consolidated Financial Statements for the year ended December 31, 2021. They should be read in conjunction with the audited Consolidated Financial Statements for the year ended December 31, 2021 and the accompanying notes as set out on pages 121-173 of our 2021 Annual Report.

Pursuant to the Export Development Act, the Minister of Small Business, Export Promotion and International Trade, with the concurrence of the Minister of Finance, may authorize us to undertake certain financial and contingent liability transactions on behalf of the Government of Canada. These transactions and the legislative authorities that underlie them have come to be known collectively as “Canada Account”. Accounts for these transactions are maintained separately from our accounts and are consolidated annually as at March 31 with the financial statements of the Government of Canada, which are reported upon separately by the Government and audited by the Auditor General of Canada.

Basis of Consolidation

Our Consolidated Financial Statements include the assets, liabilities, results of operations and cash flows of our wholly owned subsidiaries and those structured entities consolidated under *IFRS 10 – Consolidated Financial Statements*. Intercompany transactions and balances have been eliminated.

Application of New International Financial Reporting Standards

New standards, amendments and interpretations adopted during the quarter

There were no new standards, amendments or interpretations adopted in the third quarter of the year.

New standards, amendments and interpretations issued but not yet in effect

The standards, amendments and interpretations issued but not yet in effect are disclosed in Note 3 of our audited Consolidated Financial Statements for the year ended December 31, 2021.

There were no new standards, amendments or interpretations issued in the first three quarters of the year that would have a possible effect on the Consolidated Financial Statements in the future.

Use of Estimates and Key Judgments

The preparation of financial statements requires the use of estimates and key judgments. Judgment is required in the selection of accounting policies, and their application requires the use of estimates and assumptions to arrive at the reported carrying values of our assets and liabilities. Other areas where management has made use of significant estimates and exercised judgment include assets held for sale, retirement benefit plans and financial instruments measured at fair value. Refer to page 125 of our 2021 Annual Report for details.

2. Loans and Allowance for Credit Losses

Loans Receivable

(in millions of Canadian dollars)	**Sep 2022**	Dec 2021
Gross loans receivable	**51,230**	48,437
Accrued interest and fees receivable	**286**	156
Deferred loan revenue and other	**(366)**	(248)
Total loans receivable	**$51,150**	$48,345

The following reflects the movement in gross loans receivable during the period:

(in millions of Canadian dollars)	**2022**	2021
Balance January 1	**48,437**	54,772
Disbursements	**13,669**	10,764
Principal repayments	**(11,378)**	(14,305)
Principal recoveries from loan asset sales	**(541)**	(680)
Loans written off	**(57)**	(174)
Capitalized interest	**11**	36
Derecognition due to modification	**-**	(159)
New origination due to modification	**-**	34
Foreign exchange translation	**1,089**	(721)
Balance September 30	**$51,230**	$49,567

Exposure and Allowance by Credit Grade

	Non-credit-impaired		Credit-impaired	Sep 2022		Dec 2021	
(in millions of Canadian dollars)	**Stage 1**	**Stage 2**	**Stage 3**	**$**	**% of total**	$	% of total
Gross loans receivable							
Investment grade*	**20,339**	**4,006**	**-**	**24,345**	**48%**	19,765	41%
Non-investment grade	**12,919**	**12,134**	**-**	**25,053**	**49%**	26,637	55%
Individually impaired	**-**	**-**	**1,600**	**1,600**	**3%**	1,805	4%
Originated credit-impaired	**-**	**-**	**232**	**232**	**-**	230	-
Gross loans receivable	**33,258**	**16,140**	**1,832**	**51,230**	**100%**	48,437	100%
Allowance for losses	**211**	**926**	**763**	**1,900**		1,760	
Net carrying value - loans receivable	**$33,047**	**$15,214**	**$1,069**	**$49,330**		$46,677	
Loan commitments							
Investment grade*	**3,371**	**507**	**-**	**3,878**	**47%**	4,205	40%
Non-investment grade	**2,783**	**1,646**	**-**	**4,429**	**53%**	6,306	60%
Individually impaired	**-**	**-**	**-**	**-**	**-**	15	-
Total loan commitments	**$6,154**	**$2,153**	**$-**	**$8,307**	**100%**	$10,526	100%
Allowance for losses	**3**	**17**	**-**	**20**		20	
Net carrying value - loan commitments	**$6,151**	**$2,136**	**$-**	**$8,287**		$10,506	
Loan guarantees							
Investment grade*	**243**	**75**	**-**	**318**	**7%**	307	7%
Non-investment grade	**2,758**	**1,202**	**-**	**3,960**	**90%**	3,976	90%
Individually impaired	**-**	**-**	**119**	**119**	**3%**	116	3%
Total loan guarantees	**$3,001**	**$1,277**	**$119**	**$4,397**	**100%**	$4,399	100%
Allowance for losses	**61**	**65**	**84**	**210**		130	
Net carrying value - loan guarantees	**$2,940**	**$1,212**	**$35**	**$4,187**		$4,269	

**Investment grade exposure represents obligors with credit ratings of BBB- and above, as determined based on our internal credit risk rating methodology. Exposures are presented before the effects of any risk-mitigation strategies.*

Allowance for Losses

Changes to the allowance for losses on loans receivable, loan commitments and loan guarantees as at and for the three months ended September 30 were as follows:

(in millions of Canadian dollars)	**Stage 1**	**Stage 2**	**Stage 3**	**Sep 2022 Total**	Stage 1	Stage 2	Stage 3	Sep 2021 Total
Allowance for losses on loans receivable								
Balance beginning of period	**178**	**1,060**	**792**	**2,030**	63	1,074	1,013	2,150
Provision for (reversal of) credit losses								
Transfer to stage 1	**64**	**(64)**	**-**	**-**	34	(34)	-	-
Transfer to stage 2	**(28)**	**28**	**-**	**-**	(11)	14	(3)	-
Transfer to stage 3	**-**	**-**	**-**	**-**	-	(16)	16	-
Remeasurements	**(21)**	**(96)**	**14**	**(103)**	(34)	(140)	39	(135)
New originations	**28**	**25**	**14**	**67**	6	8	18	32
Net repayments and maturities	**(15)**	**(46)**	**(103)**	**(164)**	(4)	(21)	(65)	(90)
Total provision for (reversal of) credit losses	**28**	**(153)**	**(75)**	**(200)**	(9)	(189)	5	(193)
Write-offs	**-**	**-**	**10**	**10**	-	(1)	(14)	(15)
Foreign exchange translation	**5**	**19**	**36**	**60**	1	20	27	48
Balance end of period	**211**	**926**	**763**	**1,900**	55	904	1,031	1,990
Allowance for losses on loan commitments								
Balance beginning of period	**5**	**8**	**7**	**20**	-	20	10	30
Provision for (reversal of) credit losses								
Transfer to stage 2	**(1)**	**1**	**-**	**-**	-	-	-	-
Remeasurements	**(3)**	**8**	**2**	**7**	(3)	(7)	-	(10)
New originations	**2**	**2**	**-**	**4**	4	-	-	4
Net repayments and maturities	**-**	**(2)**	**(9)**	**(11)**	-	-	(4)	(4)
Total provision for (reversal of) credit losses	**(2)**	**9**	**(7)**	**-**	1	(7)	(4)	(10)
Balance end of period	**3**	**17**	**-**	**20**	1	13	6	20
Allowance for losses on loan guarantees								
Balance beginning of period	**39**	**52**	**79**	**170**	32	42	66	140
Provision for (reversal of) credit losses								
Transfer to stage 1	**12**	**(12)**	**-**	**-**	9	(9)	-	-
Transfer to stage 2	**(22)**	**22**	**-**	**-**	(4)	4	-	-
Transfer to stage 3	**-**	**(2)**	**2**	**-**	-	-	-	-
Remeasurements	**(8)**	**2**	**17**	**11**	(26)	(8)	1	(33)
New originations	**37**	**-**	**2**	**39**	22	-	1	23
Net repayments and maturities	**3**	**(1)**	**(16)**	**(14)**	(5)	(1)	(4)	(10)
Total provision for (reversal of) credit losses	**22**	**9**	**5**	**36**	(4)	(14)	(2)	(20)
Foreign exchange translation	**2**	**2**	**-**	**4**	-	-	-	-
Balance end of period	**63**	**63**	**84**	**210**	28	28	64	120
Total allowance for losses on loans receivable, loan commitments and loan guarantees	**$277**	**$1,006**	**$847**	**$2,130**	$84	$945	$1,101	$2,130

Changes to the allowance for losses on loans receivable, loan commitments and loan guarantees as at and for the nine months ended September 30 were as follows:

(in millions of Canadian dollars)	**Stage 1**	**Stage 2**	**Stage 3**	**Sep 2022 Total**	Stage 1	Stage 2	Stage 3	Sep 2021 Total
Allowance for losses on loans receivable								
Balance beginning of period	**54**	**821**	**885**	**1,760**	132	1,244	1,254	2,630
Provision for (reversal of) credit losses								
Transfer to stage 1	**161**	**(161)**	**-**	**-**	104	(104)	-	-
Transfer to stage 2	**(45)**	**51**	**(6)**	**-**	(36)	39	(3)	-
Transfer to stage 3	**-**	**-**	**-**	**-**	-	(39)	39	-
Remeasurements	**14**	**310**	**38**	**362**	(142)	(137)	84	(195)
New originations	**45**	**45**	**22**	**112**	18	91	40	149
Net repayments and maturities	**(23)**	**(142)**	**(189)**	**(354)**	(17)	(168)	(96)	(281)
Total provision for (reversal of) credit losses	**152**	**103**	**(135)**	**120**	(73)	(318)	64	(327)
Write-offs	**-**	**(1)**	**(30)**	**(31)**	(1)	(1)	(149)	(151)
Modification resulting in derecognition	**-**	**-**	**-**	**-**	-	-	(127)	(127)
Foreign exchange translation	**5**	**3**	**43**	**51**	(3)	(21)	(11)	(35)
Balance end of period	**211**	**926**	**763**	**1,900**	55	904	1,031	1,990
Allowance for losses on loan commitments								
Balance beginning of period	**2**	**12**	**6**	**20**	-	32	18	50
Provision for (reversal of) credit losses								
Transfer to stage 1	**2**	**(2)**	**-**	**-**	1	(1)	-	-
Transfer to stage 2	**(3)**	**3**	**-**	**-**	(1)	1	-	-
Remeasurements	**(1)**	**3**	**6**	**8**	(4)	(19)	(3)	(26)
New originations	**4**	**3**	**-**	**7**	6	1	-	7
Net repayments and maturities	**(1)**	**(2)**	**(12)**	**(15)**	(1)	(1)	(9)	(11)
Total provision for (reversal of) credit losses	**1**	**5**	**(6)**	**-**	1	(19)	(12)	(30)
Balance end of period	**3**	**17**	**-**	**20**	1	13	6	20
Allowance for losses on loan guarantees								
Balance beginning of period	**30**	**19**	**81**	**130**	59	82	79	220
Provision for (reversal of) credit losses								
Transfer to stage 1	**25**	**(25)**	**-**	**-**	55	(55)	-	-
Transfer to stage 2	**(35)**	**38**	**(3)**	**-**	(45)	45	-	-
Transfer to stage 3	**-**	**(2)**	**2**	**-**	-	(2)	2	-
Remeasurements	**(22)**	**28**	**34**	**40**	(108)	(38)	4	(142)
New originations	**72**	**-**	**2**	**74**	73	-	3	76
Net repayments and maturities	**(8)**	**3**	**(32)**	**(37)**	(6)	(3)	(24)	(33)
Total provision for (reversal of) credit losses	**32**	**42**	**3**	**77**	(31)	(53)	(15)	(99)
Foreign exchange translation	**1**	**2**	**-**	**3**	-	(1)	-	(1)
Balance end of period	**63**	**63**	**84**	**210**	28	28	64	120
Total allowance for losses on loans receivable, loan commitments and loan guarantees	**$277**	**$1,006**	**$847**	**$2,130**	$84	$945	$1,101	$2,130

Financing Commitments

The following table shows our outstanding financing commitments by type:

(in millions of Canadian dollars)	**Sep 2022**	Dec 2021
Signed loan commitments	**8,307**	10,526
Letters of offer	**3,277**	2,066
Unallocated confirmed lines of credit	**121**	133
Total financing commitments	**$11,705**	$12,725

3. Premium and Claims Liabilities

The premium and claims liabilities for credit insurance, financial institutions insurance, international trade guarantee and political risk insurance were as follows:

(in millions of Canadian dollars)			**Sep 2022**			Dec 2021
	Insurance	**Reinsurance**	**Net**	Insurance	Reinsurance	Net
Credit insurance	**300**	**(30)**	**270**	300	(30)	270
Financial institutions insurance	**10**	**-**	**10**	-	-	-
International trade guarantee	**200**	**-**	**200**	210	(10)	200
Political risk insurance	**140**	**(60)**	**80**	160	(70)	90
Total	**$650**	**$(90)**	**$560**	$670	$(110)	$560

The premium and claims liabilities are comprised of the following components:

(in millions of Canadian dollars)	**Sep 2022**	Dec 2021
Deferred insurance premiums	**140**	140
Allowance for claims on insurance	**510**	530
Total premium and claims liabilities	**650**	670
Reinsurers' share of allowance for claims on insurance	**(70)**	(90)
Prepaid reinsurance	**(20)**	(20)
Reinsurers' share of premium and claims liabilities	**(90)**	(110)
Net premium and claims liabilities	**$560**	$560

In the first quarter of 2022, the remaining estimates applied to determine the impact of the COVID-19 pandemic within our credit insurance solution were removed as the portfolio composition and risk ratings used in calculating the frequency of future claims were revised based on updated information. As a result, we no longer estimate a specific liability related to the impact of the COVID-19 pandemic within our premiums and claims liability.

4. Contingent Liabilities

As explained on page 149 of the 2021 Annual Report, we are subject to a limit imposed by the Export Development Act on our contingent liability arrangements. The limit is currently $90 billion and our position against this limit is $36.2 billion as at September 30, 2022 (December 2021 - $33 billion).

5. Share Capital

EDC's authorized share capital is $15.0 billion consisting of 150 million shares with a par value of $100 each. As agreed to with our shareholder, for 2022 onwards dividends and/or special dividends will be paid by way of a share buyback until such time that our share capital returns to pre-pandemic levels. During the first three quarters of 2022, we repurchased 38.1 million shares at a price of $100 per share for a total of $3.81 billion based on the capital position of our core programs, the Business Credit Availability Program (BCAP) programs and a targeted Internal Capital Adequacy Assessment Process (ICAAP) ratio. The number of shares issued and fully paid at the end of the quarter is 84.9 million (2021 – 123.0 million).

In the first half of 2021, we declared and paid a dividend of $580 million according to our current dividend policy, as well as a special dividend of $6.7 billion based on the capital surplus position of the BCAP and a targeted ICAAP ratio.

6. Fair Value of Financial Instruments

Fair value represents our estimation of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. For a full description of our controls, policies and valuation techniques surrounding fair value of financial instruments refer to Note 21 on page 156 of the 2021 Annual Report.

As with any estimate, uncertainty is inherent due to the unpredictability of future events. In the case of estimating the fair value of our financial instruments, this uncertainty is magnified due to the large number of assumptions used and the wide range of acceptable valuation techniques. Estimates of fair values are based on market conditions at a certain point in time, and may not be reflective of future market conditions. Therefore, the estimates of the fair value of financial instruments outlined as follows do not necessarily reflect the actual values that may occur should the instruments be exchanged in the market.

In the process of assessing the fair value for certain investment instruments, estimates determined in a manner consistent with industry practice are employed in the models which cannot be directly observed in the market. The methodologies and values derived from these models were relatively unchanged at the end of the third quarter of 2022 from what was disclosed in the 2021 Annual Report.

Fair Value Hierarchy

The following table presents the fair value hierarchy of our financial instruments based on whether the inputs to those techniques are observable or unobservable.

- *Level 1* - fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- *Level 2* - fair values are determined using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- *Level 3* - fair values are determined using inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

(in millions of Canadian dollars)					**Sep 2022**					Dec 2021
	Level 1	**Level 2**	**Level 3**	**Total Fair Value**	**Carrying Value**	Level 1	Level 2	Level 3	Total Fair Value	Carrying Value
Assets										
Performing fixed rate loans	**-**	**9,214**	**1,366**	**10,580**	**12,174**	-	9,784	2,196	11,980	11,513
Performing floating rate loans	**-**	**35,147**	**366**	**35,513**	**36,016**	-	33,635	901	34,536	33,936
Total performing loans receivable	**-**	**44,361**	**1,732**	**46,093**	**48,190**	-	43,419	3,097	46,516	45,449
Impaired loans	**-**	**1,060**	**-**	**1,060**	**1,060**	-	1,136	-	1,136	1,136
Loans receivable and accrued interest and fees	**-**	**45,421**	**1,732**	**47,153**	**49,250**	-	44,555	3,097	47,652	46,585
Marketable securities	**4,512**	**7,556**	**-**	**12,068**	**12,068**	4,912	4,170	-	9,082	9,082
Derivative instruments	**-**	**1,971**	**-**	**1,971**	**1,971**	-	1,139	-	1,139	1,139
Investments	**106**	**-**	**2,545**	**2,651**	**2,651**	334	-	2,373	2,707	2,707
Other assets	**285**	**2**	**23**	**310**	**309**	169	8	27	204	205
Liabilities										
Accounts payable and other credits	**152**	**-**	**-**	**152**	**153**	178	6	-	184	185
Loans payable	**-**	**49,883**	**-**	**49,883**	**49,885**	-	43,549	-	43,549	43,525
Derivative instruments	**-**	**4,128**	**-**	**4,128**	**4,128**	-	1,003	-	1,003	1,003
Loan guarantees	**-**	**211**	**-**	**211**	**245**	-	132	-	132	188

Changes in valuation methods may result in transfers into or out of Levels 1, 2 and 3. In the first nine months of 2022, there were no transfers between levels as a result of changes in valuation methods.

The following table summarizes the reconciliation of Level 3 fair values between the beginning of the year and the end of the third quarter of 2022 for the financial instruments carried at fair value:

(in millions of Canadian dollars)			**Sep 2022**
	Other Assets*	**Investments**	**Total**
Balance beginning of year	**27**	**2,373**	**2,400**
Decrease in other assets	**(5)**	**-**	**(5)**
Unrealized gains (losses) included in other (income) expenses	**-**	**(95)**	**(95)**
Purchases of assets/issuances of liabilities	**-**	**470**	**470**
Return of capital	**-**	**(304)**	**(304)**
Transfer out of Level 3	**-**	**(1)**	**(1)**
Foreign exchange translation	**1**	**102**	**103**
Balance end of period	**$23**	**$2,545**	**$2,568**
Total gains (losses) for the first nine months of 2022 included in comprehensive income for instruments held at the end of the quarter	**$(5)**	**$(365)**	**$(370)**

**Consists of recoverable insurance claims.*

7. Financial Instrument Risks

The principal risks that we are exposed to as a result of holding financial instruments are credit, market and liquidity risk. For a full description of our objectives, policies and processes for managing financial instrument risk refer to management's discussion and analysis on pages 98 to 102 and notes related to our derivative instruments and debt instruments on pages 144 to 146 of the 2021 Annual Report.

Credit Risk

Credit risk is the risk of loss incurred if a counterparty fails to meet its financial commitments. We are exposed to credit risk on financial instruments under both our loans program and our treasury activities.

Concentration of Credit Risk

The following table provides a breakdown, by the country in which the risk resides, of the maximum exposure to credit risk of financial instruments. The exposure includes gross loans receivable, loan guarantees, investments, marketable securities, derivative assets and cash. The concentration of credit risk exposure provided below also includes the impact of unfunded loan participations and loan default insurance, which we use to mitigate credit risk within the loan portfolio.

(in millions of Canadian dollars)	**Sep 2022 Exposure**		Dec 2021 Exposure	
Country	**$**	**%**	$	%
United States	**15,875**	**22**	14,008	21
Canada	**15,581**	**21**	13,792	21
United Kingdom	**6,897**	**9**	6,519	10
Chile	**5,548**	**8**	4,186	6
Australia	**3,783**	**5**	3,716	6
Germany	**3,643**	**5**	2,075	3
Mexico	**2,238**	**3**	1,859	3
India	**2,064**	**3**	2,277	4
Spain	**1,596**	**2**	1,631	2
China	**1,499**	**2**	1,428	2
Other	**13,994**	**20**	14,480	22
Total	**$72,718**	**100**	$65,971	100

The concentration of credit risk by sector for our financial instruments is as follows:

(in millions of Canadian dollars)		**Sep 2022 Exposure**		Dec 2021 Exposure
Sector	**$**	**%**	$	%
Commercial:				
Transportation and storage	**13,879**	**19**	14,821	23
Finance and insurance	**10,653**	**14**	8,760	13
Manufacturing	**8,766**	**12**	8,204	12
Utilities	**8,061**	**11**	6,402	10
Resources	**6,184**	**9**	6,123	9
Information	**4,804**	**7**	3,707	6
Wholesale and retail trade	**2,687**	**4**	2,377	4
Commercial properties	**2,483**	**3**	2,755	4
Professional services	**1,913**	**3**	1,965	3
Construction	**816**	**1**	811	1
Other	**1,633**	**2**	1,362	2
Total commercial	**61,879**	**85**	57,287	87
Sovereign	**10,839**	**15**	8,684	13
Total	**$72,718**	**100**	$65,971	100

8. Net Insurance Premiums and Guarantee Fees

(in millions of Canadian dollars)	Three months ended		**Sep 2022**			Sep 2021
	Gross premiums	**Reinsurance**	**Net premiums**	Gross premiums	Reinsurance	Net premiums
Credit insurance	**36**	**(4)**	**32**	37	(4)	33
Financial institutions insurance	**2**	**-**	**2**	2	-	2
International trade guarantee	**32**	**(3)**	**29**	34	(2)	32
Political risk insurance	**2**	**(1)**	**1**	2	(1)	1
Total	**$72**	**$(8)**	**$64**	$75	$(7)	$68

(in millions of Canadian dollars)	Nine months ended		**Sep 2022**			Sep 2021
	Gross premiums	**Reinsurance**	**Net premiums**	Gross premiums	Reinsurance	Net premiums
Credit insurance	**109**	**(12)**	**97**	105	(12)	93
Financial institutions insurance	**6**	**-**	**6**	6	-	6
International trade guarantee	**89**	**(7)**	**82**	93	(7)	86
Political risk insurance	**7**	**(3)**	**4**	8	(4)	4
Total	**$211**	**$(22)**	**$189**	$212	$(23)	$189

9. Net Claims-Related Expenses (Recovery)

(in millions of Canadian dollars)	Three months ended Sep 2022	Three months ended Sep 2021	Nine months ended Sep 2022	Nine months ended Sep 2021
Claims paid	**21**	9	**54**	39
Claims recovered	**(6)**	(3)	**(36)**	(14)
Increase (decrease) in allowance for claims on insurance	**(23)**	(23)	**(59)**	37
Increase in the reinsurers' share in the allowance for claims	**6**	1	**29**	4
(Increase) decrease in recoverable insurance claims	**-**	-	**5**	-
Claims handling expenses	**3**	-	**4**	1
Total net claims-related expenses (recovery)	**$1**	$(16)	**$(3)**	$67

10. Other (Income) Expenses

(in millions of Canadian dollars)	Three months ended Sep 2022	Three months ended Sep 2021	Nine months ended Sep 2022	Nine months ended Sep 2021
Net realized (gains) losses				
Investments	**(25)**	(75)	**(64)**	(148)
Marketable securities	**10**	(6)	**19**	(18)
Sale of loan assets	**-**	1	**13**	13
Foreign exchange translation	**(17)**	(7)	**(16)**	(10)
Other	**(1)**	-	**(2)**	(1)
Total net realized (gains) losses	**(33)**	(87)	**(50)**	(164)
Net unrealized (gains) losses				
Marketable securities	**135**	30	**413**	125
Investments	**113**	(206)	**286**	(482)
Loans payable	**(839)**	(106)	**(1,659)**	(344)
Derivatives	**60**	104	**441**	140
Total net unrealized (gains) losses	**(531)**	(178)	**(519)**	**(561)**
Total	**$(564)**	$(265)	**$(569)**	**$(725)**

11. Administrative Expenses

	Three months ended		Nine months ended	
(in millions of Canadian dollars)	**Sep 2022**	Sep 2021	**Sep 2022**	Sep 2021
Salaries and benefits	**84**	72	**245**	222
Pension benefit expense	**8**	11	**24**	35
Other post-employment benefit and severance expense	**4**	4	**12**	11
Professional services	**25**	20	**75**	48
Systems costs	**13**	11	**38**	37
Occupancy	**7**	8	**21**	22
Amortization and depreciation	**6**	6	**18**	19
Marketing and communications	**5**	4	**17**	15
Information services	**4**	5	**15**	15
Travel, hospitality and conferences	**1**	-	**2**	-
Other	**4**	5	**14**	12
Total administrative expenses	**$161**	$146	**$481**	$436

12. Related Party Transactions

The Government of Canada is the sole shareholder of Export Development Canada. We enter into transactions with other government departments, agencies and Crown corporations and our Pension Plan in the normal course of business, under terms and conditions similar to those that apply to unrelated parties.

In 2021, EDC's subsidiary FinDev Canada received a $75.9 million Concessional Facility (CF) from Global Affairs Canada (GAC). The CF is an arrangement between GAC and FinDev Canada for the purpose of fulfilling the Government of Canada's Gender Smart COVID-19 Recovery Facility. FinDev Canada will hold, manage, administer, use and invest the funds received from GAC under the facility, and financial results related to the CF will be reported to GAC and consolidated with the financial statements of the Government of Canada.

EDC's Mandate

Support and develop, directly or indirectly, Canada's export trade and Canadian capacity to engage in that trade, as well as respond to international business opportunities.

Canada

EDC