EXPORT DEVELOPMENT CANADA
QUARTERLY FINANCIAL REPORT

ACCELERATING THE EXPORT IMPACT

MARCH 31, 2024 | UNAUDITED

Canada

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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 a Crown corporation dedicated to helping Canadian companies of all sizes succeed in global markets. We're Canada's export credit agency and a member of the Government of Canada's international trade portfolio, with offices and representations across Canada and around the world. Since 1944, we've equipped Canadian companies with the tools they need—the trade knowledge, connections and financial solutions, including loans, equity and insurance—to grow their business with confidence. Underlying our support is a commitment to sustainable, responsible and inclusive business, aimed at strengthening the way trade serves society and our planet.

Economic Environment

The start of 2024 has seen a global economy that is continuing to grind along. While most developed market central banks stopped hiking interest rates at the end of 2023, none began cutting them in the first quarter of 2024, despite signs that inflationary pressures have eased broadly, and that economic momentum has slowed in many countries.

The slowdown in global economic activity fed into commodity prices. Despite ongoing conflict in Ukraine and the Middle East that unsettled markets, and an increase in shipping disruptions through the Rea Sea, global oil prices fell slightly in the first quarter. The price of West Texas Intermediate averaged USD 78 per barrel compared to averaging just over USD 79 the previous three months. Prices of several metals, including copper and cobalt, declined as concerns about oversupply in the face of weak demand took hold. A notable exception was the price of gold which spiked over geopolitical tensions and uncertainty, rising from USD 1,975 per Troy oz in the third quarter of 2023 to more than USD 2,071 per Troy oz in the first quarter of 2024.

China's ongoing weakness was a key drag on global demand to begin the year. While the government has stepped up spending and stimulus measures, consumer and business confidence remained subdued. Falling property prices and the insolvency of large companies in the sector have driven a confidence shock. As a key export market for many countries, China's slower economic outlook has rippled into the global economy. In the European area, Germany has seen net exports decline consistently since 2022 and industrial production remains below levels seen in the first quarter of 2020 as that economy struggles with weak external demand and the residual energy supply shocks from Russia's invasion of Ukraine.

The U.S. economy has seen surprising strength to start 2024. After decelerating in the second half of 2023, the first quarter of 2024 saw the labour market strengthen, with an average of 276,000 new jobs being created each month in the quarter. Despite the run of interest rate increases, price pressures remained elevated in the U.S. This led markets to scale back expectations of interest rate cuts in 2024 and provide support to the U.S. dollar against most major currencies.

The strength of the U.S. economy has helped bolster Canadian exports, with growth averaging 2% through February, but overall Canadian economic activity has slowed. Higher interest rates have seen Canadians' debt service ratio reach 15% to begin 2024. At the same time, the labour market has experienced signs of frailty, with the unemployment rate reaching 6.1% in March 2024, the highest level since the start of 2022. With inflationary pressures easing, expectations for rate cuts from the Bank of Canada beginning in the second quarter of 2024 have increased. The Canadian dollar remained stable, averaging USD 74 cents in the first 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.

EDC's baseline scenario sees a global economy experience growth in 2024 of just 2.9%. Next year, growth will increase to 3.3% as lower interest rates and the normalization of activity help leave the post-pandemic economy behind. Growth in Canada will decelerate in 2024, to 0.9%, before rising to 1.8% in 2025. The near-term drag is the result of a highly indebted Canadian consumer, whose sizable debt-servicing requirements have led to a focus on savings over spending. A resilient labour market has supported steady growth in wages and employment, generating increased spending that helped power U.S. outperformance relative to other developed market economies. U.S. growth of 2.3% is forecasted in 2024 and 1.8% in 2025.

EDC's downside scenario sees recession in both developed and emerging markets to varying degrees starting in the third quarter of 2024 and it is assigned a probability of 20%. Under this scenario, global banking sector strains lead to weakness in financial markets. Credit conditions tighten and the cost of borrowing climbs, revealing vulnerabilities in the corporate sector, therefore increasing default risk and risk perceptions. Continued U.S. dollar strength makes it more difficult for emerging market sovereigns and corporates to borrow. EDC's upside scenario sees higher spending by consumers and businesses driving greater economic activity than in the base case beginning in the fourth quarter of 2024 and it is assigned a probability of 10%. The slight improvement to the macroeconomic outlook when compared to the prior quarter had a modest impact on the overall release of provision for the 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 of risk with clear accountability for and ownership of risk. The structure governs 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 and as new risks emerge.

For a more comprehensive discussion on our risk management practices, please refer to pages 105-113 of our 2023 Annual Report. Refer to Note 10 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 first quarter of 2024, resulting in a rate of $0.74 at the end of the quarter compared to $0.75 at the end of the prior quarter. 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. The components of net income and our business facilitated are translated into Canadian dollars at average exchange rates. The Canadian dollar averaged $0.74 against the U.S. dollar in the first quarter which was consistent with the average rate of the first quarter of 2023.

Comparative Figures

Certain comparative figures within this report have been updated to reflect the results presented in the December 31, 2023 consolidated financial statements, including changes related to the implementation of IFRS 17, reclassifications on the Consolidated Statement of Cash flows and changes in disclosure regarding cash and cash equivalents. The changes resulted in the update of comparative figures in certain areas in Management's Discussion and Analysis and the condensed consolidated financial statements and the related notes.

Business Facilitated

Business facilitated for financing and investments decreased by $4.3 billion compared to the same period in 2023 mainly due to the timing of signings. The direct lending portfolio experienced an increase in higher-valued signings in the first three months of 2023, primarily in the finance and insurance and resources sectors, resulting in a decrease in business facilitated when compared to the same period in 2024. The decrease in project finance occurred primarily in the utilities, transportation and storage, and resources sectors.

Business facilitated for financial institutions insurance decreased by 31% compared to the same period in 2023 primarily due to decreased demand in the South and Central America and the Caribbean region.

	For the three months ended	
(in millions of Canadian dollars)	**Mar 2024**	Mar 2023
Direct lending	**2,878**	6,221
Project finance	**1,203**	1,864
Loan guarantees	**629**	822
Investments	**99**	205
Total financing and investments	**4,809**	9,112
Credit insurance	**22,431**	22,728
Financial institutions insurance	**1,442**	2,077
International trade guarantee	**2,417**	2,186
Political risk insurance	**-**	47
Total insurance	**26,290**	27,038
Total	**$31,099**	$36,150

Business facilitated for international trade guarantee increased by 11% compared to the same period in 2023 primarily due to broad growth from existing and new customers in the resources and manufacturing sectors.

SUMMARY OF FINANCIAL RESULTS

Financial Performance

(in millions of Canadian dollars)	Mar 2024	Mar 2023	Mar 2024 Corporate Plan
	For the three months ended		
Net financing and investment income	**338**	325	308
Loan guarantee fees	**22**	20	17
Net insurance service revenue[1]	**75**	71	64
Realized gains (losses)[2]	**(60)**	17	(11)
Net revenue	**375**	433	378
Administrative expenses	**136**	134	132
Net insurance service expenses[1]	**67**	80	59
Provision for (reversal of) credit losses	**(161)**	(51)	65
Income before unrealized (gains) losses	**333**	270	122
Unrealized (gains) losses on financial instruments[2]	**(110)**	42	-
Net income	**443**	228	122
Other comprehensive income	**89**	65	3
Comprehensive income	**$532**	$293	$125

[1] Included in Net Insurance Service Result on the Condensed Consolidated Statement of Comprehensive Income.

[2] Included in Other (Income) Expenses on the Condensed Consolidated Statement of Comprehensive Income.

Quarter Highlights

We had **net income** of $443 million in the first quarter of 2024 compared to net income of $228 million for the same period in 2023 mainly due to an increase in unrealized gains on our financial instruments carried at fair value and an increase in the reversal of provision for credit losses partially offset by realized losses.

Net realized losses of $60 million in the first quarter of 2024 compared to a net realized gain of $17 million in the same period in the prior year were primarily due to losses on sales of direct investments. These sales also resulted in the reversal of previously recorded unrealized losses which, combined with strong performance in our investments portfolio, resulted in **unrealized gains** of $110 million recorded in the quarter.

We recorded a **reversal of credit losses** of $161 million in the quarter compared to $51 million in the same period last year. The reversal in 2024 is primarily due to the finalization of a settlement with an impaired obligor in the utilities industry and upward credit migration within our performing portfolio. The release in 2023 was primarily due to upward credit migration and an improvement in the macroeconomic outlook, partially offset by an increase in the provision rate for an impaired obligor within the transportation and storage industry.

We recorded **other comprehensive income** of $89 million mainly due to an increase in the discount rate used to value the pension obligations and positive returns on plan assets.

Net income for the first quarter of 2024 exceeded the Corporate Plan primarily due to the reversal of credit losses as previously discussed and unrealized gains on financial instruments. Due to the volatility and difficulty in estimating fair value gains and losses, a forecast is not included in the Corporate Plan.

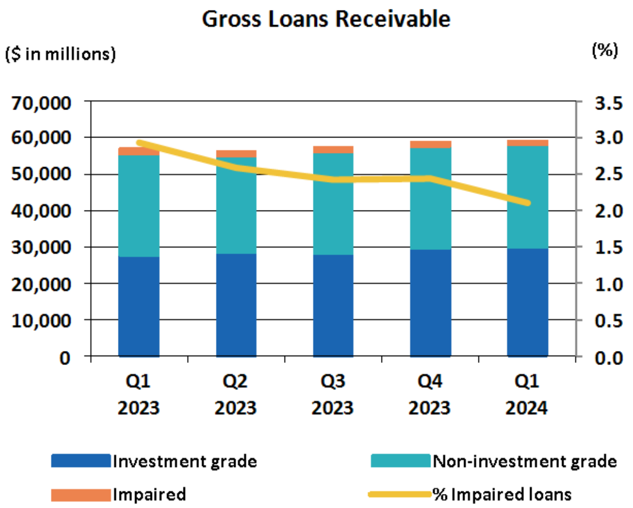
Provision for (Reversal of) Credit Losses by Sector

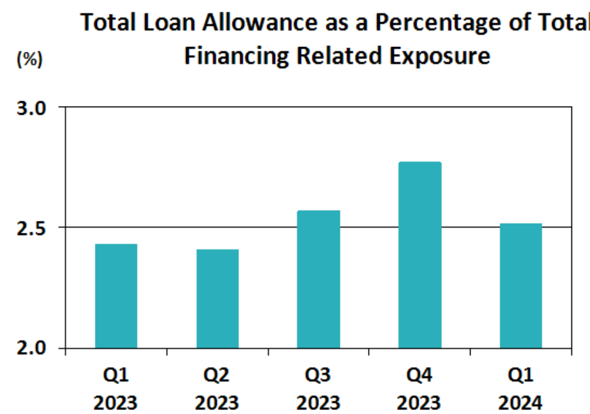
Activity within the provision for (reversal of) credit losses during the first quarter by sector was as follows:

	Three months ended March 31, 2024			Three months ended March 31, 2023		
(in millions of Canadian dollars)	**Performing**	**Impaired**	**Total**	Performing	Impaired	Total
Utilities	**(24)**	**(66)**	**(90)**	45	(2)	43
Sovereign	**(41)**	**-**	**(41)**	(16)	-	(16)
Resources	**20**	**4**	**24**	(10)	4	(6)
Information	**(19)**	**(1)**	**(20)**	(12)	-	(12)
Professional services	**(16)**	**4**	**(12)**	5	-	5
Commercial properties	**(10)**	**-**	**(10)**	(23)	-	(23)
Wholesale and retail trade	**5**	**5**	**10**	16	2	18
Manufacturing	**(1)**	**6**	**5**	10	12	22
Transportation and storage	**(1)**	**(1)**	**(2)**	(98)	28	(70)
Other	**(10)**	**(15)**	**(25)**	(14)	2	(12)
Total	**$(97)**	**$(64)**	**$(161)**	$(97)	$46	$(51)

Financial Position

As at *(in millions of Canadian dollars)*	**Mar** **2024**	Dec 2023	Mar 2024 Corporate Plan
Total assets	**74,457**	71,514	72,564
Total liabilities	**62,299**	58,688	61,961
Equity	**12,158**	12,826	10,603
Gross loans receivable	**59,237**	58,961	59,716
Total allowances - loans portfolio	**1,940**	2,110	1,857





Total liabilities are $3.6 billion higher than December 2023 primarily due to a net $3.3 billion increase in loans payable as we took advantage of favourable market conditions to pre-fund a portion of our anticipated borrowing requirements for the remainder of the year. The excess funds will be used for future loan disbursements and to pay down upcoming debt maturities and were held as marketable securities at the end of March 2024, contributing to the increase in **total assets** as well.

Impaired loans as a percentage of gross loans receivable decreased compared to the fourth quarter of 2023 as the level of impaired loans has decreased primarily due to the finalization of a settlement with an impaired obligor and an obligor returning to performing status.

Loan allowance as a percentage of total financing exposure decreased during the first quarter of 2024. The components impacting the change in allowance during the quarter were as follows:

- net repayments and maturities – reduction of $133 million;
- remeasurements due to credit migration – decrease of $77 million;
- loan write-offs – decrease of $34 million;
- updated macroeconomic assumptions – decrease of $14 million;
- new originations – increase of $63 million; and
- the weakening of the Canadian dollar relative to the U.S. dollar – increase of $25 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 March 31, 2024 and for the periods presented in the condensed consolidated quarterly financial statements.

Mairead Lavery

Mairead Lavery,
President and Chief Executive Officer

Scott Moore

Scott Moore,
Executive Vice-President, Finance and Chief Finance Officer

Ottawa, Canada
May 23, 2024

Export Development Canada

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at

(in millions of Canadian dollars)	Notes	**Mar 2024**	Dec 2023
Assets			
Cash and cash equivalents		**3,958**	1,950
Marketable securities		**7,100**	7,006
Derivative instruments		**1,378**	1,307
Loans receivable	3	**59,464**	59,041
Allowance for losses on loans	3	**(1,590)**	(1,720)
Investments		**3,241**	3,089
Reinsurance contract assets	4	**63**	65
Property, plant and equipment		**39**	41
Intangible assets		**29**	31
Right-of-use assets		**107**	108
Retirement benefit assets		**542**	461
Other assets		**126**	135
Total Assets		**$74,457**	$71,514
Liabilities and Equity			
Accounts payable and other credits		**277**	218
Loan guarantees	3	**312**	334
Loans payable		**58,451**	55,109
Derivative instruments		**2,547**	2,293
Lease liabilities		**143**	143
Allowance for losses on loan commitments	3	**80**	100
Insurance contract liabilities	4	**315**	318
Retirement benefit liabilities		**174**	173
Total Liabilities		**62,299**	58,688
Financing commitments (Note 3) and contingent liabilities (Note 9)			
Share capital	5	**7,290**	8,490
Retained earnings		**4,868**	4,336
Total Equity		**12,158**	12,826
Total Liabilities and Equity		**$74,457**	$71,514

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 May 23, 2024.

Manjit Sharma
Director

Mairead Lavery
Director

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the three months ended	
(in millions of Canadian dollars)	Notes	**Mar 2024**	Mar 2023
Financing and Investment Revenue:			
Loans		**1,010**	831
Marketable securities and cash equivalents		**127**	102
Investments		**7**	5
Total financing and investment revenue		**1,144**	938
Interest expense		**800**	593
Financing-related expenses		**6**	20
Net Financing and Investment Income		**338**	325
Loan Guarantee Fees		**22**	20
Insurance revenue	6	**88**	80
Insurance service expenses	6	**(61)**	(87)
Reinsurance service expenses		**(19)**	(2)
Net Insurance Service Result		**8**	(9)
Other (Income) Expenses	7	**(50)**	25
Administrative Expenses	8	**136**	134
Income before Credit Losses		**282**	177
Reversal of Credit Losses	3	**(161)**	(51)
Net Income		**443**	228
Other comprehensive income:			
Retirement benefit plans remeasurement		**89**	65
Comprehensive Income		**$532**	$293

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		For the three months ended	
(in millions of Canadian dollars)	Notes	**Mar 2024**	Mar 2023
Share Capital			
Balance beginning of period		**8,490**	8,490
Shares repurchased	5	**(1,200)**	-
Balance end of period		**7,290**	**8,490**
Retained Earnings			
Balance beginning of period		**4,336**	3,901
Net income		**443**	228
Other comprehensive income:			
Retirement benefit plans remeasurement		**89**	65
Balance end of period		**4,868**	4,194
Total Equity End of Period		**$12,158**	$12,684

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 Mar 2024	Mar 2023
Cash Flows from (used in) Operating Activities		
Net income	**443**	228
Adjustments to determine net cash flows from (used in) operating activities		
Reversal of provision for credit losses	**(161)**	(51)
Depreciation and amortization	**7**	8
Realized (gains) and losses	**68**	-
Changes in operating assets and liabilities		
Change in accrued interest and fees on loans receivable	**(103)**	(191)
Change in accrued interest and fair value of marketable securities	**48**	(92)
Change in accrued interest and fair value of loans payable	**(455)**	303
Change in fair value of investments	**(114)**	(74)
Change in derivative instruments	**92**	(398)
Other	**(12)**	(43)
Loan disbursements	**(4,062)**	(5,563)
Loan repayments and principal recoveries from loan asset sales	**4,419**	2,937
Net cash from (used in) operating activities	**170**	(2,936)
Cash Flows from (used in) Investing Activities		
Disbursements for investments	**(166)**	(135)
Receipts from investments	**96**	46
Purchases of marketable securities	**(1,763)**	(2,377)
Sales/maturities of marketable securities	**1,840**	2,318
Purchases of property, plant and equipment	**-**	(1)
Net cash from (used in) investing activities	**7**	(149)
Cash Flows from (used in) Financing Activities		
Issue of long-term loans payable	**12,760**	12,236
Repayment of long-term loans payable	**(5,898)**	(6,331)
Issue of short-term loans payable	**4,691**	9,106
Repayment of short-term loans payable	**(8,557)**	(11,871)
Disbursements from sale/maturity of derivative instruments	**(29)**	(50)
Receipts from sale/maturity of derivative instruments	**39**	30
Repurchase of share capital	**(1,200)**	-
Net cash from financing activities	**1,806**	3,120
Effect of exchange rate changes on cash and cash equivalents	**25**	1
Net increase in cash and cash equivalents	**2,008**	36
Cash and cash equivalents		
Beginning of period	**1,950**	3,055
End of period	**$3,958**	$3,091
Cash and cash equivalents are comprised of:		
Cash	**632**	248
Cash equivalents included within marketable securities	**3,326**	2,843
	$3,958	$3,091
Operating Cash Flows from Interest		
Cash paid for interest	**$1,050**	$582
Cash received for interest	**$959**	$710

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

Notes to the Condensed Consolidated Financial Statements

1. Material Accounting Policy Information

Basis of Presentation

Our condensed consolidated financial statements comply with the *Directive on Accounting Standards: G5200 Crown Corporations Quarterly Financial Report* 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, 2023. They should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2023 and the accompanying notes as set out on pages 132-184 of our 2023 Integrated Annual Report.

Pursuant to the Export Development Act, the Minister of Export Promotion, International Trade and Economic Development, 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 first 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 2 of our audited consolidated financial statements for the year ended December 31, 2023.

There were no new standards, amendments or interpretations issued in the first quarter of the year that would have a possible effect on the consolidated financial statements in the future.

Use of Estimates and Key Judgements

The preparation of financial statements requires the use of estimates and key judgements. Judgement 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 judgement include allowance for credit losses, insurance contract liabilities, insurance service results, assets held for sale, retirement benefit plans and financial instruments measured at fair value. Refer to page 135 of our 2023 Integrated Annual Report for additional details.

2. 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 3 on page 144 of the 2023 Integrated 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 first quarter of 2024 from what was disclosed in the 2023 Integrated Annual Report.

Fair Value Hierarchy

The following table presents the fair value hierarchy of our financial instruments based on whether the inputs to the valuation 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)					**Mar 2024**					Dec 2023
	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	**-**	**10,795**	**1,268**	**12,063**	**12,890**	-	10,760	1,277	12,037	12,784
Performing floating rate loans	**-**	**44,977**	**901**	**45,878**	**44,477**	-	44,204	794	44,998	43,944
Total performing loans receivable	**-**	**55,772**	**2,169**	**57,941**	**57,367**	-	54,964	2,071	57,035	56,728
Impaired loans	**-**	**507**	**-**	**507**	**507**	-	593	-	593	593
Loans receivable and accrued interest and fees	**-**	**56,279**	**2,169**	**58,448**	**57,874**	-	55,557	2,071	57,628	57,321
Marketable securities	**4,758**	**2,342**	**-**	**7,100**	**7,100**	4,703	2,303	-	7,006	7,006
Derivative instruments	**-**	**1,378**	**-**	**1,378**	**1,378**	-	1,307	-	1,307	1,307
Investments	**59**	**-**	**3,182**	**3,241**	**3,241**	77	-	3,012	3,089	3,089
Liabilities										
Loans payable	**-**	**58,456**	**-**	**58,456**	**58,451**	-	55,109	-	55,109	55,109
Derivative instruments	**-**	**2,547**	**-**	**2,547**	**2,547**	-	2,293	-	2,293	2,293
Loan guarantees	**-**	**299**	**-**	**299**	**312**	-	323	-	323	334

The financial instruments included in other assets and accounts payable and other credits are short-term in nature and have a carrying amount that reasonably approximate the fair value.

Changes in valuation methods may result in transfers into or out of Levels 1, 2 and 3. There were no changes in valuation methods in the first three months of 2024.

The following table is a year to date reconciliation of Level 3 fair values for investments carried at fair value:

(in millions of Canadian dollars)	**2024**	2023
Balance beginning of year	**3,012**	2,685
Unrealized gains included in other (income) expenses	**31**	36
Purchases of assets	**178**	167
Return of capital	**(73)**	(62)
Foreign exchange translation	**34**	-
Balance end of period	**$3,182**	$2,826
Total gains for the first three months of the year included in comprehensive income for instruments held at the end of the quarter	**$36**	$49

3. Loans and Allowance for Credit Losses

Loans Receivable

(in millions of Canadian dollars)	**Mar 2024**	Dec 2023
Gross loans receivable	**59,237**	58,961
Accrued interest and fees receivable	**576**	449
Deferred loan revenue and other	**(349)**	(369)
Total loans receivable	**$59,464**	$59,041

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

(in millions of Canadian dollars)	**2024**	2023
Balance January 1	**58,961**	54,193
Disbursements	**4,062**	5,563
Principal repayments	**(4,369)**	(2,702)
Principal recoveries from loan asset sales	**(50)**	(235)
Loans written off	**(80)**	(16)
Capitalized interest	**9**	12
Foreign exchange translation	**704**	222
Balance March 31	**$59,237**	$57,037

Exposure and Allowance by Credit Grade

The table below presents exposure and allowance by credit grade within our loans portfolio based on the following stage assignments:

- Stage 1 – where there has not been a significant increase in credit risk since origination;
- Stage 2 – where there has been a significant increase in credit risk since origination; and
- Stage 3 – where a financial instrument is considered impaired.

				Mar 2024		Dec 2023	
	Non-credit-impaired		Credit-impaired				
(in millions of Canadian dollars)	**Stage 1**	**Stage 2**	**Stage 3**	**$**	**% of total**	$	% of total
Gross loans receivable							
Investment grade*	**20,476**	**9,325**	**-**	**29,801**	**50%**	29,611	50%
Non-investment grade	**15,170**	**12,893**	**-**	**28,063**	**47%**	27,788	47%
Individually impaired	**-**	**-**	**1,034**	**1,034**	**2%**	1,230	2%
Originated credit-impaired	**-**	**126**	**213**	**339**	**1%**	332	1%
Gross loans receivable	**35,646**	**22,344**	**1,247**	**59,237**	**100%**	58,961	100%
Allowance for losses	**141**	**716**	**733**	**1,590**		1,720	
Net carrying value - loans receivable	**$35,505**	**$21,628**	**$514**	**$57,647**		$57,241	
Loan commitments							
Investment grade*	**4,298**	**1,058**	**-**	**5,356**	**44%**	4,362	38%
Non-investment grade	**4,705**	**2,256**	**-**	**6,961**	**56%**	7,275	62%
Individually impaired	**-**	**-**	**9**	**9**	**-**	7	-
Total loan commitments	**9,003**	**3,314**	**9**	**12,326**	**100%**	11,644	100%
Allowance for losses	**10**	**66**	**4**	**80**		100	
Net carrying value - loan commitments	**$8,993**	**$3,248**	**$5**	**$12,246**		$11,544	
Loan guarantees							
Investment grade*	**194**	**20**	**-**	**214**	**4%**	222	4%
Non-investment grade	**3,335**	**1,850**	**-**	**5,185**	**92%**	5,194	92%
Individually impaired	**-**	**-**	**219**	**219**	**4%**	222	4%
Total loan guarantees	**3,529**	**1,870**	**219**	**5,618**	**100%**	5,638	100%
Allowance for losses	**44**	**91**	**135**	**270**		290	
Net carrying value - loan guarantees	**$3,485**	**$1,779**	**$84**	**$5,348**		$5,348	

**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 March 31 were as follows:

(in millions of Canadian dollars)	**Stage 1**	**Stage 2**	**Stage 3**	**2024 Total**	Stage 1	Stage 2	Stage 3	2023 Total
Allowance for losses on loans receivable								
Balance beginning of period	**141**	**766**	**813**	**1,720**	246	683	701	1,630
Provision for (reversal of) credit losses								
Transfer to stage 1	**48**	**(48)**	**-**	**-**	17	(17)	-	-
Transfer to stage 2	**(9)**	**20**	**(11)**	**-**	(30)	30	-	-
Remeasurements	**(40)**	**(22)**	**(8)**	**(70)**	(61)	(49)	33	(77)
New originations	**10**	**23**	**10**	**43**	30	35	15	80
Net repayments and maturities	**(11)**	**(30)**	**(51)**	**(92)**	(14)	(35)	(15)	(64)
Total provision for (reversal of) credit losses	**(2)**	**(57)**	**(60)**	**(119)**	(58)	(36)	33	(61)
Write-offs	**-**	**-**	**(34)**	**(34)**	-	-	(16)	(16)
Foreign exchange translation	**2**	**7**	**14**	**23**	1	4	2	7
Balance end of period	**141**	**716**	**733**	**1,590**	189	651	720	1,560
Allowance for losses on loan commitments								
Balance beginning of period	**11**	**86**	**3**	**100**	10	-	-	10
Provision for (reversal of) credit losses								
Transfer to stage 1	**-**	**-**	**-**	**-**	1	(1)	-	-
Remeasurements	**(3)**	**(13)**	**1**	**(15)**	(3)	6	-	3
New originations	**4**	**-**	**-**	**4**	7	-	1	8
Net repayments and maturities	**(2)**	**(8)**	**-**	**(10)**	(1)	-	-	(1)
Total provision for (reversal of) credit losses	**(1)**	**(21)**	**1**	**(21)**	4	5	1	10
Foreign exchange translation	**-**	**1**	**-**	**1**	-	-	-	-
Balance end of period	**10**	**66**	**4**	**80**	14	5	1	20
Allowance for losses on loan guarantees								
Balance beginning of period	**54**	**97**	**139**	**290**	82	39	79	200
Provision for (reversal of) credit losses								
Transfer to stage 1	**15**	**(15)**	**-**	**-**	10	(10)	-	-
Transfer to stage 2	**(16)**	**16**	**-**	**-**	(18)	18	-	-
Transfer to stage 3	**-**	**(7)**	**7**	**-**	-	(3)	3	-
Remeasurements	**(19)**	**10**	**3**	**(6)**	(34)	5	13	(16)
New originations	**12**	**-**	**4**	**16**	28	-	-	28
Net repayments and maturities	**(2)**	**(10)**	**(19)**	**(31)**	(1)	(7)	(4)	(12)
Total provision for (reversal of) credit losses	**(10)**	**(6)**	**(5)**	**(21)**	(15)	3	12	-
Foreign exchange translation	**-**	**-**	**1**	**1**	-	-	-	-
Balance end of period	**44**	**91**	**135**	**270**	67	42	91	200
Total allowance for losses on loans receivable, loan commitments and loan guarantees	**$195**	**$873**	**$872**	**$1,940**	$270	$698	$812	$1,780

Financing Commitments

The following table shows our outstanding financing commitments by type:

(in millions of Canadian dollars)	**Mar 2024**	Dec 2023
Signed loan commitments	**12,326**	11,644
Letters of offer	**3,334**	3,565
Unallocated unconfirmed lines of credit	**148**	132
Total financing commitments	**$15,808**	$15,341

4. Insurance Contract Liabilities

The following tables provide a breakdown of our insurance contract liabilities and reinsurance contract assets by portfolio:

Insurance Contract Liabilities

(in millions of Canadian dollars)				**Mar 2024**				Dec 2023
	Liabilities for remaining coverage				Liabilities for remaining coverage			
	Excluding loss component	**Loss component**	**Liabilities for incurred claims**	**Insurance contract liabilities**	Excluding loss component	Loss component	Liabilities for incurred claims	Insurance contract liabilities
Credit insurance*	**(24)**	**26**	**162**	**164**	(19)	21	140	142
International trade guarantees	**95**	**21**	**3**	**119**	103	20	1	124
Political risk insurance	**21**	**11**	**-**	**32**	22	30	-	52
Total	**$92**	**$58**	**$165**	**$315**	$106	$71	$141	$318

**Includes insurance contract liabilities related to financial institutions insurance of $2 million (2023 - $2 million).*

Reinsurance Contract Assets

(in millions of Canadian dollars)				**Mar 2024**				Dec 2023
	Assets for remaining coverage				Assets for remaining coverage			
	Excluding loss-recovery component	**Loss-recovery component**	**Assets for incurred claims**	**Reinsurance contract assets**	Excluding loss-recovery component	Loss-recovery component	Assets for incurred claims	Reinsurance contract assets
International trade guarantees	**7**	**-**	**-**	**7**	7	-	-	7
Political risk insurance	**24**	**5**	**-**	**29**	25	10	-	35
Treaty reinsurance	**2**	**-**	**25**	**27**	(2)	-	25	23
Total	**$33**	**$5**	**$25**	**$63**	$30	$10	$25	$65

Changes to the insurance contract liabilities as at and for the three months ended March 31 were as follows:

(in millions of Canadian dollars) **2024**

	Liabilities for remaining coverage		**Liabilities for incurred claims**			
				Contracts under PAA		
	Excluding loss component	**Loss component**	**Contracts not under PAA**	**Estimates of present value of future cash flows**	**Risk adjustment**	**Total**
Balance beginning of period	**106**	**71**	**-**	**128**	**13**	**318**
Insurance revenue	**(88)**	**-**	**-**	**-**	**-**	**(88)**
Insurance service expenses:						
Incurred claims and other expenses	**-**	**-**	**-**	**49**	**2**	**51**
(Reversal of) losses on onerous contracts	**-**	**(15)**	**-**	**-**	**-**	**(15)**
Amortization of acquisition cash flows*	**5**	**-**	**-**	**-**	**-**	**5**
Changes to the liabilities for incurred claims	**-**	**-**	**1**	**12**	**1**	**14**
Insurance service result	**(83)**	**(15)**	**1**	**61**	**3**	**(33)**
Net finance expenses	**1**	**1**	**-**	**1**	**-**	**3**
Foreign exchange translation	**(2)**	**1**	**-**	**4**	**1**	**4**
Total changes in net income	**(84)**	**(13)**	**1**	**66**	**4**	**(26)**
Premiums received	**74**	**-**	**-**	**-**	**-**	**74**
Claims and other expenses paid	**-**	**-**	**(1)**	**(46)**	**-**	**(47)**
Acquisition cash flows	**(4)**	**-**	**-**	**-**	**-**	**(4)**
Total cash flows	**70**	**-**	**(1)**	**(46)**	**-**	**23**
Balance end of period	**$92**	**$58**	**$-**	**$148**	**$17**	**$315**

** Insurance acquisition cash flows related to credit insurance were $6 million for the three months ended March 31, 2024 (2023 - $8 million) and expensed as incurred.*

(in millions of Canadian dollars) 2023

	Liabilities for remaining coverage		Liabilities for incurred claims			
				Contracts under PAA		
	Excluding loss component	Loss component	Contracts not under PAA	Estimates of present value of future cash flows	Risk adjustment	Total
Balance beginning of period	92	87	-	156	15	350
Insurance revenue	(80)	-	-	-	-	(80)
Insurance service expenses:						
Incurred claims and other expenses	-	-	11	47	2	60
Amortization of acquisition cash flows	4	-	-	-	-	4
Changes to the liabilities for incurred claims	-	-	3	13	(1)	15
Insurance service result	(76)	-	14	60	1	(1)
Net finance expenses	-	2	-	1	-	3
Foreign exchange translation	-	-	-	(4)	1	(3)
Total changes in net income	(76)	2	14	57	2	(1)
Premiums received	77	-	-	-	-	77
Claims and other expenses paid	-	-	(2)	(106)	-	(108)
Acquisition cash flows	(4)	-	-	-	-	(4)
Total cash flows	73	-	(2)	(106)	-	(35)
Balance end of period	$89	$89	$12	$107	$17	$314

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. In the first quarter of 2024, we repurchased 12 million shares at a price of $100 per share for a total of $1.2 billion based on the capital position of our core programs, the Business Credit Availability Program (BCAP) and a targeted Internal Capital Adequacy Assessment Process (ICAAP) ratio. No shares were repurchased in 2023. The number of shares issued and fully paid at the end of the quarter is 72.9 million (2023 – 84.9 million).

6. Insurance Service Result

	Three months ended							
(in millions of Canadian dollars)				**Mar 2024**				Mar 2023
	Credit Insurance[1]	**International Trade Guarantees**	**Political Risk Insurance**	**Total**	Credit Insurance[1]	International Trade Guarantees	Political Risk Insurance	Total
Insurance Revenue	**39**	**47**	**2**	**88**	40	38	2	80
Insurance Expenses:								
Incurred claims and other expenses	**(35)**	**(16)**	**-**	**(51)**	(36)	(13)	(11)	(60)
Reversal of (losses on) onerous contracts	**(4)**	**(1)**	**20**	**15**	(6)	2	4	-
Acquisition expenses[2]	**(6)**	**(5)**	**-**	**(11)**	(8)	(4)	-	(12)
Changes to the liabilities for incurred claims	**(5)**	**(8)**	**(1)**	**(14)**	(8)	(4)	(3)	(15)
Insurance Service Result	**$(11)**	**$17**	**$21**	**$27**	$(18)	$19	$(8)	$(7)

[1] *Includes total insurance service results related to financial institutions insurance of $2 million (2023 - $2 million).*

[2] *Acquisition expenses include $6 million of acquisition cash flows related to credit insurance for the three months ended March 31, 2024 (2023 - $8 million) that were expensed as incurred.*

7. Other (Income) Expenses

(in millions of Canadian dollars)	Three months ended Mar 2024	Mar 2023
Net realized (gains) losses		
Investments	**68**	(7)
Derivatives	**(9)**	(5)
Marketable securities and cash equivalents	**6**	11
Sale of loan assets	**3**	1
Other	**-**	4
Total net realized (gains) losses	**68**	4
Net unrealized (gains) losses		
Loans payable	**(191)**	305
Derivatives	**156**	(95)
Investments	**(114)**	(74)
Marketable securities and cash equivalents	**42**	(94)
Other	**(3)**	-
Total net unrealized (gains) losses	**(110)**	42
Foreign exchange translation	**(8)**	(21)
Total	**$(50)**	$25

8. Administrative Expenses

(in millions of Canadian dollars)	Three months ended Mar 2024	Mar 2023
Salaries and benefits	**101**	94
Pension benefit expense	**5**	2
Other post-employment benefit and severance expense	**3**	3
Professional services	**13**	21
Systems costs	**12**	14
Occupancy	**7**	7
Information services	**6**	6
Amortization and depreciation	**4**	6
Marketing and communications	**3**	3
Travel, hospitality and conferences	**1**	1
Other	**5**	4
Total administrative expenses	**160**	161
Amounts attributed to insurance contracts	**(24)**	(27)
Total	**$136**	$134

The amounts attributed to insurance contracts include $18.0 million of salaries and benefits (2023 - $18.0 million) and $2.3 million of system costs (2023 - $2.8 million).

9. Contingent Liabilities

As explained on page 133 of the 2023 Integrated Annual Report, we are subject to a limit imposed by the Export Development Act on our contingent liability arrangements. The limit is currently $90.0 billion and our position against this limit is $41.3 billion as at March 31, 2024 (December 2023 - $40.5 billion).

10. 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 108 to 112 and notes related to our derivative instruments and debt instruments on pages 102 to 103 of the 2023 Integrated 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, cash and cash equivalents. 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)		**Mar 2024 Exposure**		Dec 2023 Exposure
Country	**$**	**%**	$	%
United States	**17,279**	**21**	17,760	23
Canada	**16,049**	**20**	14,439	18
United Kingdom	**7,907**	**10**	7,640	10
Chile	**7,880**	**10**	7,580	10
Australia	**5,453**	**7**	5,289	7
Germany	**2,969**	**4**	2,598	3
Mexico	**2,542**	**3**	2,183	3
India	**2,187**	**3**	2,274	3
Spain	**1,454**	**2**	1,512	2
China	**1,313**	**2**	1,293	1
Other	**15,499**	**18**	15,383	20
Total	**$80,532**	**100**	$77,951	100

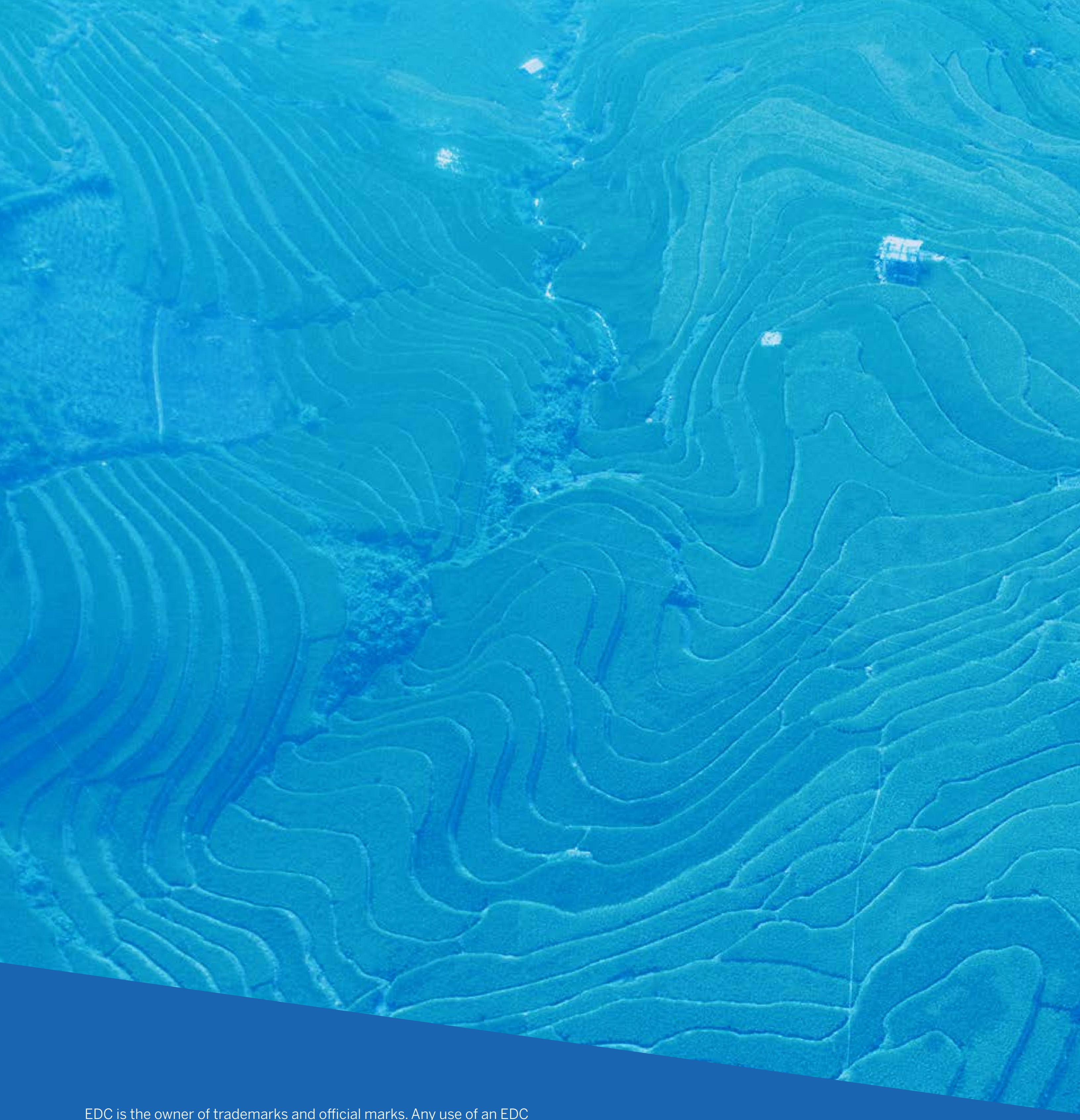
The concentration of credit risk by sector for our financial instruments is as follows:

(in millions of Canadian dollars)		**Mar 2024 Exposure**		Dec 2023 Exposure
Sector	$	%	$	%
Commercial:				
Transportation and storage	**14,034**	**17**	13,954	18
Utilities	**12,130**	**15**	12,269	16
Finance and insurance	**11,234**	**14**	10,017	13
Manufacturing	**10,227**	**13**	9,673	12
Resources	**8,047**	**10**	7,588	10
Information	**6,168**	**8**	5,801	7
Wholesale and retail trade	**3,175**	**4**	3,381	4
Commercial properties	**2,367**	**3**	2,229	3
Professional services	**1,723**	**2**	2,073	3
Construction	**732**	**1**	799	1
Other	**2,323**	**3**	2,463	3
Total commercial	**72,160**	**90**	70,247	90
Sovereign	**8,372**	**10**	7,704	10
Total	**$80,532**	**100**	$77,951	100

11. Related Party Transactions

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 under the facility with related financial results reported to GAC and consolidated within the financial statements of the Government of Canada.



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