



EXPORT DEVELOPMENT CANADA  
QUARTERLY FINANCIAL REPORT

# RESILIENT TOGETHER

JUNE 30, 2022 | UNAUDITED

Canada

 EDC

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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.

## 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 faces significant headwinds for growth this year. Faster monetary policy normalization, geopolitical tensions, and persistent supply issues will weigh on growth prospects. New COVID-19 variants have led to an increase in infections globally. Fortunately, most advanced economies have been able to manage due to higher rates of vaccination. Russia's invasion into Ukraine has had material ripple effects on the global economy. In addition to strict sanctions and boycotts against Russia, commodity prices spiked in the first quarter and remain elevated, specifically for wheat and aluminum. The benchmark price of West Texas Intermediate continues to average above US\$100 per barrel as OPEC+ reaffirms their supply commitments, forcing oil-importing countries to manage supply while Europe and Asia are facing high natural gas prices as they look to cut supply from Russia. Supply chains are showing signs of improvement with shipping rates declining. Global inflation is high, and continues to increase, largely due to surging energy and food prices. Global equity markets remain quite volatile as investors reprice risk and confidence wanes.

China's economy contracted 2.6% in the second quarter as their zero-COVID policy is challenging growth targets this year. Among advanced economies, the United States consumer is still supporting economic activity with U.S. inflation surpassing 9%. The Federal Reserve raised their key policy interest by 125 basis points in the quarter and signaled more aggressive monetary policy action in the months ahead. The Bank of England also raised their policy interest rate by another 50 basis points.

Canada's economy is strong but is likely to slow later this year as consumption declines. Canadian trade continues to grow in nominal terms driven by higher energy prices. Housing activity has slowed substantially with sales and average prices declining as rates increase. The Canadian labour market remains tight, with high vacancies and shortages in certain services industries. Inflation is becoming more broad-based and hit 8.1% year-over-year growth, a 40-year high. The Bank of Canada raised their policy interest rate by 100 basis points in the second quarter, with continued rate hikes expected in the third quarter. The Canadian dollar depreciated, averaging 78 cents per USD in the second 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. Our forecast expects growth to be slower than forecasted in the first quarter with more challenges on the horizon. Uncertainty around Russia's share of global oil exports has pushed up global energy prices exacerbated by U.S. oil production remaining well below pre-pandemic levels. Global natural gas prices are also expected to remain elevated due to strong competition for storage and high demand for U.S. liquefied natural gas exports as Europe seeks to diversify away from Russian gas supplies. The surge in commodity prices and strong U.S. dollar will negatively impact emerging market growth, which has been revised down in the second quarter. Additionally, our downside scenario in the second quarter, centered around persistent inflation, demand destruction and the repricing of risk was assigned a higher probability when compared to the previous quarter given the current trajectory of aggressive monetary policy tightening to combat inflation.

## 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 second quarter of 2022, resulting in a rate of \$0.78 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 second quarter of 2022 weakened against the U.S. dollar, as the Canadian dollar averaged \$0.78 in the second quarter, compared to \$0.81 for the second 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.

## Comparative Figures

During 2021, we implemented the North American Industry Classification System (NAICS). The objective of the system is to improve and give greater uniformity to the structure and presentation of supporting financial information through a widely used and accepted industry classification system. This new classification of industries resulted in the reclassification of comparative figures in certain areas in Management's Discussion and Analysis.

## Business Facilitated

Business facilitated for loan guarantees decreased in 2022 as a result of lower BCAP support compared to 2021 as the program ended December 31, 2021. 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 mid-sized companies.

Business facilitated for credit insurance increased by 35% compared to the same period in 2021 primarily due to increases in the finance and insurance, utilities, and wholesales 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 financial institutions insurance decreased by 16% compared to the same period in 2021 mainly due to reduced demand for the product by existing policyholders as a result of increased competition in the market.

## Business Facilitated

	For the six months ended	
	Jun 2022	Jun 2021
<i>(in millions of Canadian dollars)</i>		
<b>Business Facilitated</b>		
Direct lending	<b>6,346</b>	6,537
Project finance	<b>1,139</b>	1,074
Loan guarantees	<b>1,433</b>	1,649
Investments	<b>271</b>	203
Total financing and investments	<b>9,189</b>	9,463
Credit insurance	<b>45,245</b>	33,410
Financial institutions insurance	<b>2,920</b>	3,460
International trade guarantee	<b>3,923</b>	3,791
Political risk insurance	<b>479</b>	455
Total insurance	<b>52,567</b>	41,116
<b>Total</b>	<b>\$61,756</b>	\$50,579

## SUMMARY OF FINANCIAL RESULTS

### Financial Performance

<i>(in millions of Canadian dollars)</i>	For the three months ended		For the six months ended		
	Jun 2022	Jun 2021	Jun 2022	Jun 2021	Jun 2022 Corporate Plan
Net financing and investment income	304	296	599	603	582
Net insurance premiums and guarantee fees <sup>(1)</sup>	75	82	158	175	169
Realized gains (losses) <sup>(2)</sup>	5	56	17	77	11
Net revenue	384	434	774	855	762
Administrative expenses	164	148	320	290	326
Provision for (reversal of) credit losses	342	(8)	361	(233)	(83)
Net claims-related expenses (recovery)	9	(24)	(4)	83	88
Income (loss) before unrealized (gains) losses	(131)	318	97	715	431
Unrealized (gains) losses on financial instruments <sup>(2)</sup>	(30)	(192)	12	(383)	-
Net income (loss)	(101)	510	85	1,098	431
Other comprehensive income (loss)	23	103	(21)	149	15
Comprehensive income (loss)	\$(78)	\$613	\$64	\$1,247	\$446

<sup>(1)</sup> Includes loan guarantee fees.

<sup>(2)</sup> Included in Other (Income) Expenses on the Condensed Consolidated Statement of Comprehensive Income.

### Quarter Highlights

We had a **net loss** of \$101 million in the second quarter of 2022 compared to \$510 million net income for the same period in 2021 mainly due to an increase in the provision for credit losses and a decrease in unrealized gains on financial instruments carried at fair value.

**Net revenue** was \$384 million in the second quarter of 2022 compared to \$434 million in 2021 primarily due to higher realized gains in our investments portfolio recorded in the prior year period.

We recorded a **provision for credit losses** of \$342 million compared to a reversal of credit losses of \$8 million in the same period last year. Updated macroeconomic forecast for the second quarter of 2022 resulted in a provision charge of \$288 million, primarily in the transportation and storage sector, stemming from increased fuel prices. Downward credit migration within our portfolio also contributed to the provision for credit losses in the second quarter. This was partially offset by a reversal of provision as a result of net loan repayments and maturities.

**Net unrealized gains** of \$30 million in the second quarter of 2022 were primarily due to volatility associated with our financial instruments carried at fair value through profit or loss.

We recorded **other comprehensive income** of \$23 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 six months of 2022 was \$85 million compared to \$1.1 billion for the same period in 2021 mainly due to an increase in the provision for credit losses and unrealized losses on our financial instruments carried at fair value compared to unrealized gains in the prior year period and a decrease in realized gains, partially offset by a reduction in net claims-related expenses.

**Net revenue** was \$774 million in first half of 2022 compared to \$855 million in 2021 primarily due to higher realized gains in our investments portfolio recorded in the prior year period.

We recorded a **provision for credit losses** of \$361 million compared to a \$233 million reversal of provision in the prior year period and an \$83 million reversal of provision in the Corporate Plan. As previously discussed, the provision charge in the first half of 2022 was primarily due to the impact of the macroeconomic forecasts, 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 half of 2021, partially offset by a significant loan restructuring in the manufacturing sector.

We had **unrealized losses** on financial instruments of \$12 million in the first six months of 2022 compared to unrealized gains of \$383 million in the prior year period 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.

**Net claims-related expenses** were \$87 million lower than the same period in 2021 and \$92 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 loss** of \$21 million mainly due to negative returns on plan assets, partially offset by an improvement in the discount rate used to value the pension obligations.

### Provision for (Reversal of) Credit Losses by Sector

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

<i>(in millions of Canadian dollars)</i>	Three months ended June 30, 2022			Three months ended June 30, 2021		
	Performing	Impaired	Total	Performing	Impaired	Total
Transportation and storage	237	5	242	44	1	45
Manufacturing	36	(1)	35	24	3	27
Commercial properties	17	1	18	(13)	(1)	(14)
Wholesale and retail trade	10	1	11	(1)	2	1
Finance and insurance	10	-	10	-	(2)	(2)
Professional services	2	-	2	(17)	(2)	(19)
Information	12	(24)	(12)	12	(9)	3
Other	34	2	36	(16)	(33)	(49)
<b>Total</b>	<b>\$358</b>	<b>\$(16)</b>	<b>\$342</b>	<b>\$33</b>	<b>\$(41)</b>	<b>\$(8)</b>

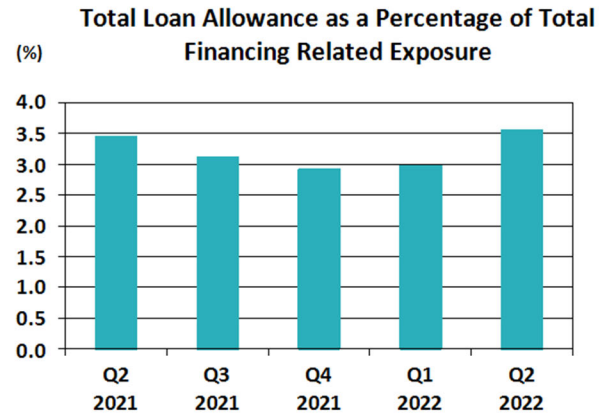
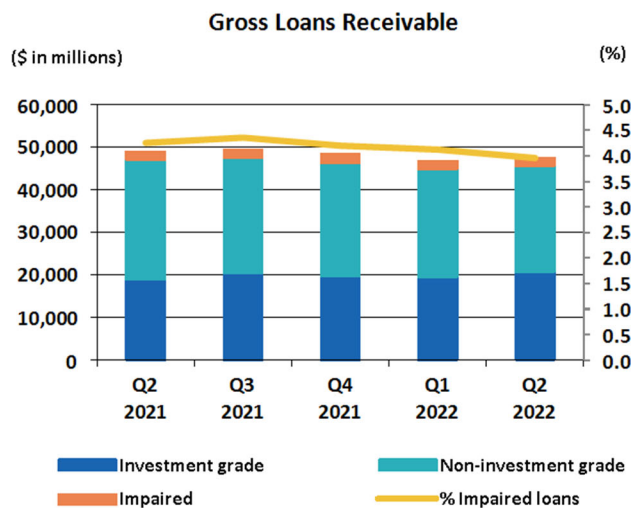
Activity within the provision for (reversal of) credit losses during the first six months by sector was as follows:

<i>(in millions of Canadian dollars)</i>	<u>Six months ended June 30, 2022</u>			<u>Six months ended June 30, 2021</u>		
	<b>Performing</b>	<b>Impaired</b>	<b>Total</b>	Performing	Impaired	Total
Transportation and storage	<b>404</b>	<b>5</b>	<b>409</b>	28	25	53
Wholesale and retail trade	<b>20</b>	<b>2</b>	<b>22</b>	(22)	(11)	(33)
Commercial properties	<b>13</b>	<b>2</b>	<b>15</b>	(44)	73	29
Finance and insurance	<b>11</b>	-	<b>11</b>	(15)	(10)	(25)
Professional services	<b>3</b>	-	<b>3</b>	(24)	(9)	(33)
Resources	<b>(17)</b>	-	<b>(17)</b>	(5)	(34)	(39)
Manufacturing	<b>(17)</b>	<b>(4)</b>	<b>(21)</b>	(87)	(23)	(110)
Sovereign	<b>(27)</b>	-	<b>(27)</b>	1	-	1
Information	<b>9</b>	<b>(79)</b>	<b>(70)</b>	(24)	(2)	(26)
Other	<b>23</b>	<b>13</b>	<b>36</b>	(52)	2	(50)
<b>Total</b>	<b>\$422</b>	<b>\$(61)</b>	<b>\$361</b>	<b>\$(244)</b>	<b>\$11</b>	<b>\$(233)</b>



## Financial Position

As at (in millions of Canadian dollars)	Jun 2022	Dec 2021	Jun 2022 Corporate Plan
Total assets	62,707	60,615	61,461
Total liabilities	50,313	45,975	49,231
Equity	12,394	14,640	12,230
Gross loans receivable	47,501	48,437	49,688
Total allowances - loans portfolio	2,220	1,910	1,902
Total allowances - insurance portfolio	430	440	637



**Total assets** are \$2.1 billion higher than December 2021 primarily due to an increase in marketable securities of \$3.6 billion as a result of timing differences in the issuance and anticipated repayments of debt, partially offset by a decrease of \$936 million in gross loans receivable as a result of net loan repayments (\$381 million) and foreign exchange translation (\$511 million). Although the foreign exchange translation was favorable with respect to the U.S. dollar, it was unfavorable for other currencies including EURO and GBP which contributed to the decrease in our gross loans receivable.

The decrease in **equity** from December 2021 is primarily due to a repurchase of 23.1 million shares in the second quarter of 2022 for an amount of \$2.31 billion 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 that our share capital as a proportion of our total equity returns to pre-pandemic levels.

**Loan allowance** as a percentage of total financing exposure has increased since the first quarter of 2022. The key components impacting the change in allowance as a percentage of total financing exposure are as follows:

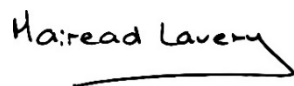
- updated macroeconomic assumptions – increase of \$288 million;
- remeasurements due to credit migration – increase of \$83 million;
- new originations – increase of \$52 million;
- impact of foreign exchange – increase of \$18 million;
- net repayments and maturities – reduction of \$81 million; and
- loan write-offs – reduction of \$30 million.

## STATEMENT OF MANAGEMENT RESPONSIBILITY

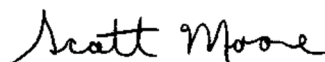
Management is responsible for the preparation and fair presentation of these Condensed Consolidated Quarterly Financial Statements in accordance with the Treasury Board of Canada's *Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Reports*, and for such internal controls 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 June 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  
August 18, 2022

## Export Development Canada

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of Canadian dollars)

As at

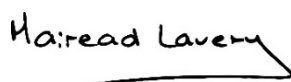
	Notes	Jun 2022	Dec 2021
<b>Assets</b>			
Cash		-	207
Marketable securities		12,714	9,082
Derivative instruments		1,110	1,139
Loans receivable	2	47,432	48,345
Allowance for losses on loans	2	(2,030)	(1,760)
Investments		2,561	2,707
Reinsurers' share of premium and claims liabilities	3	90	110
Property, plant and equipment		42	44
Intangible assets		55	63
Right-of-use assets		122	127
Retirement benefit assets		292	346
Other assets		319	205
<b>Total Assets</b>		<b>\$62,707</b>	<b>\$60,615</b>
<b>Liabilities and Equity</b>			
Accounts payable and other credits		130	185
Loans payable		46,819	43,525
Derivative instruments		2,153	1,003
Lease liabilities		154	158
Loan guarantees	2	204	188
Allowance for losses on loan commitments	2	20	20
Premium and claims liabilities	3	640	670
Retirement benefit obligations		193	226
<b>Total Liabilities</b>		<b>50,313</b>	<b>45,975</b>
<i>Financing commitments (Note 2) and contingent liabilities (Note 4)</i>			
<b>Equity</b>			
Share capital	5	9,990	12,300
Retained earnings		2,404	2,340
<b>Total Equity</b>		<b>12,394</b>	<b>14,640</b>
<b>Total Liabilities and Equity</b>		<b>\$62,707</b>	<b>\$60,615</b>

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 August 18, 2022.



Manjit Sharma  
Director



Mairead Lavery  
Director

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME***(in millions of Canadian dollars)*

	Notes	For the three months ended		For the six months ended	
		Jun 2022	Jun 2021	Jun 2022	Jun 2021
<b>Financing and Investment Revenue:</b>					
Loan		392	363	752	747
Marketable securities		33	21	53	43
Investments		13	4	16	4
Total financing and investment revenue		438	388	821	794
Interest expense		129	86	209	180
Financing-related expenses		5	6	13	11
<b>Net Financing and Investment Income</b>		<b>304</b>	<b>296</b>	<b>599</b>	<b>603</b>
<b>Loan Guarantee Fees</b>					
Insurance premiums and guarantee fees		69	67	139	137
Reinsurance ceded		(7)	(7)	(14)	(16)
<b>Net Insurance Premiums and Guarantee Fees</b>	8	<b>62</b>	<b>60</b>	<b>125</b>	<b>121</b>
<b>Other (Income) Expenses</b>	10	<b>(35)</b>	<b>(248)</b>	<b>(5)</b>	<b>(460)</b>
<b>Administrative Expenses</b>	11	<b>164</b>	<b>148</b>	<b>320</b>	<b>290</b>
<b>Income before Provision and Claims-Related Expenses</b>		<b>250</b>	<b>478</b>	<b>442</b>	<b>948</b>
<b>Provision for (Reversal of) Credit Losses</b>	2	<b>342</b>	<b>(8)</b>	<b>361</b>	<b>(233)</b>
Claims-related expenses (recovery)		(4)	(62)	(27)	80
Reinsurers' share of claims-related expenses		13	38	23	3
<b>Net Claims-Related Expenses (Recovery)</b>	9	<b>9</b>	<b>(24)</b>	<b>(4)</b>	<b>83</b>
<b>Net Income (Loss)</b>		<b>(101)</b>	<b>510</b>	<b>85</b>	<b>1,098</b>
Other comprehensive income (loss):					
Retirement benefit plans remeasurement		23	103	(21)	149
<b>Comprehensive Income (Loss)</b>		<b>\$(78)</b>	<b>\$613</b>	<b>\$64</b>	<b>\$1,247</b>

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY***(in millions of Canadian dollars)*

	Notes	For the three months ended		For the six months ended	
		Jun 2022	Jun 2021	Jun 2022	Jun 2021
<b>Share Capital</b>					
Balance beginning of period		<b>12,300</b>	12,300	<b>12,300</b>	12,300
Shares repurchased	5	<b>2,310</b>	-	<b>2,310</b>	-
Balance end of period		<b>9,990</b>	12,300	<b>9,990</b>	12,300
<b>Retained Earnings</b>					
Balance beginning of period		<b>2,482</b>	344	<b>2,340</b>	6,990
Net income (loss)		<b>(101)</b>	510	<b>85</b>	1,098
Other comprehensive income (loss)					
Retirement benefit plans remeasurement		<b>23</b>	103	<b>(21)</b>	149
Dividends	5	-	-	-	(7,280)
Balance end of period		<b>2,404</b>	957	<b>2,404</b>	957
<b>Total Equity End of Period</b>		<b>\$12,394</b>	\$13,257	<b>\$12,394</b>	\$13,257

*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 six months ended	
	Jun 2022	Jun 2021 <sup>*</sup>	Jun 2022	Jun 2021 <sup>*</sup>
<b>Cash Flows from (used in) Operating Activities</b>				
Net income (loss)	(101)	510	85	1,098
Adjustments to determine net cash flows from (used in) operating activities				
Provision for (reversal of) credit losses	342	(8)	361	(233)
Actuarial change in the net allowance for claims on insurance	5	(36)	(13)	63
Depreciation and amortization	7	8	15	16
Realized (gains) and losses	2	(48)	(17)	(73)
Changes in operating assets and liabilities				
Change in accrued interest and fees on loans receivable	4	16	(42)	(28)
Change in accrued interest and fair value of marketable securities	66	(2)	277	101
Change in accrued interest and fair value of loans payable	(328)	(38)	(807)	(218)
Change in fair value of investments	130	(266)	172	(275)
Change in derivative instruments	521	245	942	(43)
Other	68	328	(58)	195
Loan disbursements	(4,403)	(2,997)	(7,671)	(7,208)
Loan repayments and principal recoveries from loan asset sales	3,907	5,535	8,052	11,090
<b>Net cash from operating activities</b>	<b>220</b>	<b>3,247</b>	<b>1,296</b>	<b>4,485</b>
<b>Cash Flows from (used in) Investing Activities</b>				
Disbursements for investments	(143)	(100)	(240)	(195)
Receipts from investments	95	89	250	167
Purchases of marketable securities	(2,122)	(1,988)	(4,384)	(3,894)
Sales/maturities of marketable securities	2,534	1,789	4,735	4,089
Purchases of property, plant and equipment	(1)	(1)	(1)	(1)
Purchases of intangible assets	-	-	-	(1)
<b>Net cash from (used in) investing activities</b>	<b>363</b>	<b>(211)</b>	<b>360</b>	<b>165</b>
<b>Cash Flows from (used in) Financing Activities</b>				
Issue of long-term loans payable	4,134	6,143	7,948	6,810
Repayment of long-term loans payable	(4,719)	(4,111)	(6,715)	(5,200)
Issue of short-term loans payable	13,403	5,325	24,423	12,868
Repayment of short-term loans payable	(10,249)	(6,577)	(21,027)	(11,311)
Disbursements from sale/maturity of derivative instruments	(92)	(31)	(97)	(32)
Receipts from sale/maturity of derivative instruments	(35)	16	16	21
Issue (repurchase) of share capital	(2,310)	-	(2,310)	-
Dividends paid	-	(4,280)	-	(7,280)
<b>Net cash from (used in) financing activities</b>	<b>132</b>	<b>(3,515)</b>	<b>2,238</b>	<b>(4,124)</b>
Effect of exchange rate changes on cash and cash equivalents	130	(17)	65	(50)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>845</b>	<b>(496)</b>	<b>3,959</b>	<b>476</b>
<b>Cash and cash equivalents</b>				
Beginning of period	4,807	3,848	1,693	2,876
End of period	\$5,652	\$3,352	\$5,652	\$3,352
<b>Cash and cash equivalents are comprised of:</b>				
Cash	-	246	-	246
Cash equivalents included within marketable securities	5,652	3,106	5,652	3,106
	\$5,652	\$3,352	\$5,652	\$3,352
<b>Operating Cash Flows from Interest</b>				
Cash paid for interest	\$93	\$98	\$203	\$232
Cash received for interest	\$148	\$378	\$448	\$734

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

<sup>\*</sup>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 second 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 half 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

<i>(in millions of Canadian dollars)</i>	Jun 2022	Dec 2021
Gross loans receivable	47,501	48,437
Accrued interest and fees receivable	187	156
Deferred loan revenue and other	(256)	(248)
<b>Total loans receivable</b>	<b>\$47,432</b>	<b>\$48,345</b>

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

<i>(in millions of Canadian dollars)</i>	2022	2021
Balance January 1	48,437	54,772
Disbursements	7,671	7,208
Principal repayments	(7,511)	(10,624)
Principal recoveries from loan asset sales	(541)	(466)
Loans written off	(54)	(161)
Capitalized interest	10	30
Derecognition due to modification	-	(159)
New origination due to modification	-	34
Foreign exchange translation	(511)	(1,556)
<b>Balance June 30</b>	<b>\$47,501</b>	<b>\$49,078</b>



## Exposure and Allowance by Credit Grade

				Jun 2022		Dec 2021	
	Non-credit- impaired		Credit- impaired		% of		% of
<i>(in millions of Canadian dollars)</i>	Stage 1	Stage 2	Stage 3	\$	total	\$	total
<b>Gross loans receivable</b>							
Investment grade*	17,100	3,624	-	20,724	44%	19,765	41%
Non-investment grade	12,630	12,266	-	24,896	53%	26,637	55%
Individually impaired	-	-	1,658	1,658	3%	1,805	4%
Originated credit-impaired	-	-	223	223	-	230	-
Gross loans receivable	29,730	15,890	1,881	47,501	100%	48,437	100%
Allowance for losses	178	1,060	792	2,030		1,760	
Net carrying value - loans receivable	\$29,552	\$14,830	\$1,089	\$45,471		\$46,677	
<b>Loan commitments</b>							
Investment grade*	3,543	695	-	4,238	49%	4,205	40%
Non-investment grade	2,916	1,449	-	4,365	51%	6,306	60%
Individually impaired	-	-	18	18	-	15	-
Total loan commitments	\$6,459	\$2,144	\$18	\$8,621	100%	\$10,526	100%
Allowance for losses	5	8	7	20		20	
Net carrying value - loan commitments	\$6,454	\$2,136	\$11	\$8,601		\$10,506	
<b>Loan guarantees</b>							
Investment grade*	291	61	-	352	8%	307	7%
Non-investment grade	2,955	909	-	3,864	89%	3,976	90%
Individually impaired	-	-	111	111	3%	116	3%
Total loan guarantees	\$3,246	\$970	\$111	\$4,327	100%	\$4,399	100%
Allowance for losses	39	52	79	170		130	
Net carrying value - loan guarantees	\$3,207	\$918	\$32	\$4,157		\$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 June 30 were as follows:

				Jun 2022				Jun 2021
<i>(in millions of Canadian dollars)</i>	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Allowance for losses on loans receivable</b>								
Balance beginning of period	112	796	822	1,730	81	1,032	1,297	2,410
Provision for (reversal of) credit losses								
Transfer to stage 1	37	(37)	-	-	18	(18)	-	-
Transfer to stage 2	(13)	18	(5)	-	(3)	3	-	-
Transfer to stage 3	-	-	-	-	-	(3)	3	-
Remeasurements	38	298	15	351	(30)	116	(25)	61
New originations	9	13	5	27	5	31	4	40
Net repayments and maturities	(6)	(28)	(32)	(66)	(6)	(75)	(8)	(89)
Total provision for (reversal of) credit losses	65	264	(17)	312	(16)	54	(26)	12
Write-offs	-	-	(30)	(30)	(1)	-	(112)	(113)
Modification resulting in derecognition	-	-	-	-	-	-	(127)	(127)
Foreign exchange translation	1	-	17	18	(1)	(12)	(19)	(32)
Balance end of period	178	1,060	792	2,030	63	1,074	1,013	2,150
<b>Allowance for losses on loan commitments</b>								
Balance beginning of period	2	15	3	20	2	21	17	40
Provision for (reversal of) credit losses								
Transfer to stage 2	(1)	1	-	-	(1)	1	-	-
Remeasurements	3	(9)	4	(2)	(1)	(1)	(1)	(3)
New originations	1	1	-	2	-	1	-	1
Net repayments and maturities	-	-	-	-	-	(2)	(6)	(8)
Total provision for (reversal of) credit losses	3	(7)	4	-	(2)	(1)	(7)	(10)
Balance end of period	5	8	7	20	-	20	10	30
<b>Allowance for losses on loan guarantees</b>								
Balance beginning of period	34	24	82	140	36	47	67	150
Provision for (reversal of) credit losses								
Transfer to stage 1	10	(10)	-	-	6	(6)	-	-
Transfer to stage 2	(12)	13	(1)	-	(12)	12	-	-
Transfer to stage 3	-	-	-	-	-	(2)	2	-
Remeasurements	(5)	20	7	22	(19)	(8)	-	(27)
New originations	23	-	-	23	24	-	-	24
Net repayments and maturities	(11)	5	(9)	(15)	(3)	(1)	(3)	(7)
Total provision for (reversal of) credit losses	5	28	(3)	30	(4)	(5)	(1)	(10)
Balance end of period	39	52	79	170	32	42	66	140
Total allowance for losses on loans receivable, loan commitments and loan guarantees	\$222	\$1,120	\$878	\$2,220	\$95	\$1,136	\$1,089	\$2,320

## CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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

	Jun 2022				Jun 2021			
<i>(in millions of Canadian dollars)</i>	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Allowance for losses on loans receivable</b>								
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	97	(97)	-	-	70	(70)	-	-
Transfer to stage 2	(17)	23	(6)	-	(25)	25	-	-
Transfer to stage 3	-	-	-	-	-	(23)	23	-
Remeasurements	35	406	24	465	(108)	3	45	(60)
New originations	17	20	8	45	12	83	22	117
Net repayments and maturities	(8)	(96)	(86)	(190)	(13)	(147)	(31)	(191)
Total provision for (reversal of) credit losses	124	256	(60)	320	(64)	(129)	59	(134)
Write-offs	-	(1)	(40)	(41)	(1)	-	(135)	(136)
Modification resulting in derecognition	-	-	-	-	-	-	(127)	(127)
Foreign exchange translation	-	(16)	7	(9)	(4)	(41)	(38)	(83)
Balance end of period	178	1,060	792	2,030	63	1,074	1,013	2,150
<b>Allowance for losses on loan commitments</b>								
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	(2)	2	-	-	(1)	1	-	-
Remeasurements	2	(5)	4	1	(2)	(11)	(3)	(16)
New originations	2	1	-	3	2	1	-	3
Net repayments and maturities	(1)	-	(3)	(4)	-	(2)	(5)	(7)
Total provision for (reversal of) credit losses	3	(4)	1	-	-	(12)	(8)	(20)
Balance end of period	5	8	7	20	-	20	10	30
<b>Allowance for losses on loan guarantees</b>								
Balance beginning of period	30	19	81	130	59	82	79	220
Provision for (reversal of) credit losses								
Transfer to stage 1	13	(13)	-	-	46	(46)	-	-
Transfer to stage 2	(13)	16	(3)	-	(41)	41	-	-
Transfer to stage 3	-	-	-	-	-	(2)	2	-
Remeasurements	(14)	26	17	29	(82)	(30)	3	(109)
New originations	35	-	-	35	51	-	2	53
Net repayments and maturities	(11)	4	(16)	(23)	(1)	(2)	(20)	(23)
Total provision for (reversal of) credit losses	10	33	(2)	41	(27)	(39)	(13)	(79)
Foreign exchange translation	(1)	-	-	(1)	-	(1)	-	(1)
Balance end of period	39	52	79	170	32	42	66	140
<b>Total allowance for losses on loans receivable, loan commitments and loan guarantees</b>	<b>\$222</b>	<b>\$1,120</b>	<b>\$878</b>	<b>\$2,220</b>	<b>\$95</b>	<b>\$1,136</b>	<b>\$1,089</b>	<b>\$2,320</b>

## Financing Commitments

The following table shows our outstanding financing commitments by type:

<i>(in millions of Canadian dollars)</i>	Jun 2022	Dec 2021
Signed loan commitments	8,621	10,526
Letters of offer	2,107	2,066
Unallocated confirmed lines of credit	104	133
<b>Total financing commitments</b>	<b>\$10,832</b>	<b>\$12,725</b>

## 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:

<i>(in millions of Canadian dollars)</i>	Jun 2022			Dec 2021		
	Insurance	Reinsurance	Net liabilities	Insurance	Reinsurance	Net liabilities
Credit insurance	300	(30)	270	300	(30)	270
Financial institutions insurance	10	-	10	-	-	-
International trade guarantee	190	-	190	210	(10)	200
Political risk insurance	140	(60)	80	160	(70)	90
<b>Total</b>	<b>\$640</b>	<b>\$(90)</b>	<b>\$550</b>	<b>\$670</b>	<b>\$(110)</b>	<b>\$560</b>

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

<i>(in millions of Canadian dollars)</i>	Jun 2022	Dec 2021
Deferred insurance premiums	140	140
Allowance for claims on insurance	500	530
<b>Total premium and claims liabilities</b>	<b>640</b>	<b>670</b>
Reinsurers' share of allowance for claims on insurance	(70)	(90)
Prepaid reinsurance	(20)	(20)
<b>Reinsurers' share of premium and claims liabilities</b>	<b>(90)</b>	<b>(110)</b>
<b>Net premium and claims liabilities</b>	<b>\$550</b>	<b>\$560</b>

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 \$33.9 billion as at June 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 with our shareholder, during 2022 we plan to repurchase 38.1 million shares for a total of \$3.81 billion based on the capital position of our core programs, Business Credit Availability Program (BCAP) and a targeted Internal Capital Adequacy Assessment (ICAAP) ratio. During the second quarter of 2022, 23.1 million shares were repurchased for an amount of \$2.31 billion. The number of shares issued and fully paid at the end of the quarter is 99.9 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 second 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).

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<i>(in millions of Canadian dollars)</i>	Jun 2022									Dec 2021
	Level 1	Level 2	Level 3	Total Fair Value	Total Carrying Value	Level 1	Level 2	Level 3	Total Fair Value	Total Carrying Value
<b>Assets</b>										
Performing fixed rate loans	-	8,923	1,779	10,702	11,615	-	9,784	2,196	11,980	11,513
Performing floating rate loans	-	31,754	523	32,277	32,711	-	33,635	901	34,536	33,936
Total performing loans receivable	-	40,677	2,302	42,979	44,326	-	43,419	3,097	46,516	45,449
Impaired loans	-	1,076	-	1,076	1,076	-	1,136	-	1,136	1,136
Loans receivable and accrued interest and fees	-	41,753	2,302	44,055	45,402	-	44,555	3,097	47,652	46,585
Marketable securities	4,367	8,347	-	12,714	12,714	4,912	4,170	-	9,082	9,082
Derivative instruments	-	1,110	-	1,110	1,110	-	1,139	-	1,139	1,139
Investments	107	-	2,454	2,561	2,561	334	-	2,373	2,707	2,707
Other assets	303	4	22	329	319	169	8	27	204	205
<b>Liabilities</b>										
Accounts payable and other credits	128	2	-	130	130	178	6	-	184	185
Loans payable	-	46,816	-	46,816	46,819	-	43,549	-	43,549	43,525
Derivative instruments	-	2,152	-	2,152	2,153	-	1,003	-	1,003	1,003
Loan guarantees	-	183	-	183	204	-	132	-	132	188

Changes in valuation methods may result in transfers into or out of Levels 1, 2 and 3. In the first six 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 second quarter of 2022 for the financial instruments carried at fair value:

<i>(in millions of Canadian dollars)</i>	Jun 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	-	9	9
Purchases of assets/issuances of liabilities	-	263	263
Return of capital	-	(211)	(211)
Transfer out of Level 3	-	(1)	(1)
Foreign exchange translation	-	21	21
Balance end of period	\$22	\$2,454	\$2,476
Total gains (losses) for the first six months of 2022 included in comprehensive income for instruments held at the end of the quarter	\$(5)	\$(274)	\$(279)

\*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.

<i>(in millions of Canadian dollars)</i>	Jun 2022		Dec 2021	
	Exposure		Exposure	
Country	\$	%	\$	%
Canada	15,327	22	13,792	21
United States	13,877	20	14,008	21
United Kingdom	6,485	10	6,519	10
Chile	4,715	7	4,186	6
Australia	3,572	5	3,716	6
Germany	2,730	4	2,075	3
Mexico	2,008	3	1,859	4
India	1,868	3	2,277	3
Spain	1,773	3	1,631	2
China	1,534	2	1,428	2
Singapore	1,171	2	439	1
Other	13,153	19	14,041	21
<b>Total</b>	<b>\$68,213</b>	<b>100</b>	<b>\$65,971</b>	<b>100</b>

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

<i>(in millions of Canadian dollars)</i>	Jun 2022		Dec 2021	
	Exposure		Exposure	
Sector	\$	%	\$	%
Commercial:				
Transportation and storage	13,925	20	14,821	23
Finance and insurance	10,050	15	8,760	13
Manufacturing	8,192	12	8,204	12
Utilities	6,951	10	6,402	10
Resources	6,051	9	6,123	9
Information	4,472	7	3,707	6
Commercial properties	2,661	4	2,755	4
Wholesale and retail trade	2,068	3	2,377	4
Professional services	1,432	2	1,965	3
Construction	742	1	811	1
Other	1,568	2	1,362	2
Total commercial	58,111	85	57,287	87
Sovereign	10,102	15	8,684	13
Total	\$68,213	100	\$65,971	100

## 8. Net Insurance Premiums and Guarantee Fees

<i>(in millions of Canadian dollars)</i>	Three months ended					
	Jun 2022			Jun 2021		
	Gross premiums	Reinsurance	Net premiums	Gross premiums	Reinsurance	Net premiums
Credit insurance	36	(4)	32	36	(4)	32
Financial institutions insurance	2	-	2	2	-	2
International trade guarantee	28	(2)	26	27	(2)	25
Political risk insurance	3	(1)	2	2	(1)	1
Total	\$69	\$(7)	\$62	\$67	\$(7)	\$60

<i>(in millions of Canadian dollars)</i>	Six months ended					
	Jun 2022			Jun 2021		
	Gross premiums	Reinsurance	Net premiums	Gross premiums	Reinsurance	Net premiums
Credit insurance	73	(8)	65	68	(8)	60
Financial institutions insurance	4	-	4	4	-	4
International trade guarantee	57	(4)	53	59	(5)	54
Political risk insurance	5	(2)	3	6	(3)	3
Total	\$139	\$(14)	\$125	\$137	\$(16)	\$121



## 9. Net Claims-Related Expenses (Recovery)

<i>(in millions of Canadian dollars)</i>	Three months ended		Six months ended	
	Jun 2022	Jun 2021	Jun 2022	Jun 2021
Claims paid	12	15	33	30
Claims recovered	(12)	(3)	(30)	(10)
Increase (decrease) in allowance for claims on insurance	(8)	(75)	(36)	59
Increase in the reinsurers' share in the allowance for claims	13	38	23	3
(Increase) decrease in recoverable insurance claims	3	-	5	-
Claims handling expenses	1	1	1	1
Total net claims-related expenses (recovery)	\$9	\$(24)	\$(4)	\$83

## 10. Other (Income) Expenses

<i>(in millions of Canadian dollars)</i>	Three months ended		Six months ended	
	Jun 2022	Jun 2021*	Jun 2022	Jun 2021*
Net realized (gains) losses				
Investments	(9)	(43)	(39)	(74)
Marketable securities	11	(5)	9	(11)
Sale of loan assets	-	-	13	12
Foreign exchange translation	(6)	(7)	1	(3)
Other	(1)	(1)	(1)	(1)
Total net realized (gains) losses	(5)	(56)	(17)	(77)
Net unrealized (gains) losses				
Marketable securities	67	(4)	279	93
Investments	131	(265)	173	(274)
Loans payable	(373)	(77)	(821)	(238)
Derivatives	145	154	381	36
Total net unrealized (gains) losses	(30)	(192)	12	(383)
Total	\$(35)	\$(248)	\$(5)	\$(460)

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

## 11. Administrative Expenses

<i>(in millions of Canadian dollars)</i>	Three months ended		Six months ended	
	Jun 2022	Jun 2021	Jun 2022	Jun 2021
Salaries and benefits	80	73	161	150
Pension benefit expense	7	12	16	23
Other post-employment benefit and severance expense	4	4	8	8
Professional services	25	17	50	28
Systems costs	15	13	25	26
Occupancy	7	7	14	14
Marketing and communications	8	7	12	11
Amortization and depreciation	6	6	12	13
Information services	6	5	11	10
Travel, hospitality and conferences	1	-	1	-
Other	5	4	10	7
<b>Total administrative expenses</b>	<b>\$164</b>	<b>\$148</b>	<b>\$320</b>	<b>\$290</b>

## 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 Concessional Facility (CF) of \$75.9 million 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.

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