



EXPORT DEVELOPMENT CANADA  
QUARTERLY FINANCIAL REPORT

# RESILIENT TOGETHER

SEPTEMBER 30, 2022 | UNAUDITED

Canada

 EDC

# TABLE OF CONTENTS

## Management's Discussion and Analysis

Overview .....	2
Summary of Financial Results .....	5
Statement of Management Responsibility.....	9

## Condensed Consolidated Financial Statements

Condensed Consolidated Statement of Financial Position .....	10
Condensed Consolidated Statement of Comprehensive Income.....	11
Condensed Consolidated Statement of Changes in Equity .....	12
Condensed Consolidated Statement of Cash Flows .....	13
Notes to the Condensed Consolidated Financial Statements .....	14
Note 1. Significant Accounting Policies .....	14
Note 2. Loans and Allowance for Losses.....	15
Note 3. Premium and Claims Liabilities .....	19
Note 4. Contingent Liabilities .....	19
Note 5. Share Capital.....	20
Note 6. Fair Value of Financial Instruments .....	20
Note 7. Financial Instrument Risks .....	22
Note 8. Net Insurance Premiums and Guarantee Fees.....	23
Note 9. Net Claims-Related Expenses (Recovery) .....	24
Note 10. Other (Income) Expenses .....	24
Note 11. Administrative Expenses.....	25
Note 12. Related Party Transactions .....	25

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

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

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

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

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



## Macroeconomic Outlook

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

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

## Risk Management

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

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

## Impact of Foreign Exchange Translation on Financial Results

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

## Business Facilitated

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

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

## Business Facilitated

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

## SUMMARY OF FINANCIAL RESULTS

### Financial Performance

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

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

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

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

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

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

## Year to Date Highlights

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

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

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

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

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

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

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

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

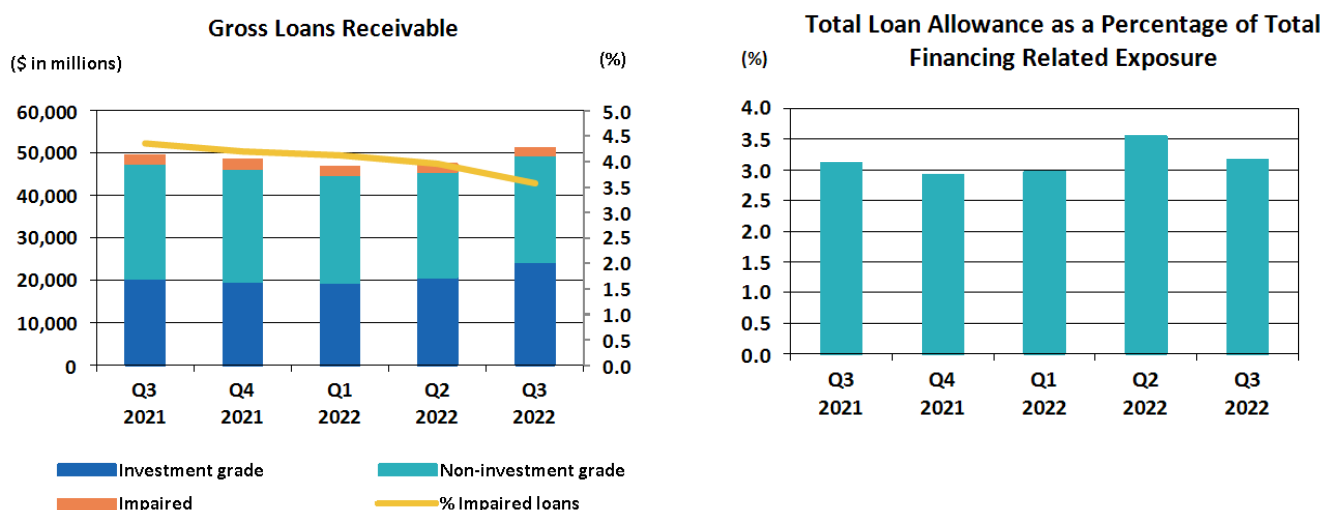
Activity within the provision for (reversal of) credit losses during the first nine months by sector was as follows:

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



## Financial Position

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



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

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

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

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

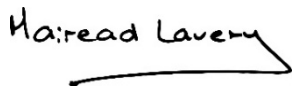
- net repayments and maturities – reduction of \$189 million;
- remeasurements due to credit migration – reduction of \$143 million;
- new originations – increase of \$110 million;
- impact of foreign exchange – increase of \$64 million;
- updated macroeconomic assumptions – increase of \$58 million;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

## STATEMENT OF MANAGEMENT RESPONSIBILITY

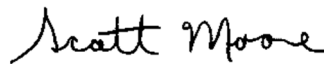
Management is responsible for the preparation and fair presentation of these Condensed Consolidated Quarterly Financial Statements in accordance with the Treasury Board of Canada's *Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Reports*, and for such internal controls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

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

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



Mairead Lavery,  
President & CEO



Scott Moore,  
Senior Vice-President & CFO

Ottawa, Canada  
November 17, 2022

## Export Development Canada

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of Canadian dollars)

As at

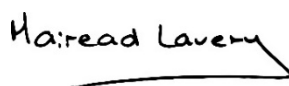
	Notes	Sep 2022	Dec 2021
<b>Assets</b>			
Cash		401	207
Marketable securities		12,068	9,082
Derivative instruments		1,971	1,139
Loans receivable	2	51,150	48,345
Allowance for losses on loans	2	(1,900)	(1,760)
Investments		2,651	2,707
Reinsurers' share of premium and claims liabilities	3	90	110
Property, plant and equipment		40	44
Intangible assets		50	63
Right-of-use assets		120	127
Retirement benefit assets		343	346
Other assets		309	205
<b>Total Assets</b>		<b>\$67,293</b>	<b>\$60,615</b>
<b>Liabilities and Equity</b>			
Accounts payable and other credits		153	185
Loans payable		49,885	43,525
Derivative instruments		4,128	1,003
Lease liabilities		152	158
Loan guarantees	2	245	188
Allowance for losses on loan commitments	2	20	20
Premium and claims liabilities	3	650	670
Retirement benefit obligations		180	226
<b>Total Liabilities</b>		<b>55,413</b>	<b>45,975</b>
<i>Financing commitments (Note 2) and contingent liabilities (Note 4)</i>			
<b>Equity</b>			
Share capital	5	8,490	12,300
Retained earnings		3,390	2,340
<b>Total Equity</b>		<b>11,880</b>	<b>14,640</b>
<b>Total Liabilities and Equity</b>		<b>\$67,293</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 November 17, 2022.



Manjit Sharma  
Director



Mairead Lavery  
Director

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

	Notes	For the three months ended		For the nine months ended	
		Sep 2022	Sep 2021	Sep 2022	Sep 2021
<b>Financing and Investment Revenue:</b>					
Loan		511	345	1,263	1,092
Marketable securities		55	20	108	63
Investments		3	5	19	9
Total financing and investment revenue		569	370	1,390	1,164
Interest expense		294	83	503	263
Financing-related expenses		9	10	22	21
<b>Net Financing and Investment Income</b>		<b>266</b>	<b>277</b>	<b>865</b>	<b>880</b>
<b>Loan Guarantee Fees</b>		<b>20</b>	<b>22</b>	<b>53</b>	<b>76</b>
Insurance premiums and guarantee fees		72	75	211	212
Reinsurance ceded		(8)	(7)	(22)	(23)
<b>Net Insurance Premiums and Guarantee</b>	8	<b>64</b>	<b>68</b>	<b>189</b>	<b>189</b>
<b>Other (Income) Expenses</b>	10	<b>(564)</b>	<b>(265)</b>	<b>(569)</b>	<b>(725)</b>
<b>Administrative Expenses</b>	11	<b>161</b>	<b>146</b>	<b>481</b>	<b>436</b>
<b>Income before Provision and Claims-Related Expenses</b>		<b>753</b>	<b>486</b>	<b>1,195</b>	<b>1,434</b>
<b>Provision for (Reversal of) Credit Losses</b>	2	<b>(164)</b>	<b>(223)</b>	<b>197</b>	<b>(456)</b>
Claims-related expenses (recovery)		(5)	(17)	(32)	62
Reinsurers' share of claims-related expenses		6	1	29	5
<b>Net Claims-Related Expenses (Recovery)</b>	9	<b>1</b>	<b>(16)</b>	<b>(3)</b>	<b>67</b>
<b>Net Income</b>		<b>916</b>	<b>725</b>	<b>1,001</b>	<b>1,823</b>
Other comprehensive income:					
Retirement benefit plans remeasurement		70	120	49	269
<b>Comprehensive Income</b>		<b>\$986</b>	<b>\$845</b>	<b>\$1,050</b>	<b>\$2,092</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 nine months ended	
		Sep 2022	Sep 2021	Sep 2022	Sep 2021
<b>Share Capital</b>					
Balance beginning of period		9,990	12,300	12,300	12,300
Shares repurchased	5	1,500	-	3,810	-
Balance end of period		8,490	12,300	8,490	12,300
<b>Retained Earnings</b>					
Balance beginning of period		2,404	957	2,340	6,990
Net income		916	725	1,001	1,823
Other comprehensive income					
Retirement benefit plans		70	120	49	269
Dividends	5	-	-	-	(7,280)
Balance end of period		3,390	1,802	3,390	1,802
<b>Total Equity End of Period</b>		<b>\$11,880</b>	<b>\$14,102</b>	<b>\$11,880</b>	<b>\$14,102</b>

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



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS***(in millions of Canadian dollars)*

	For the three months ended		For the nine months ended	
	Sep 2022	Sep 2021	Sep 2022	Sep 2021*
<b>Cash Flows from (used in) Operating Activities</b>				
Net income	916	725	1,001	1,823
Adjustments to determine net cash flows from (used in) operating activities				
Provision for (reversal of) credit losses	(164)	(223)	197	(456)
Actuarial change in the net allowance for claims on insurance	(17)	(22)	(30)	41
Depreciation and amortization	8	8	23	24
Realized gains	(15)	(80)	(32)	(153)
Changes in operating assets and liabilities				
Change in accrued interest and fees on loans receivable	(99)	(12)	(141)	(40)
Change in accrued interest and fair value of marketable securities	121	31	398	132
Change in accrued interest and fair value of loans payable	(746)	(106)	(1,553)	(324)
Change in fair value of investments	110	(205)	282	(480)
Change in derivative instruments	744	172	1,686	129
Other	196	(210)	138	(15)
Loan disbursements	(5,998)	(3,556)	(13,669)	(10,764)
Loan repayments and principal recoveries from loan asset sales	3,867	3,895	11,919	14,985
<b>Net cash from (used in) operating activities</b>	<b>(1,077)</b>	<b>417</b>	<b>219</b>	<b>4,902</b>
<b>Cash Flows from (used in) Investing Activities</b>				
Disbursements for investments	(207)	(96)	(447)	(291)
Receipts from investments	118	173	368	340
Purchases of marketable securities	(2,171)	(1,987)	(6,555)	(5,881)
Sales/maturities of marketable securities	2,956	1,888	7,691	5,977
Purchases of property, plant and equipment	-	-	(1)	(1)
Purchases of intangible assets	-	-	-	(1)
<b>Net cash from (used in) investing activities</b>	<b>696</b>	<b>(22)</b>	<b>1,056</b>	<b>143</b>
<b>Cash Flows from (used in) Financing Activities</b>				
Issue of long-term loans payable	4,521	402	12,469	7,212
Repayment of long-term loans payable	(3,665)	(1,890)	(10,380)	(7,090)
Issue of short-term loans payable	12,119	6,075	36,542	18,943
Repayment of short-term loans payable	(11,021)	(5,866)	(32,048)	(17,177)
Disbursements from sale/maturity of derivative instruments	(80)	(7)	(177)	(39)
Receipts from sale/maturity of derivative instruments	21	21	37	42
Issue (repurchase) of share capital	(1,500)	-	(3,810)	-
Dividends paid	-	-	-	(7,280)
<b>Net cash from (used in) financing activities</b>	<b>395</b>	<b>(1,265)</b>	<b>2,633</b>	<b>(5,389)</b>
Effect of exchange rate changes on cash and cash equivalents	309	53	374	3
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>323</b>	<b>(817)</b>	<b>4,282</b>	<b>(341)</b>
<b>Cash and cash equivalents</b>				
Beginning of period	5,652	3,352	1,693	2,876
End of period	\$5,975	\$2,535	\$5,975	\$2,535
<b>Cash and cash equivalents are comprised of:</b>				
Cash	401	176	401	176
Cash equivalents included within marketable securities	5,574	2,359	5,574	2,359
	\$5,975	\$2,535	\$5,975	\$2,535
<b>Operating Cash Flows from Interest</b>				
Cash paid for interest	\$182	\$117	\$385	\$349
Cash received for interest	\$394	\$323	\$1,086	\$1,057

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

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

## Notes to the Condensed Consolidated Financial Statements

### 1. Significant Accounting Policies

#### Basis of Presentation

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

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

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

#### Basis of Consolidation

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

#### Application of New International Financial Reporting Standards

##### New standards, amendments and interpretations adopted during the quarter

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

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

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

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

#### Use of Estimates and Key Judgments

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

## 2. Loans and Allowance for Credit Losses

### Loans Receivable

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

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

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

## Exposure and Allowance by Credit Grade

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

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

## Allowance for Losses

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

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



CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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

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

## Financing Commitments

The following table shows our outstanding financing commitments by type:

<i>(in millions of Canadian dollars)</i>	Sep 2022	Dec 2021
Signed loan commitments	8,307	10,526
Letters of offer	3,277	2,066
Unallocated confirmed lines of credit	121	133
<b>Total financing commitments</b>	<b>\$11,705</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>	Sep 2022			Dec 2021		
	Insurance	Reinsurance	Net	Insurance	Reinsurance	Net
Credit insurance	300	(30)	270	300	(30)	270
Financial institutions insurance	10	-	10	-	-	-
International trade guarantee	200	-	200	210	(10)	200
Political risk insurance	140	(60)	80	160	(70)	90
<b>Total</b>	<b>\$650</b>	<b>\$(90)</b>	<b>\$560</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>	Sep 2022	Dec 2021
Deferred insurance premiums	140	140
Allowance for claims on insurance	510	530
<b>Total premium and claims liabilities</b>	<b>650</b>	<b>670</b>
Reinsurers' share of allowance for claims on insurance	(70)	(90)
Prepaid reinsurance	(20)	(20)
Reinsurers' share of premium and claims liabilities	(90)	(110)
<b>Net premium and claims liabilities</b>	<b>\$560</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 \$36.2 billion as at September 30, 2022 (December 2021 - \$33 billion).

## 5. Share Capital

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

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

## 6. Fair Value of Financial Instruments

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

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

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

### Fair Value Hierarchy

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

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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

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

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

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

\*Consists of recoverable insurance claims.

## 7. Financial Instrument Risks

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

### Credit Risk

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

#### *Concentration of Credit Risk*

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

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



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

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

## 8. Net Insurance Premiums and Guarantee Fees

### Three months ended

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

### Nine months ended

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

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

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

## 10. Other (Income) Expenses

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

## 11. Administrative Expenses

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

## 12. Related Party Transactions

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

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

## **EDC's Mandate**

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

EDC is the owner of trademarks and official marks. Any use of an EDC trademark or official mark without written permission is strictly prohibited. All other trademarks appearing in this document are the property of their respective owners. The information presented is subject to change without notice. EDC assumes no responsibility for inaccuracies contained herein.

Copyright © 2022 Export Development Canada. All rights reserved.