PROTECTED

Export Development Canada | Exportation et développement Canada

CANADA ACCOUNT ANNUAL REPORT

FOR THE GOVERNMENT OF CANADA YEAR ENDED MARCH 31, 2020

Canada

TABLE OF CONTENTS

Overview

Under Section 23 of the *Export Development Act* ("the Act"), the Government of Canada (the "Government" or the "Crown") is able to authorize support for transactions which, on the basis of Export Development Canada's ("EDC" or the "Corporation") risk management practices, would not be supported under EDC's Corporate Account but are in the national interest. Such transactions are referred to as Canada Account transactions. The Government effectively assumes the associated financial risks for Canada Account transactions by providing all monies required for any transaction from the Consolidated Revenue Fund ("CRF"). Canada Account transactions can consist of transactions or classes of transactions that EDC has the power to enter into pursuant to Section 10 of the Act, including business in all of EDC's product categories (financing, credit insurance, financial institutions insurance, international trade guarantees, and political risk insurance).

Authority

Pursuant to Section 23 of the Act, the Minister of Small Business, Export Promotion and International Trade ("the Minister"), with the concurrence of the Minister of Finance, may authorize EDC to undertake certain financial and contingent liability transactions.

Prior to March 25, 2020, Section 24(1) of the Act allowed Canada Account to have up to an aggregate of $20 billion (the "Statutory Limit") in contingent liabilities (i.e.: insurance policies, guarantees and other contingent arrangements), outstanding commitments to borrowers and outstanding principal amounts owed by borrowers. In response to the Covid-19 pandemic, on March 25, 2020, the Act was amended to provide that the Statutory Limit is an amount notified by the Minister of Finance. All monies required by the Corporation to discharge its obligations under Canada Account are paid to the Corporation out of the CRF. Such monies are accounted for separately and do not impinge on the Corporation's borrowing limits.

Risk Management

EDC provides financial services that allow Canadian exporters and investors to manage the risks they face while doing business internationally. In doing so, EDC does assume risks and must prudently manage these risks to ensure its long-term financial viability. In a transaction where one or more of these risks (including country risk, credit risk, interest rate risk or the size of the transaction) are considered beyond the risk capacity of the Corporation and inconsistent with ensuring its long-term financial viability, the Government may authorize EDC to undertake the transaction and effectively assume those risks itself provided that the transaction is in the national interest of Canada. For each transaction, the Government sets aside an allowance for potential losses in the fiscal framework. Allowances are adjusted annually by the Government for all financial exposures based on the risks associated with the transaction (country, credit rating, value of collateral, etc). In accordance with the Government's accounting policies, the value of loans and advances made under Canada Account are adjusted in its financial statements by an allowance for credit losses to approximate their net realizable value.

Management

Upon receipt of a Ministerial Authorization, EDC is responsible for coordinating and administering the transaction, which includes the execution of legal documents, the requesting and disbursement of funds, and management of the repayment flows. EDC is required to maintain separate accounts for all disbursements, receipts, and recoveries. All such receipts and recoveries are to be remitted to the CRF. However, under the Act, the Minister of Finance may authorize EDC to retain certain amounts from receipts and recoveries to meet expenses and overhead related to these transactions (see Note 5). The Minister, with the concurrence of the Minister of Finance, may also authorize EDC to take certain actions necessary or desirable for the management of assets and liabilities arising out of transactions.

EDC has entered into a Memorandum of Understanding with Global Affairs Canada which provides the mechanism whereby funding requests and remittances are made by EDC to the Government.

Eligibility

Canada Account transactions must meet EDC's mandate. Prior to March 25, 2020, EDC's mandate included supporting and developing, directly or indirectly, Canada's export trade and Canadian capacity to engage in that trade and to respond to international business opportunities. On March 25, 2020, the Act was amended to expand EDC's mandate to include supporting and developing, directly or indirectly, domestic business at the request of the Minister and the Minister of Finance. Under Canada Account, the Government of Canada is able to support transactions that exceed the financial or risk capacity of EDC under its Corporate Account but are deemed to be in the national interest.

In most cases, a transaction will first be considered and rejected by EDC under its Corporate Account prior to it being referred to the Minister for consideration under Canada Account. The Government may request that EDC manage a transaction under Canada Account as was the case for the support provided to the automotive sector in 2009.

In addition to falling within EDC's mandate, the eligibility considerations applied to transactions considered under Canada Account include:

- EDC's customary lending or insurance criteria (Canadian benefits, financial and technical capability of the exporter, technical and commercial viability of the project, creditworthiness of the borrower);
- The Government's general willingness to consider the country risk in question and the creditworthiness of borrowers; and
- National interest considerations such as:
    - economic benefits and costs to Canada, including the employment and revenues generated or sustained by the transaction;
    - importance of the export market to Canada; and
    - foreign policy implications, including Canada's bilateral relationship with the country in question.

Disclosure

Information on current transactions is posted on EDC's website (https://www.edc.ca/en/about-us/corporate/disclosure/reporting-transactions/canada-account.html in accordance with the Corporation's Disclosure Policy.

Fiscal Year

All data contained in this report is presented on the basis of the Government's fiscal year which ends on March 31 and will therefore not directly compare to EDC's Annual Report, Corporate Plan, and other corporate documents, which are prepared on a calendar-year basis.

Management's Discussion and Analysis

Highlights

The following are highlights of Canada Account activity during the fiscal year 2019-2020:

- At the end of 2018-2019, there were Ministerial Authorizations allowing for financing of $7 billion related to the Trans Mountain Pipeline which includes a term loan of up to $5 billion for a term of up to five years, a second term loan of up to $1 billion for a term of up to one year, and financing in the form of a loan/and or guarantee of up to $1 billion for a term of up to five years. During the year, a new Ministerial Authorization was signed increasing the limit on the second term loan by $3 billion to an available amount of $4 billion through August 23, 2023. At March 31, 2020, the total Ministerial Authorizations related to the Trans Mountain Pipeline totaled $10 billion and $9.17 billion in credit agreements were signed against the limit, of which $6.255 billion was disbursed including $1.465 billion in the current year.

- A Ministerial Authorization was signed allowing for financing of up to $650 million to General Dynamics Land Systems. In September 2019, a credit agreement was completed for a $650 million term loan which was subsequently disbursed.

- In 2018-2019, a Ministerial Authorization was signed allowing for the facilitation of financing to Canadian clean technology producers for up to $443.7 million. Under this authorization, in April 2019, a credit facility was completed for a term loan of $32.1 million to Ecolomondo Environmental (Hawkesbury) Inc, expiring June 30, 2031. At the end of the year, $8 million was disbursed under the credit facility.

- Subsequent to March 31, 2020, a number of actions were taken in response to the COVID 19 pandemic. Pursuant to paragraph 24(1.1)(a) of the Export Development Act, the Minister of Finance gave notice that, effective April 16, 2020, the amount of the total liabilities and obligations referred to in subsection 24(1) shall at no time exceed $75 billion. That maximum amount was subsequently increased to $93 billion (effective May 15, 2020) and $115 billion (effective September 30, 2020). As well, a Ministerial Authorization was signed authorizing up to $25 billion in Canada Account funds to provide emergency liquidity to Canadian businesses through the Canada Emergency Business Account ("CEBA"), and subsequent Ministerial Authorizations increased that limit to $40 billion, $55 billion, and $73 billion. Under CEBA in its initial form, loans of up to $40 thousand were made available to qualifying businesses at 0% interest and are repayable by December 31, 2022, subject to a one-time extension of three years and 5% interest per annum commencing on January 1, 2023. Up to 25% of the loan may be forgiven only if the borrower repays their obligation by December 31, 2022. Since December 4, 2020, eligible applicants can now receive a $60 thousand CEBA loan. CEBA applicants who have received the $40 thousand CEBA loan may apply for the CEBA expansion, which provides eligible businesses with an additional $20 thousand CEBA loan. In both cases, these loans are at 0% interest, repayable by December 31, 2022 and subject to a one-time extension of three years and 5% interest per annum commencing on January 1, 2023. Up to 33% of the $60 thousand CEBA loan (25% of the first $40 thousand, plus 50% on amounts above $40 thousand) may be forgiven if the borrower repays their obligation by December 31, 2022.

Other highlights for the fiscal year 2019-2020 are:

- Net income increased by $186 million to $335 million mainly due to increased loan interest revenue related to Trans Mountain Pipeline and a lower provision for credit losses.

- We recorded a provision for credit losses on loans and loan guarantees of $45 million mainly due to increasing the allowance for credit losses on accrued interest and fees to 100% related to Air Wisconsin.

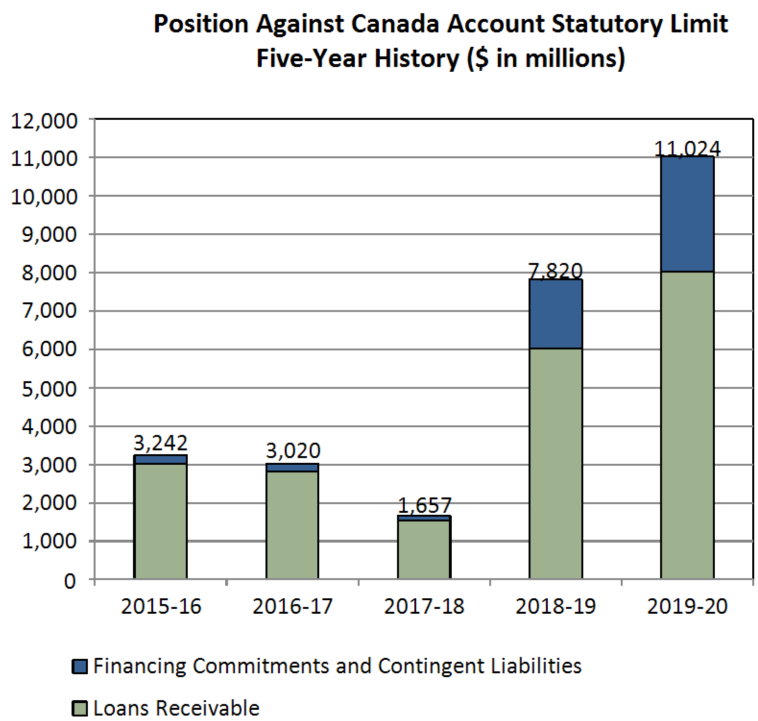
- Remittances of principal, interest, premiums, and fees, net of expenses, totalling $424 million were made to the CRF by EDC. Total principal amounts received from the CRF were $2,123 million related to loan disbursements for Trans Mountain Pipeline ($1,465 million), General Dynamics Land Systems – Canada Corporation ($650 million), and Ecolomondo Environmental (Hawkesbury) Inc ($8 million).

Position against Statutory Limit

Prior to March 25, 2020, the Export Development Act allowed Canada Account to have up to an aggregate of $20 billion in contingent liabilities (i.e. insurance policies, guarantees, and other contingent arrangements), outstanding loan commitments to borrowers and outstanding principal amounts of obligations owed to the Corporation. In response to the Covid-19 pandemic, on March 25, 2020 the Act was amended to provide that the Canada Account limit is an amount notified by the Minister of Finance. As at March 31st, the statutory limit remained unchanged. The position against this limit as at March 31, 2020 was $11,024 million (March 31, 2019 - $7,820 million). Details of this position are as follows:

(in millions of Canadian dollars)	**Mar 2020**	Mar 2019
Loans Receivable		
Concessional	**594**	599
Non-concessional	**7,428**	5,414
	8,022	6,013
Financing Commitments and Contingent Liabilities		
Loan commitments	**2,947**	1,718
Loan guarantees	**55**	76
Credit insurance	**-**	13
	3,002	1,807
Position Against Statutory Limit	**$11,024**	$7,820

Five-Year Summary



The increase in the position against Canada Account Statutory Limit since 2018-2019 is mainly due to loan facilities related to the Trans Mountain Pipeline. Subsequent top March 31, 2020, the Statutory Limit was increased to support programs related to the COVID-19 pandemic.

Concentration of Exposure

The following table reflects the country exposure where the risk resided as at March 31, 2020:

(in millions of Canadian dollars)						**Mar 2020**		Mar 2019	
Country	**Concessional Loans Receivable**	**Non-Concessional Loans Receivable**	**Loan Commitments**	**Loan Guarantees**	**Credit Insurance**	**Total**	**%**	Total	%
Canada	**10**	**6,913**	**2,947**	**-**	**-**	**9,870**	**90**	6,518	83
United States	**-**	**348**	**-**	**-**	**-**	**348**	**3**	421	5
China	**366**	**-**	**-**	**-**	**-**	**366**	**3**	371	5
Iraq	**-**	**96**	**-**	**-**	**-**	**96**	**1**	103	2
Turkey	**86**	**-**	**-**	**-**	**-**	**86**	**1**	86	1
Romania	**-**	**-**	**-**	**55**	**-**	**55**	**-**	76	1
Morocco	**68**	**-**	**-**	**-**	**-**	**68**	**1**	68	1
India	**43**	**-**	**-**	**-**	**-**	**43**	**-**	40	-
Other *	**21**	**71**	**-**	**-**	**-**	**92**	**1**	137	2
Total	**$594**	**$7,428**	**$2,947**	**$55**	**$-**	**$11,024**	**100**	$7,820	100

**Includes nine countries with exposures ranging from $0.2 million to $36.1 million.*

Exposure by Currency

(in millions of Canadian dollars)				**Mar 2020**				Mar 2019
Currency	**Amount**	**CAD Equiv.**	**Exchange Rate**	**%**	Amount	CAD Equiv.	Exchange Rate	%
CAD	**9,947**	**9,947**	**-**	**90**	6,646	6,646	-	85
USD	**765**	**1,077**	**1.4076**	**10**	878	1,174	1.3362	15
Total		**$11,024**		**100**		$7,820		100

The overall CAD exposure increased in the year primarily due to loan facilities related to the Trans Mountain Pipeline.

Commercial and Sovereign Exposure

(in millions of Canadian dollars)			**Mar 2020**			Mar 2019
	Commercial	**Sovereign**	**Total**	Commercial	Sovereign	Total
Loans Receivable						
Concessional	**10**	**584**	**594**	10	589	599
Non-concessional	**1,006**	**6,422**	**7,428**	422	4,992	5,414
	1,016	**7,006**	**8,022**	432	5,581	6,013
Financing Commitments and Contingent Liabilities						
Loan commitments	**32**	**2,915**	**2,947**	8	1,710	1,718
Credit insurance	**-**	**-**	**-**	13	-	13
Loan guarantees	**-**	**55**	**55**	-	76	76
	32	**2,970**	**3,002**	21	1,786	1,807
Total	**$1,048**	**$9,976**	**$11,024**	$453	$7,368	$7,820
Percentage	**9%**	**91%**	**100%**	6%	94%	100%

The increase in sovereign exposure was primarily due to loan facilities related to the Trans Mountain Pipeline. The increase in commercial exposure was primarily due to a loan facility to General Dynamics Land Systems.

The following chart provides an additional breakdown of the commercial and sovereign exposure by industry and country:

(in millions of Canadian dollars)		**Mar 2020**		Mar 2019
	Total	**%**	Total	%
Commercial (by industry):				
Automotive	**805**	**7**	152	2
Aerospace	**193**	**2**	270	4
Resources	**32**	**-**	18	-
Extractive	**18**	**-**	13	-
	1,048	**9**	453	6
Sovereign (by country):				
Canada	**9,170**	**83**	6,500	83
China	**366**	**3**	371	5
Iraq	**96**	**1**	103	1
Turkey	**86**	**1**	86	1
Morocco	**68**	**1**	68	1
Romania	**55**	**1**	76	1
Other	**135**	**1**	163	2
	9,976	**91**	7,367	94
Total	**$11,024**	**100**	$7,820	100

The increase in autmotive exposure is due to a loan facility to General Dynamics Land Systems. The increase in Canada exposure is due to loan facilities related to the Trans Mountain Pipeline.

Debt Forgiveness/Debt Relief for Sovereign Loans Receivable

In 1996, the International Monetary Fund and the World Bank proposed that relief be given on the external debt of some of the world's most Heavily Indebted Poor Countries (HIPCs). This initiative was approved by member governments including Canada. The exposure relates to agreements in place prior to 1996. At March 31, 2020, Canada Account had loans receivable exposure eligible for debt relief or debt reduction to one HIPC totalling $13.1 million or 0.13% of the sovereign loan portfolio (March 31, 2019 – $12.4 million or 0.17%).

Loan Receivable by Interest Type

(in millions of Canadian dollars)			**Mar 2020**			Mar 2019
	Fixed	**Floating**	**Total**	Fixed	Floating	Total
Concessional	**587**	**7**	**594**	591	8	599
Non-concessional	**7,123**	**305**	**7,428**	5,102	312	5,414
Total	**$7,710**	**$312**	**$8,022**	$5,693	$320	$6,013
Percentage	**96%**	**4%**	**100%**	95%	5%	100%

The largest contributor to the increase in the non-concessional fixed rate portfolio were the loans related to the Trans Mountain Pipeline.

Cash Flow Realized on Loans

The following table provides a summary of the interest and fees received on Canada Account loans. These cash flows were remitted to the CRF during the fiscal year net of the administration charge. Almost all the revenue generated from interest receipts originates from non-concessional loans; as concessional loans have either low or zero interest rates.

(in millions of Canadian dollars)			**Mar 2020**			Mar 2019
	Average annual principal balance	**Interest cash flow**	**%**	Average annual principal balance	Interest cash flow	%
Concessional*	**601**	**-**	**0.01%**	589	-	0.00%
Non-concessional	**6,703**	**264**	**3.94%**	3,846	103	2.68%
Total	**$7,304**	**$264**	**3.61%**	$4,435	$103	2.32%

The increase in the average principal balances was primarily due to new financing activity in the fiscal year related to the Trans Mountain Pipeline.

Financial Arrangements Facilitated

In the fiscal year-ended March 31, 2020, Canada Account facilitated the following loans on behalf of the Government of Canada. In the first quarter of the year, a credit facility was completed for a term loan of $32.1 million to Ecolomondo Environmental (Hawkesbury) Inc, expiring June 30, 2031. At the end of the year, $7.9 million was disbursed under the facility.

In the second quarter of the year, there was an amendment to one of the loan facilities relating to the Trans Mountain Pipeline transaction, which increased the limit of the loan from $1 billion to $4 billion and extended the maturity date of that loan to August 29, 2023. At the end of the year, $4 billion was disbursed under the facility. As well, a credit agreement was signed for $650 million to General Dynamics Land Systems – Canada Corporation. During the year, $650 million was disbursed under the credit agreement.

For the fiscal year ending March 31, 2019, Canada Account facilitated four loans on behalf of the Government of Canada. There were three loans signed in the second quarter relating to the Trans Mountain Pipeline transaction, including a term loan of up to $5 billion for a term of up to five years; a term loan of up to $1 billion for a term of up to one year, and financing in the form of a loan and/or guarantee of up to $1 billion for a term of up to five years. The guarantee option was then replaced by a term loan of up to $500 million for a term of up to five years. The fourth loan which was signed in the fourth quarter, to Arctic Gateway Group Limited, is a term loan of up to $10 million, including an additional $8 million of notional advances provided through the deferral of annual interest payments, for a term of up to 30 years.

Canada Account Financial Statements

Statement of Receivables

as at *(in millions of Canadian dollars)*	**Mar 2020**	Mar 2019
Loans receivable (Note 3)	**8,022**	6,013
Allowance for credit losses on loans *	**(203)**	(197)
Allowance for credit losses on accrued interest and fees	**(296)**	(224)
Unamortized discount on concessionary loans	**(365)**	(388)
Accrued interest and fees	**321**	265
Total	**$7,479**	$5,469

** Includes allowance for losses on contingent liabilities of $22K (2019 - $444K)*

Statement of Financing Commitments and Contingent Liabilities

as at *(in millions of Canadian dollars)*	**Mar 2020**	Mar 2019
Loan commitments (Note 6)	**2,947**	1,718
Loan guarantees (Note 7)	**55**	76
Credit insurance	**-**	13
Total	**$3,002**	$1,807

Statement of Revenue and Expenses

for the year ended *(in millions of Canadian dollars)*	**Mar 2020**	Mar 2019
Revenue		
Loan interest and guarantee fees	**279**	175
Gain on foreign currency translation	**72**	42
Amortization of discount	**23**	20
Recovery of amounts previously expensed (Note 5)	**15**	-
Total Revenue	**389**	237
Expenses		
Expenses:		
Provision for credit losses on loans and loan guarantees	**45**	81
Administrative charges (Note 5)	**9**	7
Total Expenses	**54**	88
Net Income	**$335**	$149

Statement of Cash Flow (to)/from the Consolidated Revenue Fund

for the year ended *(in millions of Canadian dollars)*	**Mar 2020**	Mar 2019
Remittances to CRF by EDC		
Principal	**(168)**	(701)
Interest, premiums and fees	**(265)**	(103)
Administrative charges	**9**	7
Total remitted to CRF	**(424)**	(797)
Received from CRF by EDC		
Principal	**2,123**	5,300
Total received from CRF	**$2,123**	$5,300
Net cash received (remitted) to the CRF	**$1,699**	$4,503

Note: All funds received by EDC in respect of Canada Account transactions (loan repayments, interest payments, fees, premium payments, etc.) are remitted by EDC to the CRF net of the expenses and overhead of the Corporation arising out of those transactions.

Notes to the Financial Statements

Note 1. Mandate and Authority

EDC is established for the purposes of supporting and developing, directly or indirectly, Canada's export trade, domestic trade, and Canadian capacity to engage in either of these trades and to respond to international and domestic business opportunities. Pursuant to Section 23 of the Act, the Minister, with the concurrence of the Minister of Finance, may authorize the Corporation to undertake certain financial and contingent liability transactions that are considered to be in the national interest. These transactions or classes of transactions and the legislative authorities that underlie them have come to be known collectively as the "Canada Account". Such transactions can include business in all of EDC's product categories (financing, credit insurance, financial institutions insurance, international trade guarantees, and political risk insurance). The Corporation is responsible for ensuring that Canada Account transactions are administered appropriately. Accounts for these transactions are maintained separately from the Corporation's accounts and are consolidated annually as at March 31 with the financial statements of the Government, which are reported upon separately by the Government and audited by the Auditor General of Canada.

Prior to March 25, 2020, the Export Development Act allowed Canada Account to have up to an aggregate of $20 billion in contingent liabilities (i.e. insurance policies, guarantees, and other contingent arrangements), outstanding loan commitments to borrowers and outstanding principal amounts of obligations owed to the Corporation. In response to the Covid-19 pandemic, on March 25, 2020 the Act was amended to provide that the Canada Account limit is an amount notified by the Minister of Finance. As at March 31st, the statutory limit remained unchanged. The position against this limit, determined in accordance with the requirements of the Act, was $11,024 million at March 31, 2020 (March 31, 2019 - $7,820 million). Subsequent to March 31, 2020, the Statutory Limit was increased to support programs related to the COVID-19 pandemic.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

The balances presented in the Canada Account financial statements are recorded in accordance with Public Sector Accounting Standards.

Loans Receivable

Loans receivable are carried at historical cost and include capitalized interest and fees.

Accrued interest is recorded on the contractual basis of the underlying loan. It includes accrued interest and fee revenue on all loans, including loans in default and/or those where there is no expectation of collectability.

Loan interest income is recorded on an accrual basis for the purposes of presentation in the Statement of Revenue and Expenses. It includes accrued interest and fee revenue on all loans, with the exception of loans in default where collectability is not reasonably assured.

Consolidated information presented in the *Public Accounts of Canada* is prepared in accordance with criteria outlined in the Receiver General Manual (Chapter 15 – Public Accounts Instructions) and excludes amounts of capitalized interest and fees from total loans receivable.

Translation of Foreign Currency

All loans receivable, loan commitments, contingent liabilities and claims paid and outstanding denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing at the end of the reporting period. Income and expenses are translated at either daily or monthly average exchange rates in effect during the year. Exchange gains and losses resulting from the translation of foreign currency balances and transactions are recognized in the income statement during the fiscal year.

Note 3. Loans Receivable

(in millions of Canadian dollars)			**Mar 2020**			Mar 2019
Fiscal	**Concessional**	**Non-Concessional**	**Total**	Concessional	Non-Concessional	Total
Past Due	**-**	**181**	**181**	-	169	169
2019/20	**-**	**-**	**-**	33	304	337
2020/21	**35**	**737**	**772**	33	73	106
2021/22	**35**	**59**	**94**	33	34	67
2022/23	**35**	**39**	**74**	33	24	57
2023/24	**35**	**6,281**	**6,316**	33	4,695	4,728
2024/25	**35**	**27**	**62**	33	25	58
2025/26	**35**	**71**	**106**	33	68	101
2026/27	**35**	**12**	**47**	33	24	57
2027/28 and beyond	**349**	**21**	**370**	333	-	333
Total	**$594**	**$7,428**	**$8,022**	$597	$5,416	$6,013

Note 4. Past Due Receivables

The following table provides a breakdown of principal, interest, and fees in arrears at the end of the fiscal year.

(in millions of Canadian dollars)			**Mar 2020**			Mar 2019
	Commercial	**Sovereign**	**Total**	Commercial	Sovereign	Total
Past due interest and fees	**166**	**15**	**181**	154	15	169
Total	**$166**	**$15**	**$181**	$154	$15	$169

Note 5. Recovery of Amounts Previously Expensed and Administrative Charges

Pursuant to Section 23(5) of the Act, the Corporation is authorized by the Minister of Finance to retain from any receipts and recoveries an amount, as the Minister of Finance considers to be required, to meet the expenses and overhead of the Corporation arising out of Canada Account transactions. In 2019-2020, $8 million (2018-2019 – $6 million) was retained to meet the general expenses and overhead of the Corporation arising out of Canada Account transactions. Additionally, Canada Account incurred $1 million (2018-2019 - $1 million) of legal expenses.

During the year, Canada Account recovered $15 million in amounts previously expensed mainly related to legal expenses incurred related to the automotive sector bailout.

Note 6. Financing Commitments

Financing commitments consist of loan commitments which are immediately available to the obligor for drawdown subject to adherence to contractual covenants established under the financing agreements.

Note 7. Canada Account Guarantees

Loan guarantees are issued to cover non-payment of principal, interest and fees due to banks and financial institutions providing loans to borrowers. Calls on guarantees result in the recognition of a loan asset on the balance sheet and become a direct obligation of the borrower.

Glossary of Financial Terms

Accrued Interest - Interest earned but not yet received under a loan or other interest-bearing instrument calculated from the later of the disbursement date or the date of the last interest payment.

Concessional Loans - Loans which are interest free or at below-market interest rates and/or have extended repayment terms.

Contingent Liability - Potential debt which arises from past events and may become an actual obligation if certain events occur or fail to occur. Contingent liability is also referred to as insurance policies and guarantees outstanding.

Credit Insurance - An insurance policy that protects insured Canadian businesses from commercial and political risks related to export transactions with credit terms of up to 360 days.

Debt Reduction - An agreement whereby some or all of a country's sovereign debt obligations are forgiven/ deferred for payment at a later date.

Financial Institutions Insurance - Insurance provided to Canadian financial institutions that covers their foreign bank and foreign buyer counterparty risk in trade transactions.

Financing - An arrangement that has the effect of extending credit or providing an undertaking to pay money.

International Trade Guarantees - Insurance and bonding solutions that provide coverage for risks inherent in performance-related obligations, including performance security guarantees, foreign exchange guarantees and surety bond insurance.

Loan Guarantee - An undertaking that the payment of a debt obligation shall be duly met. A guarantee is a contingent liability for the guarantor.

Investments - The ownership interest EDC may hold in an entity via venture capital and private equity investments.

Loan Commitments - The portion of a loan that has been offered and accepted but not yet disbursed.

Public Accounts of Canada - The report of the Government, prepared each fiscal year by the Receiver General in which the transactions of all departments and agencies are summarized.

Sovereign Loans - Loans for which the financial and repayment risk is that of a sovereign government.
are recognized in the income statement during the fiscal year.