BUSINESS AS UNUSUAL

EXPORT DEVELOPMENT CANADA

Quarterly Financial Report
September 30, 2021

Unaudited

Canada

EDC

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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 Small Business, Export Promotion and International Trade. Our revenue is generated primarily by collecting interest on our loans, fees on our guarantee products and premiums on our insurance products.

A number of measures were announced by the Government of Canada starting in March 2020 to increase EDC's capacity to help Canadian companies facing extreme financial challenges brought on by the global response to Novel Coronavirus 2019 (COVID-19). These measures include the activation of the Business Credit Availability Program (BCAP) which increased business volumes in the commercial financing and insurance programs through our existing suite of financial solutions, and the expansion of our domestic capabilities to enable us to help Canada's financial institutions provide financing and credit solutions to Canadian businesses, helping even more companies raise the credit necessary to survive this unprecedented crisis.

Economic Environment

As the global economy entered the second half of 2021, the outlook for global growth this year has been downgraded in part due to supply disruptions and worsening pandemic dynamics. Vaccination coverage has expanded mainly in developed markets allowing for recovery in most sectors, especially those hardest-hit by the pandemic. However, the COVID-19 Delta variant has driven an increase in cases and has put many emerging markets in a vulnerable position. The emergence of future variants continues to be a downside risk to the outlook. Ongoing supply chain disruptions have held back full recovery in some sectors like automobiles and electronic equipment. In most markets, price pressures are expected to stay elevated due to an increase in the cost of key inputs, shipping and labour. Global equity markets and commodity prices continue to reach highs—the benchmark West Texas Intermediate price is at US$70 per barrel, well above pre-pandemic levels. U.S. 10-year treasury yields averaged 1.3% in the third quarter. In July, global goods trade declined month-over-month, but is still up 10% on the year.

The Federal Reserve continues to monitor risks to the outlook, including temporary above-target inflation and the notable labour market challenges. Their key policy interest rate remains at its effective lower bound of 0% to 0.25%, and quantitative easing programs remain in place for now. Inflation has increased markedly in the United States and some emerging market economies. As restrictions are relaxed, demand has accelerated, but supply has been slower to respond. Although price pressures are expected to subside in most countries in 2022, inflation prospects are highly uncertain.

Canadian economic activity is trending up following a second quarter GDP decline. Consumer confidence and spending remain positive. The labour market has reached full recovery, and labour shortages across sectors have become an issue. Canadian exports remain on track for double-digit growth this year and businesses remain confident with the outlook. The housing market is still active, with resale activity above-trend and prices growing, although at a slower pace. The Bank of Canada remains accommodative and has held its policy interest rate at its effective lower bound since the start of the pandemic. The Canadian dollar is still strong due to a higher global price of oil, averaging 79 cents per U.S. dollar in the third 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 are elevated in the current economic environment and as we expand our risk appetite to help with the COVID-19 response. For a more comprehensive discussion on our risk management, please refer to pages 109-117 of our 2020 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 was slightly lower in the third quarter of 2021, 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 third quarter of 2021 strengthened against the U.S. dollar, as the Canadian dollar averaged $0.79 in the third quarter, compared to $0.75 for the third quarter of 2020. This had an unfavourable 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 the third quarter, 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 as well as the Notes to the Consolidated Financial Statements.

Business Facilitated

Financing and investments business facilitated was consistent with the same period in 2020. The increase in direct lending activity was primarily due to increases in the manufacturing and information sectors resulting from larger average transaction sizes, partially offset by a decrease in the transportation and storage sector due to COVID-19 support provided in 2020. The decrease in project finance activity was primarily due to a decrease in the transportation and storage sector where there were three transactions signed in 2021 compared to 18 during the same period in 2020. Loan guarantees increased by 12% mainly due to support for small and medium-sized enterprises.

Business facilitated for credit insurance increased by 21% compared to the same period in 2020 primarily due to increases in the manufacturing, and wholesale and retail trade sectors, a reflection of continued demand for risk mitigation resulting from the current economic environment.

Business Facilitated

	For the nine months ended	
(in millions of Canadian dollars)	**Sep 2021**	Sep 2020
Business Facilitated		
Direct lending	**10,949**	9,298
Project finance	**1,564**	3,531
Loan guarantees	**2,680**	2,401
Investments	**287**	205
Total financing and investments	**15,480**	15,435
Credit insurance	**52,223**	43,099
Financial institutions insurance	**5,186**	7,696
International trade guarantee	**5,455**	6,439
Political risk insurance	**456**	1,610
Total insurance	**63,320**	58,844
Total	**$78,800**	$74,279

Business facilitated for financial institution insurance decreased by 33% mainly due to a decrease in demand for the product by an existing policyholder.

Business facilitated for international trade guarantees decreased by 15% mainly due to policy cancellations and the timing of policy renewals and non-renewable solutions issued in 2020 in the finance and insurance and manufacturing sectors and the oil & gas extraction subsector.

Within our political risk insurance, business facilitated decreased by 72% compared to the same period in 2020 mainly due to policy expirations. In addition, new business is no longer underwritten in this product group.

BCAP support for the first nine months of 2021 totalled $1.6 billion, mainly in guarantees for small and medium-sized enterprises, which comprises 79% of total BCAP transactions.

SUMMARY OF FINANCIAL RESULTS

Financial Performance

	For the three months ended		For the nine months ended		
(in millions of Canadian dollars)	**Sep 2021**	Sep 2020	**Sep 2021**	Sep 2020	Sep 2021 Corporate Plan
Net financing and investment income	**277**	305	**880**	912	938
Net insurance premiums and guarantee fees[1]	**90**	75	**265**	203	293
Realized gains (losses)[2]	**87**	15	**164**	89	(69)
Net revenue	**454**	395	**1,309**	1,204	1,162
Administrative expenses	**146**	136	**436**	394	512
Provision for (reversal of) credit losses	**(223)**	64	**(456)**	2,385	451
Claims-related expenses (recovery)	**(16)**	79	**67**	351	225
Income (loss) before unrealized (gains) losses	**547**	116	**1,262**	(1,926)	(26)
Unrealized (gains) losses on financial instruments[2]	**(178)**	(232)	**(561)**	72	-
Net income (loss)	**725**	348	**1,823**	(1,998)	(26)
Other comprehensive income (loss)	**120**	28	**269**	(86)	29
Comprehensive income (loss)	**$845**	$376	**$2,092**	$(2,084)	$3

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

Quarter Highlights

We had **net income** of $725 million in the third quarter of 2021 compared to $348 million for the same period in 2020 mainly due to a decrease in the provision for credit losses and claims-related expenses as well as realized gains on our investments portfolio.

We had **realized gains** of $87 million and unrealized gains on financial instruments of $178 million in the third quarter of 2021 primarily due to strong performance and level of maturity in our private equity and venture capital investments portfolio.

Reversal of credit losses were $223 million in the third quarter of 2021 mainly due to a change in our loss given default (LGD) model for our aerospace portfolio, as well as the impact of net repayments on the loan portfolio. 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. The impact of this model change was a $155 million reversal of credit losses.

Claims-related recoveries were $16 million in the third quarter of 2021 mainly related to a decrease in the allowance for insurance claims due to a reduction in the risk adjustment related to the COVID-19 pandemic.

We recorded **other comprehensive income** of $120 million due to an increase in the discount rate used to value our pension obligations.

Year to Date Highlights

Net income for the first nine months of 2021 was $1.8 billion compared to a **net loss** of $2.0 billion for the same period in 2020 mainly due to a decrease in the provision for credit losses, unrealized gains on our financial instruments carried at fair value and a decrease in claims-related expenses.

Net revenue was $105 million higher than the same period in 2020 primarily due to:

- **realized gains** of $164 million primarily due to strong performance and level of maturity in our private equity and venture capital investments portfolio;
- an increase in **loan guarantee fee** revenue related to COVID-19 support programs; and
- an increase in **net insurance premiums and guarantee fees** primarily due to an increase in premiums in the international trade guarantee and credit insurance product groups.

Net revenue was higher than Corporate Plan mainly due to the realized gains in our investments portfolio, partially offset by foreign exchange translation and lower business facilitated than anticipated in our Business Credit Availability Program.

We recorded a **provision reversal** of $456 million compared to a $2.4 billion provision charge for credit losses in the prior year period. The reversal is primarily due to an improvement in the macroeconomic forecast and a change in the loss given default model as previously discussed. This was partially offset by a significant loan restructuring in the manufacturing sector and an impairment in the aerospace portfolio.

Claims-related expenses were $284 million lower than the same period in 2020 and $158 million lower than the Corporate Plan mainly due to lower net claims paid than anticipated as well higher premium and claims liabilities recorded in 2020 due to the COVID-19 pandemic.

We had **unrealized gains on financial instruments** of $561 million in the first nine months of 2021 largely due to the volatility associated with our financial instruments carried at fair value through profit or loss. This included unrealized gains of $481 million as a result of strong performance in our investments portfolio. 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 gains** of $269 million mainly due to an increase in the discount rates used to value our pension obligations and positive 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:

						For the three months ended
			Sep			Sep
			2021			2020
(in millions of Canadian dollars)	**Performing**	**Impaired**	**Total**	Performing	Impaired	Total
Transportation and storage	**(146)**	**14**	**(132)**	45	55	100
Information	**(4)**	**(37)**	**(41)**	(2)	56	54
Manufacturing	**(34)**	**-**	**(34)**	(102)	20	(82)
Wholesale and retail trade	**(7)**	**(18)**	**(25)**	(15)	6	(9)
Professional services	**(10)**	**(1)**	**(11)**	15	(7)	8
Finance and insurance	**1**	**(5)**	**(4)**	(19)	-	(19)
Construction	**(2)**	**4**	**2**	1	-	1
Sovereign	**5**	**-**	**5**	27	-	27
Other	**(12)**	**29**	**17**	(18)	2	(16)
Total	**$(209)**	**$(14)**	**$(223)**	$(68)	$132	$64

*The current period has been prepared with the North American Industry Classification System (NAICS). Prior period amounts have been reclassified and are grouped in accordance with NAICS. Reporting under our previous classifications would have resulted in a reversal of provision for credit losses of $126 million in the aerospace sector, $16 million in the oil and gas sector, and $2 million in the mining sector for the three months ended September 30, 2021.

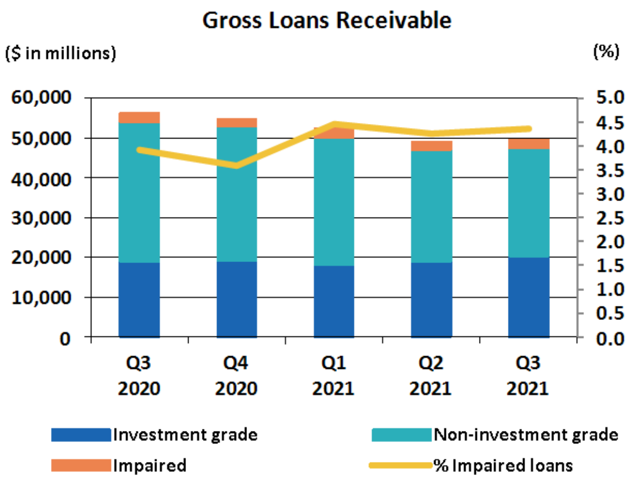
Activity within the provision for (reversal of) credit losses during the first nine months by sector was as follows:

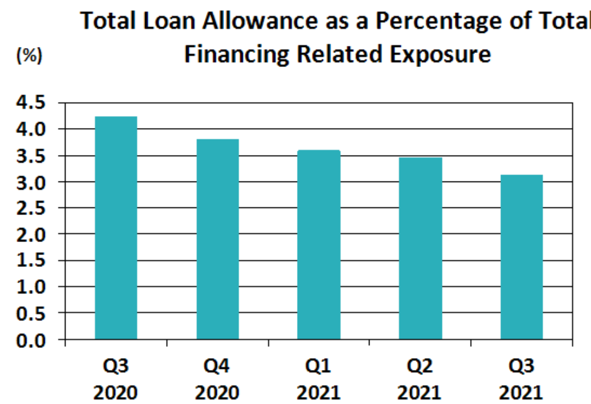
						For the nine months ended
			Sep			Sep
			2021			2020
(in millions of Canadian dollars)	**Performing**	**Impaired**	**Total**	Performing	Impaired	Total
Manufacturing	**(122)**	**(22)**	**(144)**	224	30	254
Transportation and storage	**(117)**	**40**	**(77)**	579	136	715
Information	**(28)**	**(39)**	**(67)**	60	291	351
Wholesale and retail trade	**(29)**	**(29)**	**(58)**	43	50	93
Professional services	**(35)**	**(10)**	**(45)**	66	(7)	59
Resources	**-**	**(32)**	**(32)**	56	337	393
Finance and insurance	**(14)**	**(15)**	**(29)**	41	14	55
Sovereign	**5**	**-**	**5**	230	-	230
Commercial properties	**(70)**	**107**	**37**	134	-	134
Other	**(45)**	**(1)**	**(46)**	78	23	101
Total	**$(455)**	**$(1)**	**$(456)**	$1,511	$874	$2,385

*The current period has been prepared with the North American Industry Classification System (NAICS). Prior period amounts have been reclassified and are grouped in accordance with NAICS. Reporting under our previous classifications for the nine months ended September 30, 2021 would have resulted in a provision for credit losses of $55 million in the aerospace sector and a reversal of provision of $46 million in the mining sector and $32 million in the oil and gas sector.

Financial Position

As at *(in millions of Canadian dollars)*	**Sep 2021**	Dec 2020	Sep 2021 Corporate Plan
Total assets	**62,920**	67,697	65,108
Total liabilities	**48,818**	48,407	49,845
Equity	**14,102**	19,290	15,263
Gross loans receivable	**49,567**	54,772	55,056
Total allowances - loans portfolio	**2,130**	2,900	4,132
Total allowances - insurance portfolio	**570**	540	513





Total assets are $4.8 billion lower than December 2020 primarily due to a decrease in gross loans receivable as a result of net loan repayments of $4.2 billion as well as foreign exchange translation.

The decrease in **equity** from December 2020 is primarily due to the payment of a $580 million dividend according to our current dividend policy and a special dividend of $6.7 billion based on the capital surplus position of the Business Credit Availability Program and a targeted Internal Capital Adequacy Assessment Process ratio. Please refer to pages 107-108 of our 2020 Annual Report for a more comprehensive discussion on our capital management.

Loan allowances are $770 million lower than December 2020 primarily due to an improvement in the macroeconomic forecast, changes to our Aerospace LGD model, and net loan repayments. Loan allowance as a percentage of total financing related exposure has decreased since the second quarter of 2021 due to the provision reversal as previously discussed.

Impaired loans as a percentage of gross loans receivable have increased since the fourth quarter of 2020 largely due to the impairment of three aerospace portfolio obligors.

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, 2021 and for the periods presented in the Condensed Consolidated Quarterly Financial Statements.

Mairead Lavery
Mairead Lavery,
President & CEO

Ken Kember,
Senior Vice-President & CFO

Ottawa, Canada
November 18, 2021

Export Development Canada

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of Canadian dollars)
As at

	Notes	Sep 2021	Dec 2020
Assets			
Cash		**176**	182
Marketable securities		**10,312**	10,563
Derivative instruments		**1,449**	2,126
Loans receivable	2	**49,542**	54,722
Allowance for losses on loans	2	**(1,990)**	(2,630)
Investments		**2,617**	2,032
Reinsurers' share of premium and claims liabilities	3	**140**	150
Other assets		**179**	260
Retirement benefit assets		**259**	45
Property, plant and equipment		**39**	40
Intangible assets		**69**	84
Right-of-use assets		**128**	123
Total Assets		**$62,920**	$67,697
Liabilities and Equity			
Accounts payable and other credits		**411**	179
Loans payable		**46,064**	45,020
Derivative instruments		**936**	1,623
Lease liabilities		**159**	153
Retirement benefit obligations		**220**	262
Allowance for losses on loan commitments	2	**20**	50
Premium and claims liabilities	3	**830**	820
Loan guarantees	2	**178**	300
Total Liabilities		**48,818**	48,407
Financing commitments (Note 2) and contingent liabilities (Note 4)			
Equity			
Share capital	5	**12,300**	12,300
Retained earnings		**1,802**	6,990
Total Equity		**14,102**	19,290
Total Liabilities and Equity		**$62,920**	$67,697

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 18, 2021.

Robert S. McLeese	Mairead Lavery
Director	Director

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of Canadian dollars)

		For the three months ended		For the nine months ended	
	Notes	**Sep 2021**	Sep 2020	**Sep 2021**	Sep 2020
Financing and Investment Revenue:					
Loan		**345**	428	**1,092**	1,432
Marketable securities		**20**	35	**63**	138
Investments		**5**	1	**9**	9
Total financing and investment revenue		**370**	464	**1,164**	1,579
Interest expense		**83**	152	**263**	645
Financing-related expenses		**10**	7	**21**	22
Net Financing and Investment Income		**277**	305	**880**	912
Loan Guarantee Fees		**22**	12	**76**	36
Insurance premiums and guarantee fees		**75**	72	**212**	193
Reinsurance ceded		**(7)**	(9)	**(23)**	(26)
Net Insurance Premiums and Guarantee Fees	8	**68**	63	**189**	167
Other (Income) Expenses	10	**(265)**	(247)	**(725)**	(17)
Administrative Expenses	11	**146**	136	**436**	394
Income before Provision and Claims-Related Expenses		**486**	491	**1,434**	738
Provision for (Reversal of) Credit Losses	2	**(223)**	64	**(456)**	2,385
Claims-Related Expenses (Recovery)	9	**(16)**	79	**67**	351
Net Income (Loss)		**725**	348	**1,823**	(1,998)
Other comprehensive income (loss):					
Retirement benefit plans remeasurement		**120**	28	**269**	(86)
Comprehensive Income (Loss)		**$845**	$376	**$2,092**	($2,084)

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in millions of Canadian dollars)

		For the three months ended		For the nine months ended	
	Notes	**Sep 2021**	Sep 2020	**Sep 2021**	Sep 2020
Share Capital					
Balance beginning of period		**12,300**	3,000	**12,300**	1,333
Shares Issued	5	**-**	-	**-**	1,667
Balance end of period		**12,300**	3,000	**12,300**	3,000
Retained Earnings					
Balance beginning of period		**957**	5,963	**6,990**	8,423
Net income (loss)		**725**	348	**1,823**	(1,998)
Other comprehensive income (loss)					
Retirement benefit plans remeasurement		**120**	28	**269**	(86)
Dividends	5	**-**	-	**(7,280)**	-
Balance end of period		**1,802**	6,339	**1,802**	6,339
Total Equity End of Period		**$14,102**	$9,339	**$14,102**	$9,339

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 2021	Sep 2020	**Sep 2021**	Sep 2020
Cash Flows from (used in) Operating Activities				
Net income (loss)	**725**	348	**1,823**	(1,998)
Adjustments to determine net cash flows from (used in) operating activities				
Provision for (reversal of) credit losses	**(223)**	64	**(456)**	2,385
Actuarial change in the net allowance for claims on insurance	**(22)**	28	**41**	230
Depreciation and amortization	**8**	10	**24**	30
Realized gains	**(80)**	(14)	**(165)**	(86)
Changes in operating assets and liabilities				
Change in accrued interest and fees on loans receivable	**(12)**	(34)	**(40)**	(78)
Change in accrued interest and fair value of marketable securities	**31**	39	**132**	(196)
Change in accrued interest and fair value of loans payable	**(106)**	(114)	**(324)**	455
Change in fair value of investments	**(205)**	(217)	**(480)**	(28)
Change in derivative instruments	**172**	(218)	**129**	(147)
Other	**(210)**	(76)	**(3)**	21
Loan disbursements	**(3,556)**	(4,374)	**(10,764)**	(19,593)
Loan repayments and principal recoveries from loan asset sales	**3,895**	6,499	**14,985**	16,016
Net cash from (used in) operating activities	**417**	1,941	**4,902**	(2,989)
Cash Flows from (used in) Investing Activities				
Disbursements for investments	**(96)**	(122)	**(291)**	(324)
Receipts from investments	**173**	98	**340**	191
Purchases of marketable securities	**(1,987)**	(2,292)	**(5,881)**	(6,518)
Sales/maturities of marketable securities	**1,888**	2,403	**5,977**	7,100
Purchases of property, plant and equipment	**-**	(1)	**(1)**	(3)
Purchases of intangible assets	**-**	-	**(1)**	(1)
Net cash from (used in) investing activities	**(22)**	86	**143**	445
Cash Flows from (used in) Financing Activities				
Issue of long-term loans payable	**402**	468	**7,212**	11,830
Repayment of long-term loans payable	**(1,890)**	(2,609)	**(7,090)**	(9,814)
Issue of short-term loans payable	**6,075**	5,232	**18,943**	25,202
Repayment of short-term loans payable	**(5,866)**	(8,230)	**(17,177)**	(26,258)
Disbursements from sale/maturity of derivative instruments	**(7)**	(4)	**(39)**	(92)
Receipts from sale/maturity of derivative instruments	**21**	17	**42**	86
Issue of share capital	**-**	-	**-**	1,667
Dividends paid	**-**	-	**(7,280)**	-
Net cash from (used in) financing activities	**(1,265)**	(5,126)	**(5,389)**	2,621
Effect of exchange rate changes on cash and cash equivalents	**53**	(5)	**3**	24
Net increase (decrease) in cash and cash equivalents	**(817)**	(3,104)	**(341)**	101
Cash and cash equivalents				
Beginning of period	**3,352**	4,490	**2,876**	1,285
End of period	**$2,535**	$1,386	**$2,535**	$1,386
Cash and cash equivalents are comprised of:				
Cash	**176**	92	**176**	92
Cash equivalents included within marketable securities	**2,359**	1,294	**2,359**	1,294
	$2,535	$1,386	**$2,535**	$1,386
Operating Cash Flows from Interest				
Cash paid for interest	**$117**	$228	**$349**	$753
Cash received for interest	**$323**	$423	**$1,057**	$1,421

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

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, 2020. They should be read in conjunction with the audited Consolidated Financial Statements for the year ended December 31, 2020 and the accompanying notes as set out on pages 135-185 of our 2020 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.

Certain comparative industry figures in the notes to the quarterly financial statements have been reclassified from Standard Industry Classification (SIC) to North America Industry Classification System (NAICS) in order to align with our shareholder’s standards on industry data reporting. Note 7 – Financial Instrument Risks has been impacted by the industry reclassification.

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

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.

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, 2020.

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. The COVID-19 pandemic gives rise to heightened uncertainty and increases the need to apply judgment in evaluating the economic environment and its impact on significant estimates. The uncertainty created by the COVID-19 pandemic has increased the level of judgment applied in estimating the allowance for credit losses and premiums and claims 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 138 of our 2020 Annual Report for details.

2. Loans and Allowance for Credit Losses

Loans Receivable

(in millions of Canadian dollars)	**Sep 2021**	Dec 2020
Gross loans receivable	**49,567**	54,772
Accrued interest and fees receivable	**201**	188
Deferred loan revenue and other	**(226)**	(238)
Total loans receivable	**$49,542**	$54,722

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

(in millions of Canadian dollars)	**2021**	2020
Balance January 1	**54,772**	51,601
Principal repayments	**(14,305)**	(15,664)
Principal recoveries from loan asset sales	**(680)**	(352)
Disbursements	**10,764**	19,593
Loans written off	**(174)**	(53)
Derecognition due to modification	**(159)**	-
New origination due to modification	**34**	-
Capitalized interest	**36**	17
Foreign exchange translation	**(721)**	1,037
Balance September 30	**$49,567**	$56,179

Exposure and Allowance by Credit Grade

	Non-credit-impaired		Credit-impaired	Sep 2021		Dec 2020	
(in millions of Canadian dollars)	**Stage 1**	**Stage 2**	**Stage 3**	**$**	**% of total**	$	% of total
Gross loans receivable							
Investment grade*	**18,320**	**1,995**	**-**	**20,315**	**41%**	19,207	35%
Non-investment grade	**13,223**	**13,868**	**-**	**27,091**	**55%**	33,601	61%
Individually impaired	**-**	**-**	**2,127**	**2,127**	**4%**	1,964	4%
Originated credit-impaired	**-**	**-**	**34**	**34**	**-**	-	-
Gross loans receivable	**31,543**	**15,863**	**2,161**	**49,567**	**100%**	54,772	100%
Allowance for losses	**55**	**904**	**1,031**	**1,990**		2,630	
Net carrying value - loans receivable	**$31,488**	**$14,959**	**$1,130**	**$47,577**		$52,142	
Loan commitments							
Investment grade*	**4,926**	**176**	**-**	**5,102**	**43%**	5,600	36%
Non-investment grade	**4,073**	**2,580**	**-**	**6,653**	**57%**	10,045	64%
Individually impaired	**-**	**-**	**13**	**13**	**-**	61	-
Total loan commitments	**$8,999**	**$2,756**	**$13**	**$11,768**	**100%**	$15,706	100%
Allowance for losses	**1**	**13**	**6**	**20**		50	
Loan guarantees							
Investment grade*	**265**	**79**	**-**	**344**	**8%**	451	11%
Non-investment grade	**3,024**	**876**	**-**	**3,900**	**90%**	3,610	86%
Individually impaired	**-**	**-**	**103**	**103**	**2%**	112	3%
Total loan guarantees	**$3,289**	**$955**	**$103**	**$4,347**	**100%**	$4,173	100%
Allowance for losses	**28**	**28**	**64**	**120**		220	

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

Allowance for Losses

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

(in millions of Canadian dollars)	**Stage 1**	**Stage 2**	**Stage 3**	**Sep 2021 Total**	Stage 1	Stage 2	Stage 3	Sep 2020 Total
Allowance for losses on loans receivable								
Balance beginning of period	**63**	**1,074**	**1,013**	**2,150**	219	1,573	1,268	3,060
Provision for (reversal of) credit losses								
Transfer to stage 1	**34**	**(34)**	**-**	**-**	125	(125)	-	-
Transfer to stage 2	**(11)**	**14**	**(3)**	**-**	(94)	96	(2)	-
Transfer to stage 3	**-**	**(16)**	**16**	**-**	-	(59)	59	-
Remeasurements	**(34)**	**(140)**	**39**	**(135)**	(89)	18	161	90
New originations	**6**	**8**	**18**	**32**	37	71	-	108
Net repayments and maturities	**(4)**	**(21)**	**(65)**	**(90)**	(8)	(98)	(19)	(125)
Total provision for (reversal of) credit losses	**(9)**	**(189)**	**5**	**(193)**	(29)	(97)	199	73
Write-offs	**-**	**(1)**	**(14)**	**(15)**	-	(1)	(44)	(45)
Foreign exchange translation	**1**	**20**	**27**	**48**	(2)	(7)	(19)	(28)
Balance end of period	**55**	**904**	**1,031**	**1,990**	188	1,468	1,404	3,060
Allowance for losses on loan commitments								
Balance beginning of period	**-**	**20**	**10**	**30**	3	71	16	90
Provision for (reversal of) credit losses								
Transfer to stage 1	**-**	**-**	**-**	**-**	5	(5)	-	-
Transfer to stage 2	**-**	**-**	**-**	**-**	(2)	2	-	-
Remeasurements	**(3)**	**(7)**	**-**	**(10)**	(3)	(6)	3	(6)
New originations	**4**	**-**	**-**	**4**	4	-	-	4
Net repayments and maturities	**-**	**-**	**(4)**	**(4)**	(2)	(1)	(15)	(18)
Total provision for (reversal of) credit losses	**1**	**(7)**	**(4)**	**(10)**	2	(10)	(12)	(20)
Balance end of period	**1**	**13**	**6**	**20**	5	61	4	70
Allowance for losses on loan guarantees								
Balance beginning of period	**32**	**42**	**66**	**140**	34	74	72	180
Provision for (reversal of) credit losses								
Transfer to stage 1	**9**	**(9)**	**-**	**-**	23	(23)	-	-
Transfer to stage 2	**(4)**	**4**	**-**	**-**	(33)	33	-	-
Remeasurements	**(26)**	**(8)**	**1**	**(33)**	(26)	(9)	7	(28)
New originations	**22**	**-**	**1**	**23**	58	-	-	58
Net repayments and maturities	**(5)**	**(1)**	**(4)**	**(10)**	(12)	(2)	(5)	(19)
Total provision for (reversal of) credit losses	**(4)**	**(14)**	**(2)**	**(20)**	10	(1)	2	11
Foreign exchange translation	**-**	**-**	**-**	**-**	-	(1)	-	(1)
Balance end of period	**28**	**28**	**64**	**120**	44	72	74	190
Total allowance for losses on loans receivable, loan commitments and loan guarantees	**$84**	**$945**	**$1,101**	**$2,130**	$237	$1,601	$1,482	$3,320

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

(in millions of Canadian dollars)	**Stage 1**	**Stage 2**	**Stage 3**	**Sep 2021 Total**	Stage 1	Stage 2	Stage 3	Sep 2020 Total
Allowance for losses on loans receivable								
Balance beginning of period	**132**	**1,244**	**1,254**	**2,630**	156	294	480	930
Provision for (reversal of) credit losses								
Transfer to stage 1	**104**	**(104)**	**-**	**-**	259	(259)	-	-
Transfer to stage 2	**(36)**	**39**	**(3)**	**-**	(240)	245	(5)	-
Transfer to stage 3	**-**	**(39)**	**39**	**-**	-	(146)	146	-
Remeasurements	**(142)**	**(137)**	**84**	**(195)**	(89)	1,302	878	2,091
New originations	**18**	**91**	**40**	**149**	116	182	13	311
Net repayments and maturities	**(17)**	**(168)**	**(96)**	**(281)**	(16)	(136)	(37)	(189)
Total provision for (reversal of) credit losses	**(73)**	**(318)**	**64**	**(327)**	30	1,188	995	2,213
Write-offs	**(1)**	**(1)**	**(149)**	**(151)**	-	(1)	(50)	(51)
Modification resulting in derecognition	**-**	**-**	**(127)**	**(127)**	-	-	-	-
Foreign exchange translation	**(3)**	**(21)**	**(11)**	**(35)**	2	(13)	(21)	(32)
Balance end of period	**55**	**904**	**1,031**	**1,990**	188	1,468	1,404	3,060
Allowance for losses on loan commitments								
Balance beginning of period	**-**	**32**	**18**	**50**	9	-	1	10
Provision for (reversal of) credit losses								
Transfer to stage 1	**1**	**(1)**	**-**	**-**	13	(13)	-	-
Transfer to stage 2	**(1)**	**1**	**-**	**-**	(15)	15	-	-
Remeasurements	**(4)**	**(19)**	**(3)**	**(26)**	(11)	61	51	101
New originations	**6**	**1**	**-**	**7**	11	-	-	11
Net repayments and maturities	**(1)**	**(1)**	**(9)**	**(11)**	(2)	(1)	(48)	(51)
Total provision for (reversal of) credit losses	**1**	**(19)**	**(12)**	**(30)**	(4)	62	3	61
Foreign exchange translation	**-**	**-**	**-**	**-**	-	(1)	-	(1)
Balance end of period	**1**	**13**	**6**	**20**	5	61	4	70
Allowance for losses on loan guarantees								
Balance beginning of period	**59**	**82**	**79**	**220**	19	7	54	80
Provision for (reversal of) credit losses								
Transfer to stage 1	**55**	**(55)**	**-**	**-**	36	(36)	-	-
Transfer to stage 2	**(45)**	**45**	**-**	**-**	(70)	70	-	-
Transfer to stage 3	**-**	**(2)**	**2**	**-**	-	(1)	1	-
Remeasurements	**(108)**	**(38)**	**4**	**(142)**	(37)	51	44	58
New originations	**73**	**-**	**3**	**76**	114	4	-	118
Net repayments and maturities	**(6)**	**(3)**	**(24)**	**(33)**	(18)	(20)	(27)	(65)
Total provision for (reversal of) credit losses	**(31)**	**(53)**	**(15)**	**(99)**	25	68	18	111
Foreign exchange translation	**-**	**(1)**	**-**	**(1)**	-	(3)	2	(1)
Balance end of period	**28**	**28**	**64**	**120**	44	72	74	190
Total allowance for losses on loans receivable, loan commitments and loan guarantees	**$84**	**$945**	**$1,101**	**$2,130**	$237	$1,601	$1,482	$3,320

Financing Commitments

The following table shows our outstanding financing commitments by type:

(in millions of Canadian dollars)	**Sep 2021**	Dec 2020
Signed loan commitments	**11,768**	15,706
Letters of offer	**2,706**	1,811
Unallocated confirmed lines of credit	**122**	159
Total financing commitments	**$14,596**	$17,676

3. Premium and Claims Liabilities

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

(in millions of Canadian dollars)			**Sep 2021**			Dec 2020
	Insurance	**Reinsurance**	**Net liabilities**	Insurance	Reinsurance	Net liabilities
Credit insurance	**410**	**(30)**	**380**	420	(30)	390
Financial institutions insurance	**10**	**-**	**10**	10	-	10
International trade guarantee	**190**	**(10)**	**180**	180	(10)	170
Political risk insurance	**220**	**(100)**	**120**	210	(110)	100
Total	**$830**	**$(140)**	**$690**	$820	$(150)	$670

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

(in millions of Canadian dollars)	**Sep 2021**	Dec 2020
Deferred insurance premiums	**140**	160
Allowance for claims on insurance	**690**	660
Total premium and claims liabilities	**830**	820
Reinsurers’ share of allowance for claims on insurance	**(120)**	(120)
Prepaid reinsurance	**(20)**	(30)
Reinsurers’ share of premium and claims liabilities	**(140)**	(150)
Net premium and claims liabilities	**$690**	$670

4. Contingent Liabilities

As explained on page 162 of the 2020 Annual Report, we are subject to a limit imposed by the Export Development Act on our contingent liability arrangements. The limit is currently $90.0 billion and our position against this limit is $33.0 billion as at September 30, 2021 (December 2020 - $33.2 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. The number of shares issued and fully paid is 123.0 million (2020 – 30.0 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 Business Credit Availability Program and a targeted Internal Capital Adequacy Assessment Process ratio, to the Government of Canada. No dividend was paid in the prior year.

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 169 of the 2020 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 2021 from what was disclosed in the 2020 Annual Report.

Fair Value Hierarchy

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

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

(in millions of Canadian dollars)				Sep 2021						Dec 2020
	Level 1	**Level 2**	**Level 3**	**Total Fair Value**	**Carrying Value**	Level 1	Level 2	Level 3	Total Fair Value	Carrying Value
Assets										
Performing fixed rate loans	**-**	**10,659**	**2,501**	**13,160**	**12,453**	-	12,529	2,188	14,717	13,636
Performing floating rate loans	**-**	**33,929**	**929**	**34,858**	**33,968**	-	36,768	1,359	38,127	37,746
Total performing loans receivable	**-**	**44,588**	**3,430**	**48,018**	**46,421**	-	49,297	3,547	52,844	51,382
Impaired loans	**-**	**1,131**	**-**	**1,131**	**1,131**	-	710	-	710	710
Loans receivable and accrued interest and fees	**-**	**45,719**	**3,430**	**49,149**	**47,552**	-	50,007	3,547	53,554	52,092
Marketable securities	**4,992**	**5,320**	**-**	**10,312**	**10,312**	4,922	5,641	-	10,563	10,563
Derivative instruments	**-**	**1,449**	**-**	**1,449**	**1,449**	-	2,126	-	2,126	2,126
Investments	**213**	**-**	**2,404**	**2,617**	**2,617**	128	-	1,904	2,032	2,032
Other assets	**141**	**10**	**28**	**179**	**179**	219	15	28	262	260
Liabilities										
Accounts payable and other credits	**403**	**8**	**-**	**411**	**411**	165	14	-	179	179
Loans payable	**-**	**46,109**	**-**	**46,109**	**46,064**	-	45,118	-	45,118	45,020
Derivative instruments	**-**	**936**	**-**	**936**	**936**	-	1,623	-	1,623	1,623
Loan guarantees	**-**	**145**	**-**	**145**	**178**	-	264	-	264	300

Changes in valuation methods may result in transfers into or out of Levels 1, 2 and 3. In the first nine months of 2021, 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 2021 for the financial instruments carried at fair value:

(in millions of Canadian dollars)			**Sep 2021**
	Other Assets*	**Investments**	**Total**
Balance beginning of year	**28**	**1,904**	**1,932**
Unrealized gains (losses) included in other (income) expenses	**-**	**417**	**417**
Purchases of assets/issuances of liabilities	**-**	**297**	**297**
Return of capital	**-**	**(209)**	**(209)**
Transfer out of Level 3	**-**	**(10)**	**(10)**
Foreign exchange translation	**-**	**5**	**5**
Balance end of period	**$28**	**$2,404**	**$2,432**
Total gains (losses) for the first nine months of 2021 included in comprehensive income for instruments held at the end of the quarter	**$-**	**$519**	**$519**

**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 112 to 116 and notes related to our derivative instruments and debt instruments on pages 158 to 159 of the 2020 Annual Report.

Credit Risk

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

Concentration of Credit Risk

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

(in millions of Canadian dollars)	**Sep 2021 Exposure**		Dec 2020 Exposure	
Country	**$**	**%**	$	%
United States	**14,814**	**22**	17,143	23
Canada	**13,907**	**20**	14,378	19
United Kingdom	**5,610**	**8**	6,498	9
Chile	**4,078**	**6**	3,834	5
Australia	**3,332**	**5**	3,821	5
Germany	**2,752**	**4**	2,622	3
Mexico	**2,650**	**4**	2,629	4
India	**2,316**	**3**	2,713	4
Spain	**1,634**	**2**	1,161	2
China	**1,511**	**2**	1,285	2
Saudi Arabia	**1,074**	**2**	1,541	2
Other	**14,790**	**22**	16,223	22
Total	**$68,468**	**100**	$73,848	100

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

(in millions of Canadian dollars)		**Sep 2021 Exposure**		Dec 2020 Exposure
Sector*	**$**	**%**	$	%
Commercial:				
Transportation and storage	**15,595**	**23**	16,085	22
Manufacturing	**9,479**	**14**	11,485	16
Finance and insurance	**8,650**	**13**	10,936	15
Resources	**6,232**	**9**	6,866	9
Utilities	**5,945**	**9**	6,234	8
Information	**4,252**	**6**	4,186	6
Commercial properties	**2,723**	**4**	2,997	4
Wholesale and retail trade	**2,242**	**3**	2,463	3
Professional services	**1,780**	**3**	1,739	2
Construction	**529**	**1**	609	1
Other	**1,355**	**1**	1,223	2
Total commercial	**58,782**	**86**	64,823	88
Sovereign	**9,686**	**14**	9,025	12
Total	**$68,468**	**100**	$73,848	100

*The current period has been prepared with the North American Industry Classification System (NAICS). Prior period amounts have been reclassified and are grouped in accordance with NAICS. Reporting under our previous classifications would have resulted in credit risk of $10,697 million in the aerospace sector, $5,092 million in the oil and gas sector, and $4,972 million in the mining sector at September 30, 2021.

8. Net Insurance Premiums and Guarantee Fees

	Three months ended					
(in millions of Canadian dollars)			**Sep 2021**			Sep 2020
	Gross premiums	**Reinsurance**	**Net premiums**	Gross premiums	Reinsurance	Net premiums
Credit insurance	**37**	**(4)**	**33**	36	(4)	32
Financial institutions insurance	**2**	**-**	**2**	4	(1)	3
International trade guarantee	**34**	**(2)**	**32**	28	(2)	26
Political risk insurance	**2**	**(1)**	**1**	4	(2)	2
Total	**$75**	**$(7)**	**$68**	$72	$(9)	$63

	Nine months ended					
(in millions of Canadian dollars)			**Sep 2021**			Sep 2020
	Gross premiums	**Reinsurance**	**Net premiums**	Gross premiums	Reinsurance	Net premiums
Credit insurance	**105**	**(12)**	**93**	92	(10)	82
Financial institutions insurance	**6**	**-**	**6**	10	(1)	9
International trade guarantee	**93**	**(7)**	**86**	77	(7)	70
Political risk insurance	**8**	**(4)**	**4**	14	(8)	6
Total	**$212**	**$(23)**	**$189**	$193	$(26)	$167

9. Claims-Related Expenses (Recovery)

	Three months ended		Nine months ended	
(in millions of Canadian dollars)	**Sep 2021**	Sep 2020	**Sep 2021**	Sep 2020
Claims paid	**9**	55	**39**	141
Claims recovered	**(3)**	(4)	**(14)**	(19)
Increase (decrease) in allowance for claims on insurance	**(23)**	28	**37**	230
Increase in the reinsurers' share in the allowance for claims	**1**	-	**4**	-
(Increase) decrease in recoverable insurance claims	**-**	(1)	**-**	(4)
Claims handling expenses	**-**	1	**1**	3
Total claims-related expenses (recovery)	**$(16)**	$79	**$67**	$351

10. Other (Income) Expenses

	Three months ended		Nine months ended	
(in millions of Canadian dollars)	**Sep 2021**	Sep 2020*	**Sep 2021**	Sep 2020*
Net realized (gains) losses				
Investments	**(75)**	**(7)**	(148)	(37)
Marketable securities	**(6)**	**(9)**	(18)	(47)
Sale of loan assets	**1**	**8**	13	10
Foreign exchange translation	**(7)**	**(8)**	(10)	(12)
Other	**-**	**1**	(1)	(3)
Total net realized (gains) losses	**(87)**	**(15)**	(164)	(89)
Net unrealized (gains) losses				
Investments	**(206)**	**(213)**	(481)	(24)
Marketable securities	**30**	**29**	124	(203)
Loans payable	**(106)**	**(90)**	(344)	463
Derivatives	**104**	**42**	140	(147)
Fair value adjustments on loan disbursements	**-**	**-**	-	(17)
Total net unrealized (gains) losses	**(178)**	**(232)**	**(561)**	**72**
Total	**$(265)**	**$(247)**	**$(725)**	**$(17)**

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

11. Administrative Expenses

	Three months ended		Nine months ended	
	Sep	Sep	**Sep**	Sep
(in millions of Canadian dollars)	**2021**	2020	**2021**	2020
Salaries and benefits	**72**	67	**222**	201
Pension, and other retirement and post-employment benefits	**15**	15	**46**	43
Professional services	**20**	18	**48**	40
Systems costs	**11**	11	**37**	33
Occupancy	**8**	7	**22**	20
Information services	**5**	5	**15**	15
Amortization and depreciation	**6**	7	**19**	24
Marketing and communications	**4**	8	**15**	17
Travel, hospitality and conferences	**-**	-	**-**	2
Other	**5**	(2)	**12**	(1)
Total administrative expenses	**$146**	$136	**$436**	$394

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. The portion of the facility allocated for administrative expenses incurred are recorded within our Consolidated Financial Statements as deferred revenue until earned.

EDC'S MANDATE

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

Canada

EDC