EDC

EXPORT DEVELOPMENT CANADA
QUARTERLY FINANCIAL REPORT

ACCELERATING THE EXPORT IMPACT

SEPTEMBER 30, 2024 | UNAUDITED

Canada

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Caution regarding forward-looking statements

This document contains projections and other forward-looking statements regarding future events. Such statements require us to make assumptions and are subject to inherent risks and uncertainties. These may cause actual results to differ materially from expectations expressed in the forward-looking statements.

OVERVIEW

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

Economic Environment

As global inflation has returned to a more acceptable range, central banks in advanced economies have taken steps to begin easing monetary policy. But, together with price increases, higher-for-longer interest rates have pressured the economic outlook in many countries. This has left policymakers grappling to find their footing, all while navigating economies squeezed by tighter financial conditions.

At the same time, North American labour markets have been struggling to absorb the increase in the labour supply from immigration and population growth. This has forced central banks to pivot their policies and attention to addressing weakening labour markets. Since its first move in June, the Bank of Canada has reduced its policy rate by a total of 75 basis points this year, bringing its policy rate to 4.25% as of September, while the Federal Reserve reduced its policy rate by 50 basis points, bringing its range to 4.75 to 5.00% in September. The European Central Bank and the Bank of England have also reduced their policy rates as inflation has returned to more normal levels.

While U.S. inflation has eased, data suggests that the economy continues to remain strong. Consumer spending and payroll continue to positively surprise despite elevated borrowing costs. The strong performance of the U.S. economy and its status as a haven for investors has helped strengthen the value of the U.S. dollar.

At the end of the third quarter, the Canadian dollar averaged USD 74 cents in September, a slight increase from the previous two months, but still a decrease compared to the end of 2023. While a weaker Canadian dollar and sturdier U.S. economy often translates into a more positive Canadian trade environment, through the first eight months of 2024, the volume of exports were essentially the same as during the same period in 2023. Falling non-oil commodity prices and the closure of motor vehicle production lines for retooling have presented key challenges for exports.

China's economic weakness continues to impact the global economy. While the government announced additional support measures and an extraordinary bond program in recent months to stimulate growth, consumer and business confidence remained weak. China's export-focused growth has also increased trade tensions with Europe and the U.S. and resulted in new and escalating trade tariffs being announced in the third quarter of 2024.

In the European area, Germany has not seen industrial production recover, despite a modest improvement in the economy. Industrial capacity utilization recorded lows in the third quarter of 2024 that have only been surpassed during the start of the pandemic in 2020 and during the 2008 global financial crisis.

Canada's economy is likely to have experienced modest growth in the third quarter of 2024. However, strong population growth and weaker job creation resulted in unemployment increasing and GDP-per capita declining in the quarter.

Macroeconomic Outlook

Our expected credit loss impairment model uses forward-looking information determined from reasonable and supportable forecasts of future economic conditions as at the reporting date. Our forecasts are updated quarterly, and the impact of the update is reflected in the expected credit losses for the period.

EDC's baseline scenario anticipates the global economy experiencing growth in 2024 of 3.2%. In this scenario, growth is expected to increase slightly in 2025, reaching 3.3% as forecast lower interest rates support a gradual recovery in consumer and business balance sheets. Growth in Canada is projected to be just 1.1% in 2024 before seeing a modest recovery to 1.6% in 2025. The lower growth in 2024 is the result of a highly indebted Canadian consumer, whose sizable debt-servicing requirements have led to a focus on savings over spending. In the U.S., a resilient labour market has supported steady growth in wages and employment, generating a spending splurge that's helped its economy outperform relative to other developed market economies. We expect the U.S. economy to post growth of 2.5% in 2024, and 1.8% in 2025.

EDC's downside scenario anticipates a global recession caused by the lagging effects of monetary policy. This scenario begins in the first quarter of 2025 and is assigned a probability of 25%. Under this scenario, the lagging effect of monetary policy causes a sharper decline in economic activity than in the baseline. Consumer spending and business investment fall, while labour markets further weaken. This results in a substantial rise in default risk and risk perceptions. Continued U.S. dollar strength makes it more difficult for emerging market sovereigns and corporates to borrow.

EDC's upside scenario sees higher spending by consumers and businesses driving greater economic activity than in the base case beginning in the second quarter of 2025 and is assigned a probability of 10%. This scenario assumes that major central banks will cut interest rates more slowly than the baseline scenario and converge to baseline levels in the medium term.

Risk Management

Our business activities expose us to a wide variety of risks including strategic, financial and operational risks. We manage risk with a three lines of defence risk governance structure, which emphasizes and balances strong central oversight of risk with clear accountability for and ownership of risk. The structure governs EDC's risk appetite throughout the organization and provides forums for risks to be appropriately considered, discussed, debated and factored into business decisions at all levels and across all functions. This structure will allow us to continue to manage our business as risks evolve and as new risks emerge.

For a more comprehensive discussion on our risk management practices, please refer to pages 105-113 of our 2023 Annual Report. Refer to Note 10 of the accompanying financial statements for details on financial instrument risks.

Impact of Foreign Exchange Translation on Financial Results

Our foreign currency-denominated results are impacted by exchange rate fluctuations. The Canadian dollar relative to the U.S. dollar weakened in the third quarter of 2024, resulting in a rate of $0.74 at the end of the quarter compared to $0.75 at the end of 2023. The impact of the weaker dollar was an increase to our assets and liabilities which are primarily denominated in U.S. dollars and are translated to Canadian dollars at rates prevailing at the statement of financial position date. The Canadian dollar averaged $0.73 against the U.S. dollar in the third quarter of 2024, compared to $0.75 for the third quarter of 2023. This weakening had a favourable impact on our financial results, as the components of net income and our business facilitated are translated into Canadian dollars at average exchange rates.

Comparative Figures

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

Business Facilitated

Business facilitated for financing and investments decreased by $5.5 billion compared to the same period in 2023 mainly due to decreases in direct lending, project finance, and loan guarantees. The decrease is primarily due to the timing of some large exposures renewing in early 2023 coupled with slower growth than anticipated related to our Indo-Pacific strategy as EDC develops the relationships it needs to better support Canadian exporters in that market. Despite the slower growth, we continue to anticipate future increases in business facilitated as a result of our strategy in the Indo-Pacific region. These decreases were partially offset by increases in investments where we are accelerating our support to medium-sized companies.

	For the nine months ended	
	Sep	Sep
(in millions of Canadian dollars)	**2024**	2023
Direct lending	**10,954**	14,929
Project finance	**2,931**	4,053
Loan guarantees	**2,980**	3,535
Investments	**682**	493
Total financing and investments	**17,547**	23,010
Credit insurance	**62,609**	62,711
Financial institutions insurance	**4,806**	5,038
International trade guarantee	**7,357**	7,081
Political risk insurance	**-**	228
Total insurance	**74,772**	75,058
Total	**$92,319**	$98,068

SUMMARY OF FINANCIAL RESULTS

Financial Performance

(in millions of Canadian dollars)	For the three months ended Sep 2024	Sep 2023	For the nine months ended Sep 2024	Sep 2023	Sep 2024 Corporate Plan
Net financing and investment income	**257**	294	**887**	878	926
Loan guarantee fees	**21**	20	**64**	58	63
Net insurance service revenue(1)	**77**	73	**232**	212	195
Realized gains (losses)(2)	**60**	(7)	**(4)**	(6)	(31)
Net revenue	**415**	380	**1,179**	1,142	1,153
Administrative expenses	**131**	142	**407**	419	419
Net insurance service expenses(1)	**37**	58	**138**	211	176
Provision for credit losses	**158**	157	**575**	90	197
Income before unrealized (gains) losses	**89**	23	**59**	422	361
Unrealized (gains) losses on financial instruments(2)	**126**	(106)	**(203)**	(175)	-
Net income (loss)	**(37)**	129	**262**	597	361
Other comprehensive income	**32**	1	**161**	63	10
Comprehensive income (loss)	**$(5)**	$130	**$423**	$660	$371

(1) Included in Net Insurance Service Result on the Condensed Consolidated Statement of Comprehensive Income
(2) Included in Other (Income) Expenses on the Condensed Consolidated Statement of Comprehensive Income

Quarter Highlights

We had a **net loss** of $37 million in the third quarter of 2024 compared to net income of $129 million for the same period in 2023 primarily due to unrealized losses on our financial instruments carried at fair value partially offset by an increase in net revenue.

Net revenue increased by $35 million compared to the same period in 2023 primarily due to realized gains in our equity investments portfolio partially offset by lower **net financing and investment income**, largely as a result of a higher interest expense and an increase in financing-related expenses associated with our loan and investment portfolios.

Net realized gains of $60 million in the third quarter of 2024 compared to net realized losses of $7 million in the same period in the prior year were primarily related to our equity investments portfolio as a result of distributions of gains from fund investments and the sale of one direct investment.

We recorded a **provision for credit losses** of $158 million in the quarter compared to $157 million in the same period last year. The provision for credit losses in the third quarter of 2024 was primarily due to new originations, the update to the macroeconomic outlook and net downward credit migration, partially offset by net repayments and maturities. The charge in 2023 was primarily due to an update to the macroeconomic outlook, new impairments, higher impaired provision rates and net downward credit migration within our performing portfolio.

Net unrealized losses of $126 million in the third quarter of 2024 compared to net unrealized gains of $106 million in the same period in the prior year were primarily due to the reversal of previously recognized unrealized gains in our equity investment portfolio, as a result of these gains being realized in the quarter, and weak performance related to a few of our direct investments.

We recorded **other comprehensive income** of $32 million in the third quarter of 2024 mainly due to positive returns on pension plan assets partially offset by a decrease in the discount rate used to value the pension obligations.

Year to Date Highlights

Net income for the first nine months of 2024 was $262 million compared to $597 million for the same period in 2023 mainly due to an increase in the provision for credit losses in 2024 partially offset by a decrease in net insurance service expenses when compared to 2023.

Net insurance service expenses decreased by $73 million compared to the same period last year primarily due to a change in the estimates related to incurred claims.

We recorded a **provision for credit losses** of $575 million in the first three quarters of 2024 compared to $90 million in the same period last year. The provision for credit losses in 2024 was primarily due to loan losses in the utilities sector of approximately $650 million associated with our exposure to Thames Water Utilities Limited as part of our support of an investment under our Canadian Direct Investment Abroad mandate. Due to deteriorating business and financial conditions, combined with the fact that the Canadian entity that we were supporting had exited the investment, we recorded a provision for credit losses in the second quarter of 2024 and initiated the process to sell the loan assets. The sales of the loan assets were finalized in the third quarter, resulting in a modest impact on our financial results during the period. This increase in provision was partially offset by net loan repayments and maturities and net upward credit migration in our performing portfolio. The charge in 2023 was primarily due to net downward credit migration in our impaired portfolio partially offset by net upward credit migration in our performing portfolio.

Net unrealized gains of $203 million for the first nine months of 2024 compared to $175 million in the prior year period were primarily due to the volatility associated with our financial instruments carried at fair value through profit or loss.

We recorded **other comprehensive income** of $161 million in the first nine months of the year mainly due to positive returns on pension plan assets.

Net income for the first nine months of 2024 has decreased from Corporate Plan primarily due to an increase in the provision for credit losses as previously discussed, partially offset by unrealized gains on our financial instruments. Due to the volatility and difficulty in estimating fair value gains and losses, a forecast is not included in the Corporate Plan.

Provision for (Reversal of) Credit Losses by Sector

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

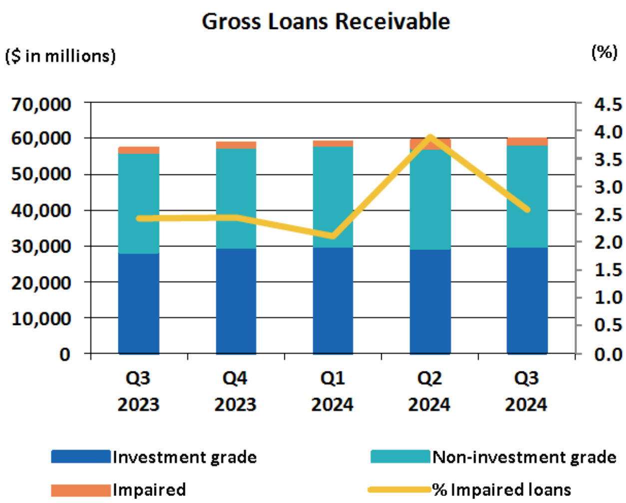
(in millions of Canadian dollars)	**Performing**	**Impaired**	**Sep 2024 Total**	Performing	Impaired	Sep 2023 Total
Utilities	**114**	**8**	**122**	18	-	18
Manufacturing	**64**	**34**	**98**	62	9	71
Sovereign	**(96)**	**50**	**(46)**	(47)	-	(47)
Information	**(29)**	**-**	**(29)**	5	11	16
Wholesale and retail trade	**(25)**	**7**	**(18)**	10	13	23
Professional services	**14**	**-**	**14**	23	3	26
Transportation and storage	**(12)**	**(1)**	**(13)**	(9)	(6)	(15)
Resources	**(8)**	**1**	**(7)**	44	3	47
Commercial properties	**7**	**-**	**7**	7	-	7
Other	**24**	**6**	**30**	12	(1)	11
Total	**$53**	**$105**	**$158**	$125	$32	$157

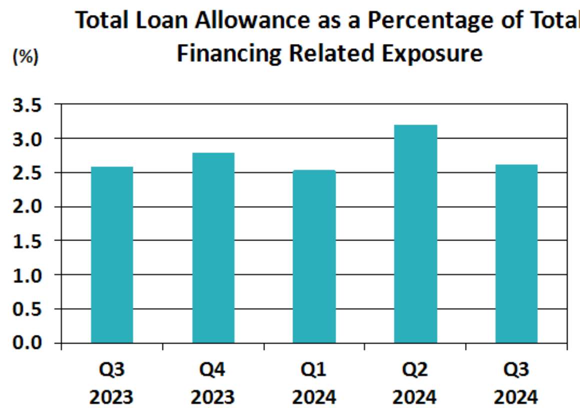
Activity within the provision for (reversal of) credit losses during the first nine months by sector was as follows:

(in millions of Canadian dollars)	**Performing**	**Impaired**	**Sep 2024 Total**	Performing	Impaired	Sep 2023 Total
Utilities	**46**	**573**	**619**	34	(2)	32
Sovereign	**(137)**	**50**	**(87)**	(80)	-	(80)
Manufacturing	**22**	**59**	**81**	53	58	111
Transportation and storage	**(30)**	**(6)**	**(36)**	(140)	44	(96)
Information	**(34)**	**(1)**	**(35)**	1	10	11
Wholesale and retail trade	**(8)**	**30**	**22**	26	23	49
Resources	**3**	**12**	**15**	40	8	48
Commercial properties	**17**	**(2)**	**15**	(30)	(1)	(31)
Professional services	**(17)**	**6**	**(11)**	43	4	47
Other	**18**	**(26)**	**(8)**	(6)	5	(1)
Total	**$(120)**	**$695**	**$575**	$(59)	$149	$90

Financial Position

As at *(in millions of Canadian dollars)*	**Sep 2024**	Dec 2023	Sep 2024 Corporate Plan
Total assets	**72,899**	71,514	75,122
Total liabilities	**62,094**	58,688	64,273
Equity	**10,805**	12,826	10,849
Gross loans receivable	**59,840**	58,961	62,051
Total allowances - loans portfolio	**2,010**	2,110	1,918





Total liabilities are $3.4 billion higher than December 2023 primarily due to a $4.2 billion increase in loans payable as we took advantage of favourable market conditions to pre-fund a portion of our anticipated borrowing requirements for the remainder of the year as well as the impact of the weakening Canadian dollar on our long-term debt portfolio.

Impaired loans as a percentage of gross loans receivable decreased when compared to the second quarter of 2024 primarily due to the impact of the impairment of Thames Water Utilities Limited in the second quarter and the related loan asset sales completed in the third quarter, as previously discussed.

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

- loan write-offs – decrease of $649 million;
- net repayments and maturities – decrease of $71 million;
- new originations – increase of $130 million;
- updated macroeconomic assumptions – increase of $60 million;
- remeasurements due to credit migration – increase of $39 million; and
- impact of foreign exchange – increase of $21 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, 2024 and for the periods presented in the condensed consolidated quarterly financial statements.

Mairead Lavery,
President and Chief Executive Officer

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

Ottawa, Canada
November 21, 2024

Export Development Canada

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at

(in millions of Canadian dollars)	Notes	**Sep 2024**	Dec 2023
Assets			
Cash and cash equivalents		**1,928**	1,950
Marketable securities		**6,598**	7,006
Derivative instruments		**1,611**	1,307
Loans receivable	3	**59,915**	59,041
Allowance for losses on loans	3	**(1,590)**	(1,720)
Investments		**3,482**	3,089
Reinsurance contract assets		**42**	65
Property, plant and equipment		**36**	41
Intangible assets		**25**	31
Right-of-use assets		**113**	108
Retirement benefit assets		**609**	461
Other assets		**130**	135
Total Assets		**$72,899**	$71,514
Liabilities and Equity			
Accounts payable and other credits		**225**	218
Loan guarantees	3	**382**	334
Loans payable		**59,294**	55,109
Derivative instruments		**1,591**	2,293
Lease liabilities		**148**	143
Allowance for losses on loan commitments	3	**80**	100
Insurance contract liabilities	4	**194**	318
Retirement benefit liabilities		**180**	173
Total Liabilities		**62,094**	58,688
Financing commitments (Note 3) and contingent liabilities (Note 9)			
Share capital	5	**6,046**	8,490
Retained earnings		**4,759**	4,336
Total Equity		**10,805**	12,826
Total Liabilities and Equity		**$72,899**	$71,514

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

These financial statements were approved for issuance by the Board of Directors on November 21, 2024.

Manjit Sharma
Director

Mairead Lavery
Director

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the three months ended		For the nine months ended	
(in millions of Canadian dollars)	Notes	**Sep 2024**	Sep 2023	**Sep 2024**	Sep 2023
Financing and Investment Revenue:					
Loans		**1,012**	957	**3,033**	2,693
Marketable securities and cash equivalents		**81**	124	**301**	307
Investments		**5**	2	**18**	11
Total financing and investment revenue		**1,098**	1,083	**3,352**	3,011
Interest expense		**817**	783	**2,426**	2,099
Financing-related expenses		**24**	6	**39**	34
Net Financing and Investment Income		**257**	294	**887**	878
Loan Guarantee Fees		**21**	20	**64**	58
Insurance revenue	6	**86**	81	**263**	241
Insurance service expenses	6	**(26)**	(50)	**(120)**	(231)
Reinsurance service expenses		**(20)**	(16)	**(49)**	(9)
Net Insurance Service Result		**40**	15	**94**	1
Other (Income) Expenses	7	**66**	(99)	**(199)**	(169)
Administrative Expenses	8	**131**	142	**407**	419
Income before Credit Losses		**121**	286	**837**	687
Provision for Credit Losses	3	**158**	157	**575**	90
Net Income (Loss)		**(37)**	129	**262**	597
Other comprehensive income:					
Retirement benefit plans remeasurement		**32**	1	**161**	63
Comprehensive Income (Loss)		**$(5)**	$130	**$423**	$660

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		For the three months ended		For the nine months ended	
(in millions of Canadian dollars)	Notes	**Sep 2024**	Sep 2023	**Sep 2024**	Sep 2023
Share Capital					
Balance beginning of period		**6,046**	8,490	**8,490**	8,490
Shares repurchased	5	**-**	-	**2,444**	-
Balance end of period		**6,046**	8,490	**6,046**	8,490
Retained Earnings					
Balance beginning of period		**4,764**	4,431	**4,336**	3,901
Net income (loss)		**(37)**	129	**262**	597
Other comprehensive income					
Retirement benefit plans remeasurement		**32**	1	**161**	63
Balance end of period		**4,759**	4,561	**4,759**	4,561
Total Equity End of Period		**$10,805**	$13,051	**$10,805**	$13,051

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the three months ended		For the nine months ended	
(in millions of Canadian dollars)	**Sep 2024**	Sep 2023	**Sep 2024**	Sep 2023
Cash Flows from (used in) Operating Activities				
Net income (loss)	**(37)**	129	**262**	597
Adjustments to determine net cash flows from (used in) operating activities				
Provision for credit losses	**158**	157	**575**	90
Depreciation and amortization	**7**	8	**20**	24
Realized (gains) and losses	**(79)**	18	**6**	26
Changes in operating assets and liabilities				
Change in accrued interest and fees on loans receivable	**(20)**	(151)	**(44)**	(267)
Change in accrued interest and fair value of marketable securities	**(156)**	27	**(118)**	(15)
Change in accrued interest and fair value of loans payable	**1,010**	23	**698**	119
Change in fair value of investments	**107**	(27)	**(42)**	(50)
Change in derivative instruments	**(1,010)**	(151)	**(914)**	(477)
Other	**(2)**	16	**(19)**	67
Loan disbursements	**(4,454)**	(4,486)	**(12,182)**	(14,798)
Loan repayments and principal recoveries from loan asset sales	**3,656**	3,845	**11,884**	11,555
Net cash from (used in) operating activities	**(820)**	(592)	**126**	(3,129)
Cash Flows from (used in) Investing Activities				
Disbursements for investments	**(233)**	(157)	**(640)**	(498)
Receipts from investments	**108**	74	**302**	170
Purchases of marketable securities	**(1,193)**	(925)	**(4,731)**	(5,883)
Sales/maturities of marketable securities	**1,808**	1,308	**5,385**	5,564
Purchases of property, plant and equipment	**(1)**	(5)	**(2)**	(6)
Net cash from (used in) investing activities	**489**	295	**314**	(653)
Cash Flows from (used in) Financing Activities				
Issue of long-term loans payable	**4,047**	491	**18,472**	16,610
Repayment of long-term loans payable	**(1,074)**	(858)	**(10,066)**	(10,507)
Issue of short-term loans payable	**5,356**	3,871	**16,636**	27,946
Repayment of short-term loans payable	**(7,593)**	(7,252)	**(23,106)**	(29,440)
Disbursements from sale/maturity of derivative instruments	**(31)**	(80)	**(73)**	(318)
Receipts from sale/maturity of derivative instruments	**30**	47	**85**	117
Repurchase of share capital	**-**	-	**(2,444)**	-
Net cash from (used in) financing activities	**735**	(3,781)	**(496)**	4,408
Effect of exchange rate changes on cash and cash equivalents	**5**	126	**34**	9
Net increase (decrease) in cash and cash equivalents	**409**	(3,952)	**(22)**	635
Cash and cash equivalents				
Beginning of period	**1,519**	7,642	**1,950**	3,055
End of period	**$1,928**	$3,690	**$1,928**	$3,690
Cash and cash equivalents are comprised of:				
Cash	**840**	206	**840**	206
Cash equivalents	**1,088**	3,484	**1,088**	3,484
	$1,928	$3,690	**$1,928**	$3,690
Operating Cash Flows from Interest				
Cash paid for interest	**$983**	$790	**$2,532**	$1,796
Cash received for interest	**$910**	$1,021	**$3,085**	$2,736

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

Notes to the Condensed Consolidated Financial Statements

1. Material Accounting Policy Information

Basis of Presentation

Our condensed consolidated financial statements comply with the *Directive on Accounting Standards: G5200 Crown Corporations Quarterly Financial Report* issued by the Treasury Board of Canada.

Except as indicated below, these condensed consolidated financial statements follow the same accounting policies and methods of computation as our audited consolidated financial statements for the year ended December 31, 2023. They should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2023 and the accompanying notes as set out on pages 132-184 of our 2023 Integrated Annual Report.

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

Basis of Consolidation

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

Application of New International Financial Reporting Standards

New standards, amendments and interpretations adopted during the quarter

There were no new standards, amendments or interpretations adopted in the 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 2 of our audited consolidated financial statements for the year ended December 31, 2023.

On April 9, 2024 the IASB issued IFRS 18 – *Presentation and Disclosures in Financial Statements* which is to replace IAS 1 – *Presentation of Financial Statements*. The new standard is intended to enhance the comparability and transparency of reporting in the financial statements and will be effective for annual periods beginning on or after January 1, 2027. We are currently assessing the impact of the new standard on our consolidated financial statements.

Use of Estimates and Key Judgements

The preparation of financial statements requires the use of estimates and key judgements. Judgement is required in the selection of accounting policies, and their application requires the use of estimates and assumptions to arrive at the reported carrying values of our assets and liabilities. Other areas where management has made use of significant estimates and exercised judgement include allowance for credit losses, insurance contract liabilities, insurance service results, assets held for sale, retirement benefit plans and financial instruments measured at fair value. Refer to page 135 of our 2023 Integrated Annual Report for additional details.

2. Fair Value of Financial Instruments

Fair value represents our estimation of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. For a full description of our controls, policies and valuation techniques surrounding fair value of financial instruments refer to Note 3 on page 144 of the 2023 Integrated Annual Report.

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

In the process of assessing the fair value for certain investment instruments, estimates determined in a manner consistent with industry practice are employed in the models which cannot be directly observed in the market. The methodologies and values derived from these models were relatively unchanged at the end of the third quarter of 2024 from what was disclosed in the 2023 Integrated Annual Report.

Fair Value Hierarchy

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

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

(in millions of Canadian dollars)					**Sep 2024**					Dec 2023
	Level 1	**Level 2**	**Level 3**	**Total Fair Value**	**Carrying Value**	Level 1	Level 2	Level 3	Total Fair Value	Carrying Value
Assets										
Performing fixed rate loans	**-**	**11,424**	**758**	**12,182**	**12,591**	-	10,760	1,277	12,037	12,784
Performing floating rate loans	**-**	**45,414**	**871**	**46,285**	**44,971**	-	44,204	794	44,998	43,944
Total performing loans receivable	**-**	**56,838**	**1,629**	**58,467**	**57,562**	-	54,964	2,071	57,035	56,728
Impaired loans	**-**	**763**	**-**	**763**	**763**	-	593	-	593	593
Loans receivable and accrued interest and fees	**-**	**57,601**	**1,629**	**59,230**	**58,325**	-	55,557	2,071	57,628	57,321
Marketable securities	**4,856**	**1,742**	**-**	**6,598**	**6,598**	4,703	2,303	-	7,006	7,006
Derivative instruments	**-**	**1,611**	**-**	**1,611**	**1,611**	-	1,307	-	1,307	1,307
Investments	**62**	**-**	**3,420**	**3,482**	**3,482**	77	-	3,012	3,089	3,089
Liabilities										
Loans payable	**-**	**59,302**	**-**	**59,302**	**59,294**	-	55,109	-	55,109	55,109
Derivative instruments	**-**	**1,591**	**-**	**1,591**	**1,591**	-	2,293	-	2,293	2,293
Loan guarantees	**-**	**362**	**-**	**362**	**382**	-	323	-	323	334

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

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

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

(in millions of Canadian dollars)	**2024**	2023
Balance beginning of year	**3,012**	2,685
Purchases of assets	**660**	552
Return of capital	**(201)**	(171)
Unrealized gains (losses) included in other (income) expenses	**(81)**	31
Foreign exchange translation	**30**	5
Balance end of period	**$3,420**	$3,102
Total gains for the first nine months of the year included in comprehensive income for instruments held at the end of the quarter	**$10**	$64

3. Loans and Allowance for Credit Losses

Loans Receivable

(in millions of Canadian dollars)	**Sep 2024**	Dec 2023
Gross loans receivable	**59,840**	58,961
Accrued interest and fees receivable	**495**	449
Deferred loan revenue and other	**(420)**	(369)
Total loans receivable	**$59,915**	$59,041

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

(in millions of Canadian dollars)	**2024**	2023
Balance January 1	**58,961**	54,193
Disbursements	**12,182**	14,798
Principal repayments	**(11,346)**	(11,320)
Principal recoveries from loan asset sales	**(538)**	(235)
Loans written off	**(782)**	(29)
Capitalized interest	**23**	32
Foreign exchange translation	**1,340**	(2)
Balance September 30	**$59,840**	$57,437

Exposure and Allowance by Credit Grade

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

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

				Sep 2024		**Dec 2023**	
	Non-credit-impaired		**Credit-impaired**				
(in millions of Canadian dollars)	**Stage 1**	**Stage 2**	**Stage 3**	**$**	**% of total**	$	% of total
Gross loans receivable							
Investment grade*	**21,007**	**8,733**	**-**	**29,740**	**50%**	29,611	50%
Non-investment grade	**15,872**	**12,602**	**-**	**28,474**	**48%**	27,788	47%
Individually impaired	**-**	**-**	**1,332**	**1,332**	**2%**	1,230	2%
Originated credit-impaired	**-**	**81**	**213**	**294**	**-**	332	1%
Gross loans receivable	**36,879**	**21,416**	**1,545**	**59,840**	**100%**	58,961	100%
Allowance for losses	**139**	**667**	**784**	**1,590**		1,720	
Net carrying value - loans receivable	**$36,740**	**$20,749**	**$761**	**$58,250**		$57,241	
Loan commitments							
Investment grade*	**3,304**	**950**	**-**	**4,254**	**38%**	4,362	38%
Non-investment grade	**4,022**	**2,785**	**-**	**6,807**	**61%**	7,275	62%
Individually impaired	**-**	**-**	**9**	**9**	**-**	7	-
Originated credit-impaired	**-**	**65**	**-**	**65**	**1%**	-	-
Total loan commitments	**7,326**	**3,800**	**9**	**11,135**	**100%**	11,644	100%
Allowance for losses	**19**	**59**	**2**	**80**		100	
Net carrying value - loan commitments	**$7,307**	**$3,741**	**$7**	**$11,055**		$11,544	
Loan guarantees							
Investment grade*	**177**	**44**	**-**	**221**	**3%**	222	4%
Non-investment grade	**4,026**	**1,969**	**-**	**5,995**	**93%**	5,194	92%
Individually impaired	**-**	**-**	**270**	**270**	**4%**	222	4%
Total loan guarantees	**4,203**	**2,013**	**270**	**6,486**	**100%**	5,638	100%
Allowance for losses	**57**	**118**	**165**	**340**		290	
Net carrying value - loan guarantees	**$4,146**	**$1,895**	**$105**	**$6,146**		$5,348	

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

Allowance for Losses

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

(in millions of Canadian dollars)	**Stage 1**	**Stage 2**	**Stage 3**	**2024 Total**	Stage 1	Stage 2	Stage 3	2023 Total
Allowance for losses on loans receivable								
Balance beginning of period	**115**	**691**	**1,334**	**2,140**	160	542	748	1,450
Provision for (reversal of) credit losses								
Transfer to stage 1	**92**	**(92)**	**-**	**-**	36	(36)	-	-
Transfer to stage 2	**(30)**	**30**	**-**	**-**	(27)	27	-	-
Transfer to stage 3	**-**	**(103)**	**103**	**-**	-	-	-	-
Remeasurements	**(53)**	**137**	**(24)**	**60**	2	96	22	120
New originations	**22**	**15**	**16**	**53**	30	3	5	38
Net repayments and maturities	**(7)**	**(17)**	**(10)**	**(34)**	(10)	(28)	(22)	(60)
Total provision for (reversal of) credit losses	**24**	**(30)**	**85**	**79**	31	62	5	98
Write-offs	**-**	**-**	**(649)**	**(649)**	-	-	(6)	(6)
Foreign exchange translation	**-**	**6**	**14**	**20**	1	4	13	18
Balance end of period	**139**	**667**	**784**	**1,590**	192	608	760	1,560
Allowance for losses on loan commitments								
Balance beginning of period	**14**	**59**	**7**	**80**	17	13	-	30
Provision for (reversal of) credit losses								
Transfer to stage 1	**2**	**(2)**	**-**	**-**	10	(10)	-	-
Transfer to stage 2	**(1)**	**1**	**-**	**-**	(4)	4	-	-
Remeasurements	**(2)**	**(2)**	**(3)**	**(7)**	(14)	11	-	(3)
New originations	**10**	**3**	**1**	**14**	4	-	-	4
Net repayments and maturities	**(4)**	**-**	**(3)**	**(7)**	-	(1)	-	(1)
Total provision for (reversal of) credit losses	**5**	**-**	**(5)**	**-**	(4)	4	-	-
Balance end of period	**19**	**59**	**2**	**80**	13	17	-	30
Allowance for losses on loan guarantees								
Balance beginning of period	**39**	**80**	**141**	**260**	79	58	123	260
Provision for (reversal of) credit losses								
Transfer to stage 1	**16**	**(16)**	**-**	**-**	11	(11)	-	-
Transfer to stage 2	**(17)**	**19**	**(2)**	**-**	(21)	25	(4)	-
Transfer to stage 3	**(1)**	**(4)**	**5**	**-**	(3)	(10)	13	-
Remeasurements	**(10)**	**26**	**30**	**46**	1	29	29	59
New originations	**33**	**18**	**12**	**63**	47	-	-	47
Net repayments and maturities	**(3)**	**(7)**	**(20)**	**(30)**	(19)	(17)	(11)	(47)
Total provision for credit losses	**18**	**36**	**25**	**79**	16	16	27	59
Foreign exchange translation	**-**	**2**	**(1)**	**1**	-	-	1	1
Balance end of period	**57**	**118**	**165**	**340**	95	74	151	320
Total allowance for losses on loans receivable, loan commitments and loan guarantees	**$215**	**$844**	**$951**	**$2,010**	$300	$699	$911	$1,910

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**	**2024 Total**	Stage 1	Stage 2	Stage 3	2023 Total
Allowance for losses on loans receivable								
Balance beginning of period	**141**	**766**	**813**	**1,720**	246	683	701	1,630
Provision for (reversal of) credit losses								
Transfer to stage 1	**206**	**(206)**	**-**	**-**	106	(106)	-	-
Transfer to stage 2	**(68)**	**93**	**(25)**	**-**	(71)	71	-	-
Transfer to stage 3	**-**	**(119)**	**119**	**-**	-	-	-	-
Remeasurements	**(160)**	**148**	**611**	**599**	(129)	16	94	(19)
New originations	**46**	**52**	**37**	**135**	76	49	23	148
Net repayments and maturities	**(29)**	**(84)**	**(72)**	**(185)**	(36)	(104)	(40)	(180)
Total provision for (reversal of) credit losses	**(5)**	**(116)**	**670**	**549**	(54)	(74)	77	(51)
Write-offs	**-**	**-**	**(728)**	**(728)**	-	-	(22)	(22)
Foreign exchange translation	**3**	**17**	**29**	**49**	-	(1)	4	3
Balance end of period	**139**	**667**	**784**	**1,590**	192	608	760	1,560
Allowance for losses on loan commitments								
Balance beginning of period	**11**	**86**	**3**	**100**	10	-	-	10
Provision for (reversal of) credit losses								
Transfer to stage 1	**3**	**(3)**	**-**	**-**	11	(11)	-	-
Transfer to stage 2	**(3)**	**3**	**-**	**-**	(6)	6	-	-
Remeasurements	**(8)**	**(26)**	**(2)**	**(36)**	(21)	22	1	2
New originations	**26**	**5**	**8**	**39**	21	1	1	23
Net repayments and maturities	**(10)**	**(8)**	**(7)**	**(25)**	(1)	(1)	(2)	(4)
Total provision for (reversal of) credit losses	**8**	**(29)**	**(1)**	**(22)**	4	17	-	21
Foreign exchange translation	**-**	**2**	**-**	**2**	(1)	-	-	(1)
Balance end of period	**19**	**59**	**2**	**80**	13	17	-	30
Allowance for losses on loan guarantees								
Balance beginning of period	**54**	**97**	**139**	**290**	82	39	79	200
Provision for (reversal of) credit losses								
Transfer to stage 1	**42**	**(42)**	**-**	**-**	33	(33)	-	-
Transfer to stage 2	**(44)**	**46**	**(2)**	**-**	(50)	54	(4)	-
Transfer to stage 3	**(1)**	**(20)**	**21**	**-**	(5)	(14)	19	-
Remeasurements	**(40)**	**34**	**51**	**45**	(49)	54	78	83
New originations	**54**	**18**	**22**	**94**	104	-	-	104
Net repayments and maturities	**(8)**	**(17)**	**(66)**	**(91)**	(20)	(26)	(21)	(67)
Total provision for credit losses	**3**	**19**	**26**	**48**	13	35	72	120
Foreign exchange translation	**-**	**2**	**-**	**2**	-	-	-	-
Balance end of period	**57**	**118**	**165**	**340**	95	74	151	320
Total allowance for losses on loans receivable, loan commitments and loan guarantees	**$215**	**$844**	**$951**	**$2,010**	$300	$699	$911	$1,910

Financing Commitments

The following table shows our outstanding financing commitments by type:

(in millions of Canadian dollars)	**Sep 2024**	Dec 2023
Signed loan commitments	**11,135**	11,644
Letters of offer	**2,752**	3,565
Unallocated unconfirmed lines of credit	**180**	132
Total financing commitments	**$14,067**	$15,341

4. Insurance Contract Liabilities

The following table provides a breakdown of our insurance contract liabilities by portfolio:

(in millions of Canadian dollars)				**Sep 2024**				Dec 2023
	Liabilities for remaining coverage				Liabilities for remaining coverage			
	Excluding loss component	**Loss component**	**Liabilities for incurred claims**	**Insurance contract liabilities**	Excluding loss component	Loss component	Liabilities for incurred claims	Insurance contract liabilities
Credit insurance*	**(24)**	**22**	**71**	**69**	(19)	21	140	142
International trade guarantees	**91**	**19**	**(5)**	**105**	103	20	1	124
Political risk insurance	**19**	**4**	**(3)**	**20**	22	30	-	52
Total	**$86**	**$45**	**$63**	**$194**	$106	$71	$141	$318

**Includes insurance contract liabilities related to financial institutions insurance of $3 million (2023 - $2 million).*

Changes to the insurance contract liabilities as at and for the three months ended September 30 were as follows:

(in millions of Canadian dollars)						**2024**
	Liabilities for remaining coverage		**Liabilities for incurred claims**			
				Contracts under PAA		
	Excluding loss component	**Loss component**	**Contracts not under PAA**	**Estimates of present value of future cash flows**	**Risk adjustment**	**Total**
Balance beginning of period	**91**	**54**	**(3)**	**141**	**17**	**300**
Insurance revenue	**(86)**	**-**	**-**	**-**	**-**	**(86)**
Insurance service expenses:						
Incurred claims and other expenses	**-**	**-**	**1**	**54**	**2**	**57**
(Reversal of) losses on onerous contracts	**-**	**(10)**	**-**	**-**	**-**	**(10)**
Amortization of acquisition cash flows*	**5**	**-**	**-**	**-**	**-**	**5**
Changes to the liabilities for incurred claims	**-**	**-**	**1**	**(25)**	**(8)**	**(32)**
Insurance service result	**(81)**	**(10)**	**2**	**29**	**(6)**	**(66)**
Net finance expenses	**1**	**2**	**-**	**1**	**1**	**5**
Foreign exchange translation	**1**	**(1)**	**(1)**	**(1)**	**(1)**	**(3)**
Total changes in net income	**(79)**	**(9)**	**1**	**29**	**(6)**	**(64)**
Premiums received	**77**	**-**	**-**	**-**	**-**	**77**
Claims and other expenses paid	**-**	**-**	**(1)**	**(115)**	**-**	**(116)**
Acquisition cash flows	**(3)**	**-**	**-**	**-**	**-**	**(3)**
Total cash flows	**74**	**-**	**(1)**	**(115)**	**-**	**(42)**
Balance end of period	**$86**	**$45**	**$(3)**	**$55**	**$11**	**$194**

** Insurance acquisition cash flows related to credit insurance were $6 million for the three months ended September 30, 2024 (2023 - $8 million) and expensed as incurred.*

(in millions of Canadian dollars)						2023
	Liabilities for remaining coverage		Liabilities for incurred claims			
				Contracts under PAA		
	Excluding loss component	Loss component	Contracts not under PAA	Estimates of present value of future cash flows	Risk adjustment	Total
Balance beginning of period	91	83	-	139	13	326
Insurance revenue	(81)	-	-	-	-	(81)
Insurance service expenses:						
Incurred claims and other expenses	-	-	-	58	2	60
(Reversal of) losses on onerous contracts	-	5	-	-	-	5
Amortization of acquisition cash flows	4	-	-	-	-	4
Changes to the liabilities for incurred claims	-	-	(9)	(17)	(1)	(27)
Insurance service result	(77)	5	(9)	41	1	(39)
Net finance expenses	-	1	-	1	-	2
Foreign exchange translation	(2)	2	-	4	-	4
Total changes in net income	(79)	8	(9)	46	1	(33)
Premiums received	75	-	-	-	-	75
Claims and other expenses paid	-	-	9	(42)	-	(33)
Acquisition cash flows	(4)	-	-	-	-	(4)
Total cash flows	71	-	9	(42)	-	38
Balance end of period	$83	$91	$-	$143	$14	$331

Changes to the insurance contract liabilities as at and for the nine months ended September 30 were as follows:

(in millions of Canadian dollars)						**2024**
	Liabilities for remaining coverage		**Liabilities for incurred claims**			
				Contracts under PAA		
	Excluding loss component	**Loss component**	**Contracts not under PAA**	**Estimates of present value of future cash flows**	**Risk adjustment**	**Total**
Balance beginning of period	**106**	**71**	**-**	**128**	**13**	**318**
Insurance revenue	**(263)**	**-**	**-**	**-**	**-**	**(263)**
Insurance service expenses:						
Incurred claims and other expenses	**-**	**-**	**1**	**161**	**7**	**169**
(Reversal of) losses on onerous contracts	**-**	**(31)**	**-**	**-**	**-**	**(31)**
Amortization of acquisition cash flows*	**13**	**-**	**-**	**-**	**-**	**13**
Changes to the liabilities for incurred claims	**-**	**-**	**3**	**(45)**	**(10)**	**(52)**
Insurance service result	**(250)**	**(31)**	**4**	**116**	**(3)**	**(164)**
Net finance expenses	**2**	**4**	**-**	**3**	**1**	**10**
Foreign exchange translation	**(1)**	**1**	**(1)**	**2**	**-**	**1**
Total changes in net income	**(249)**	**(26)**	**3**	**121**	**(2)**	**(153)**
Premiums received	**240**	**-**	**-**	**-**	**-**	**240**
Claims and other expenses paid	**-**	**-**	**(6)**	**(194)**	**-**	**(200)**
Acquisition cash flows	**(11)**	**-**	**-**	**-**	**-**	**(11)**
Total cash flows	**229**	**-**	**(6)**	**(194)**	**-**	**29**
Balance end of period	**$86**	**$45**	**$(3)**	**$55**	**$11**	**$194**

** Insurance acquisition cash flows related to credit insurance were $21 million for the nine months ended September 30, 2024 (2023 - $24 million) and expensed as incurred.*

(in millions of Canadian dollars)						2023
	Liabilities for remaining coverage		Liabilities for incurred claims			
				Contracts under PAA		
	Excluding loss component	Loss component	Contracts not under PAA	Estimates of present value of future cash flows	Risk adjustment	Total
Balance beginning of period	92	87	-	156	15	350
Insurance revenue	(241)	-	-	-	-	(241)
Insurance service expenses:						
Incurred claims and other expenses	-	-	12	150	5	167
(Reversal of) losses on onerous contracts	-	2	-	-	-	2
Amortization of acquisition cash flows	13	-	-	-	-	13
Changes to the liabilities for incurred claims	-	-	5	27	(7)	25
Insurance service result	(228)	2	17	177	(2)	(34)
Net finance expenses	1	3	-	-	-	4
Foreign exchange translation	-	(1)	-	(1)	1	(1)
Total changes in net income	(227)	4	17	176	(1)	(31)
Premiums received	231	-	-	-	-	231
Claims and other expenses paid	-	-	(17)	(189)	-	(206)
Acquisition cash flows	(13)	-	-	-	-	(13)
Total cash flows	218	-	(17)	(189)	-	12
Balance end of period	$83	$91	$-	$143	$14	$331

5. Share Capital

EDC's authorized share capital is $15.0 billion consisting of 150 million shares with a par value of $100 each. As agreed to with our shareholder, for 2022 onwards, dividends and/or special dividends will be paid by way of a share buyback until such time that our share capital returns to pre-pandemic levels. In the first three quarters of 2024, we repurchased 24.4 million shares at a price of $100 per share for a total of $2.44 billion based on the capital position of our core programs, the Business Credit Availability Program (BCAP) and a targeted Internal Capital Adequacy Assessment Process (ICAAP) ratio. No shares were repurchased in 2023. The number of shares issued and fully paid at the end of the quarter is 60.46 million (2023 – 84.9 million).

6. Insurance Service Result

(in millions of Canadian dollars)	Three months ended Sep 2024				Sep 2023			
	Credit Insurance[(1)]	**International Trade Guarantees**	**Political Risk Insurance**	**Total**	Credit Insurance[(1)]	International Trade Guarantees	Political Risk Insurance	Total
Insurance Revenue	**36**	**48**	**2**	**86**	36	43	2	81
Insurance Expenses:								
Incurred claims and other expenses	**(37)**	**(20)**	**-**	**(57)**	(43)	(17)	-	(60)
Reversal of (losses on) onerous contracts	**1**	**2**	**7**	**10**	(7)	1	1	(5)
Acquisition expenses[(2)]	**(7)**	**(4)**	**-**	**(11)**	(8)	(4)	-	(12)
Changes to the liabilities for incurred claims	**28**	**5**	**(1)**	**32**	8	10	9	27
Insurance Service Result	**$21**	**$31**	**$8**	**$60**	$(14)	$33	$12	$31

[(1)]*Includes total insurance service results related to financial institutions insurance of $1 million (2023 - $1 million).*
[(2)]*Acquisition expenses include $6 million of acquisition cash flows related to credit insurance for the three months ended September 30, 2024 (2023 - $8 million) that were expensed as incurred.*

(in millions of Canadian dollars)	Nine months ended Sep 2024				Sep 2023			
	Credit Insurance[(1)]	**International Trade Guarantees**	**Political Risk Insurance**	**Total**	Credit Insurance[(1)]	International Trade Guarantees	Political Risk Insurance	Total
Insurance Revenue	**112**	**145**	**6**	**263**	117	118	6	241
Insurance Expenses:								
Incurred claims and other expenses	**(106)**	**(62)**	**(1)**	**(169)**	(113)	(42)	(12)	(167)
Reversal of (losses on) onerous contracts	**1**	**2**	**28**	**31**	(9)	(4)	11	(2)
Acquisition expenses[(2)]	**(22)**	**(12)**	**-**	**(34)**	(25)	(12)	-	(37)
Changes to the liabilities for incurred claims	**54**	**1**	**(3)**	**52**	(25)	5	(5)	(25)
Insurance Service Result	**$39**	**$74**	**$30**	**$143**	$(55)	$65	$-	$10

[(1)]*Includes total insurance service results related to financial institutions insurance of $5 million (2023 - $5 million).*
[(2)]*Acquisition expenses include $21 million of acquisition cash flows related to credit insurance for the nine months ended September 30, 2024 (2023 - $24 million) that were expensed as incurred.*

7. Other (Income) Expenses

	Three months ended		Nine months ended	
(in millions of Canadian dollars)	**Sep 2024**	Sep 2023	**Sep 2024**	Sep 2023
Net realized (gains) losses				
Derivatives	**(25)**	(15)	**(36)**	(20)
Investments	**(57)**	22	**20**	3
Marketable securities and cash equivalents	**3**	11	**19**	42
Sale of loan assets	**-**	-	**3**	1
Other	**-**	(2)	**-**	5
Total net realized (gains) losses	**(79)**	16	**6**	31
Net unrealized (gains) losses				
Derivatives	**(881)**	(82)	**(822)**	(37)
Loans payable	**1,064**	(45)	**793**	(91)
Marketable securities and cash equivalents	**(164)**	48	**(129)**	11
Investments	**107**	(26)	**(42)**	(51)
Fair value adjustments on loan disbursements	**-**	(1)	**(3)**	(7)
Total net unrealized (gains) losses	**126**	(106)	**(203)**	(175)
Foreign exchange translation	**19**	(9)	**(2)**	(25)
Total	**$66**	$(99)	**$(199)**	$(169)

8. Administrative Expenses

	Three months ended		Nine months ended	
(in millions of Canadian dollars)	**Sep 2024**	Sep 2023	**Sep 2024**	Sep 2023
Salaries and benefits	**92**	92	**292**	277
Pension benefit expense	**4**	3	**13**	7
Other post-employment benefit and severance expense	**3**	3	**10**	10
Systems costs	**17**	14	**46**	44
Professional services	**15**	29	**42**	75
Occupancy	**7**	6	**21**	20
Information services	**6**	5	**19**	18
Marketing and communications	**4**	4	**11**	12
Amortization and depreciation	**4**	6	**12**	16
Travel, hospitality and conferences	**2**	1	**6**	5
Other	**1**	5	**9**	15
Total administrative expenses	**$155**	$168	**$481**	$499
Amounts attributed to insurance contracts	**(24)**	(26)	**(74)**	(80)
Total	**$131**	$142	**$407**	$419

The amounts attributed to insurance contracts for the nine months ended September 2024 include $51.3 million of salaries and benefits (2023 - $55.2 million), $7.7 million of system costs (2023 - $9.1 million), and $1.9 million of professional services (2023 - $2.0 million).

9. Contingent Liabilities

As explained on page 133 of the 2023 Integrated Annual Report, we are subject to a limit imposed by the Export Development Act on our contingent liability arrangements. The limit is currently $90.0 billion and our position against this limit is $43.2 billion as at September 30, 2024 (December 2023 - $40.5 billion).

10. Financial Instrument Risks

The principal risks that we are exposed to as a result of holding financial instruments are credit, market and liquidity risk. For a full description of our objectives, policies and processes for managing financial instrument risk refer to management's discussion and analysis on pages 108 to 112 and notes related to our derivative instruments and debt instruments on pages 102 to 103 of the 2023 Integrated Annual Report.

Credit Risk

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

Concentration of Credit Risk

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

(in millions of Canadian dollars)		**Sep 2024 Exposure**		Dec 2023 Exposure
Country	**$**	**%**	$	%
United States	**17,869**	**22**	17,760	23
Canada	**15,644**	**20**	14,439	18
Chile	**8,290**	**10**	7,580	10
United Kingdom	**7,298**	**9**	7,640	10
Australia	**5,090**	**6**	5,289	7
Brazil	**2,506**	**3**	1,352	2
Germany	**2,410**	**3**	2,598	3
India	**2,377**	**3**	2,274	3
Mexico	**2,373**	**3**	2,183	3
Spain	**1,470**	**2**	1,512	2
Other	**14,618**	**19**	15,324	19
Total	**$79,945**	**100**	$77,951	100

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

(in millions of Canadian dollars)	**Sep 2024 Exposure**		Dec 2023 Exposure	
Sector	$	%	$	%
Commercial:				
Transportation and storage	**13,538**	**17**	13,954	18
Utilities	**11,759**	**15**	12,269	16
Manufacturing	**11,423**	**14**	9,673	12
Finance and insurance	**10,201**	**13**	10,017	13
Resources	**8,059**	**10**	7,588	10
Information	**6,372**	**8**	5,801	7
Wholesale and retail trade	**3,036**	**4**	3,381	4
Commercial properties	**2,502**	**3**	2,229	3
Professional services	**1,723**	**2**	2,073	3
Construction	**735**	**1**	799	1
Other	**2,535**	**3**	2,463	3
Total commercial	**71,883**	**90**	70,247	90
Sovereign	**8,062**	**10**	7,704	10
Total	**$79,945**	**100**	$77,951	100

11. Related Party Transactions

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

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