

CREDIT OPINION

30 August 2024

Update

 Send Your Feedback

RATINGS

Export Development Canada

Domicile	Ottawa, Ontario, Canada
Long Term CRR	Not Assigned
Long Term Issuer Rating	Aaa
Type	Insurance Financial Strength - Dom Curr
Outlook	Stable

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

Contacts

Rabia Yusufzai, CFA +1.416.214.3853
Analyst
rabia.yusufzai@moodys.com

Unnati Ashar +1.416.216.8285
Ratings Associate
unnati.ashar@moodys.com

Robert Colangelo +1.416.214.3847
VP-Sr Credit Officer
robert.colangelo@moodys.com

Jeffrey S. Berg +1.212.553.3611
Associate Managing Director
jeffrey.berg@moodys.com

Export Development Canada

Update to credit analysis

Summary

[Export Development Canada](#) (EDC), Canada's export credit agency, is rated Aaa for its long-term senior unsecured obligations and Prime-1 for commercial paper, reflecting its status as an Agent of His Majesty in right of [Canada](#) (Aaa stable). As a Crown Corporation with Agent status, EDC can bind the Government of Canada by its actions, with the government fully liable for actions undertaken by EDC within its mandate. As such, EDC's obligations constitute direct obligations of Canada and accordingly EDC's ratings are at the same level as the Government of Canada's ratings.

EDC also has an insurance financial strength (IFS) rating of Aaa, which reflects its agency status. Under its constituting legislative act - the Export Development Act - EDC is expressly empowered to enter into any arrangement that has the effect of providing, to any person, any insurance, reinsurance, indemnity, or guarantee.

Credit strengths

- » Full faith and credit of the Government of Canada

Credit challenges

- » Same as those for the Government of Canada: relatively high general government debt burden

Outlook

Consistent with Canada's outlook, our ratings outlook for EDC is stable.

Factors that could lead to an upgrade

- » As we assign the highest ratings to EDC, upgrades are not possible.

Factors that could lead to a downgrade

- » The key driver of a downgrade for EDC's ratings would be any negative rating actions with respect to the Government of Canada. EDC's ratings would also likely be lowered should it ever lose its status as an Agent; however, even in this scenario, the benefits of Agent status would likely remain fully applicable to all debt entered into by EDC before the date of such revocation.

Profile

EDC is Canada's export credit agency and was established as a Crown Corporation by an Act of Parliament in 1969. It reports to the Canadian Parliament through the Minister of Export Promotion, International Trade and Economic Development. EDC's mandate is to support and develop Canada's export trade and Canadian capacity to engage in that trade and to

respond to international business opportunities. To fulfill this mandate, EDC provides trade finance and risk mitigation services to Canadian companies involved in export trade. EDC also provides export credit insurance to protect against uncontrollable events such as a buyer refusing to pay. EDC operates on a commercial basis which allows it to be financially self-sufficient.

The company has two major lines of business:

Export Financing - EDC provides loans to buyers of Canadian goods and services (e.g., a loan to a U.S. airline to purchase Canadian made regional jets). It also provides loan guarantees to Canadian banks that lend to buyers of Canadian goods and services, and has a small portfolio of equity investments in Canadian exporters; and,

Export Insurance - EDC provides credit insurance, international trade guarantees, and political risk insurance to Canadian exporters. With respect to credit insurance, EDC protects exporters of goods and services trading on credit terms of up to a year against nonpayment due to commercial and political risks. With respect to international trade guarantees, EDC provides guarantees to banks and risk share with surety companies on exporters risks inherent to performance or financial related obligations. EDC also provides a fairly limited amount of political risk insurance for equity and other investments abroad.

The nature of EDC's business exposes it to diverse commercial and sovereign risks, all of which are ultimately underwritten by the Canadian government. As of 31 March 2024, EDC had CAD74.5 billion in assets and CAD12.2 billion in shareholders equity, with net income for the first three months ended 31 March 2024 of CAD443 million.

Canada

For details on the credit considerations for the Government of Canada, please see our latest credit opinion for [Government of Canada](#).

Detailed credit considerations

The Aaa/Prime-1 ratings of EDC's obligations reflect the application of our rating methodology for government-related issuers (GRIs). Since EDC's status as an Agent makes its obligations direct obligations of the Government of Canada, we do not assign an independent baseline credit assessment but instead EDC's ratings are assigned at the same level as the Government of Canada's ratings.

Insurance claims

Under its powers in the Export Development Act the corporation may "enter into any arrangement that has the effect of providing, to any person, any insurance, reinsurance, indemnity, or guarantee". The legislative means by which EDC meets its insurance obligations (for which liability is admitted) come out of Section 15 of the Export Development Act: "The Corporation may establish one or more reserves or provisions out of which may be paid any losses sustained by the Corporation in the conduct of its business". The actual legislative process for adjudicating claims is not identical to meeting debt obligations. An admitted insurance claim would not have immediate access to the Consolidated Revenue Fund. However, we do not view this as a major credit challenge because we believe that the Canadian government would support EDC as required, given its Agent status.

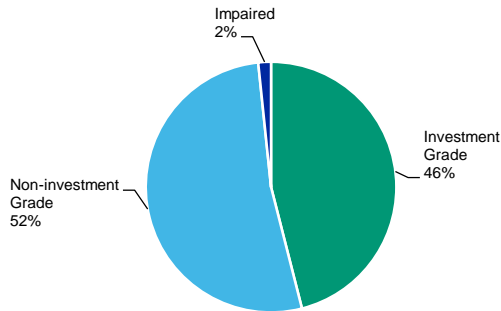
Financial position and performance

As a result of EDC's mandate to promote private sector trade in Canada, it assumes more risk than typical private sector providers of trade credit and insurance. The Crown Corporation has significant counterparty concentrations (their top 5 names represent about 9% of total commercial exposures at the end of 2023, the most recent data available at publication) and substantial non-investment grade exposures (Exhibit 1).

EDC funds itself primarily through capital markets financing instruments such as short-term commercial paper and medium-term notes (Exhibit 2), which are issued in multiple currencies. EDC's status as an agency Crown Corporation means these obligations have the same creditworthiness as the Government of Canada under Canadian law.

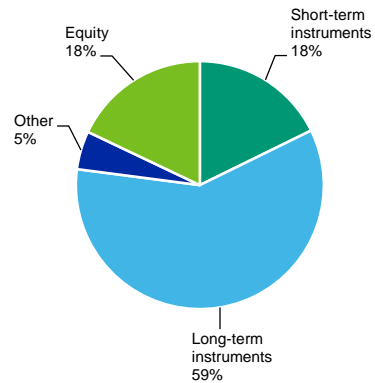
This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

Exhibit 1
EDC's lending portfolio is split between investment and non-investment grade
 As of 31 March 2024



EDC's portfolio includes gross loans, loan commitments and loan guarantees. Credit quality is determined by EDC's internal credit quality assessment methodology.
 Source: Moody's Ratings, company financials

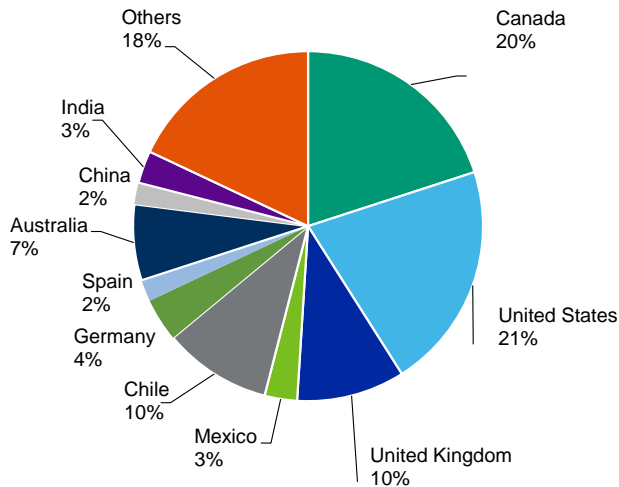
Exhibit 2
EDC's lending is predominantly funded through capital markets
 As of 31 December 2023



Source: Moody's Ratings, company financials

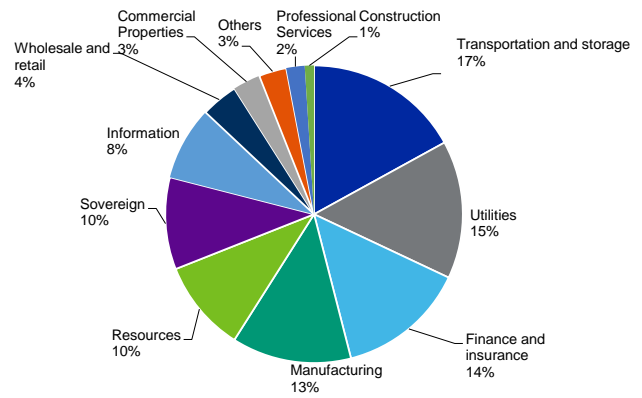
EDC's risk exposure, which includes its financing, insurance and investment portfolios, is geographically concentrated in the US, largely reflecting Canada's trade relationship with its southern neighbour (Exhibit 3). By sector, EDC's largest three exposures are in the transportation and storage followed by utilities and financial institutions (Exhibit 4).

Exhibit 3
EDC's risk exposure to the US is largely consistent with Canada's trade relationship
 As of 31 March 2024



Risk exposure includes EDC's financing portfolio, investments and derivatives
 Source: Moody's Ratings, company financials

Exhibit 4
EDC's largest industry sector exposure is transportation and storage followed by utilities and financial institutions



Source: Moody's Ratings, company financials

EDC is well capitalized with shareholders' equity accounting for approximately 18% of total assets as of 31 December 2023. The Crown Corporation uses an Internal Capital Adequacy Assessment Process (ICAAP) to establish capital demand targets required to cover potential losses, with EDC monitoring its capital supply relative to this demand. In the past, the EDC has received capital injections

from the Canadian government to support its business activity, with most of this capital being returned to the Canadian government through dividends. In 2023 and 2022, EDC did not pay any dividends but paid CAD7.3 billions of dividends in 2021. In 2022, EDC repurchased CAD3.8 billion in shares.

The Export Development Act requires the Crown Corporation to maintain borrowings below 15 times the total of current paid-in capital and prior year retained earnings. The maximum amount allowed as of 31 December 2023 was CAD183.1 billion and EDC borrowed CAD55.1 billion against this amount. In addition, the ACT limits contingent liabilities such as insurance policies and loan guarantees to CAD90 billion and EDC's position against this limit was CAD40.5 billion as of 31 December 2023.

Governance and management

EDC's corporate governance structure is set out in the Export Development Act. Members of the board are appointed by the Minister of Export Promotion, International Trade and Economic Development with the federal cabinet effectively appointing EDC's President and Chairman of the Board, which are positions always held by separate individuals.

EDC issues ownership shares, all of which must be owned by the federal government. These ownership shares are non-transferable. EDC largely operates independent of direct political involvement. Whereby the Minister of Export Promotion, International Trade and Economic Development deems a transaction to be in the national interest of Canada and EDC has declined to enter into said transaction, the transaction will be segregated from EDC's accounts, and funded directly by the Canadian government. However, the transaction will be managed by EDC under its mandate. These 'Canada Account' transactions totaled CAD49.3 billion as of 31 December 2023.

Environmental, social and governance (ESG) considerations

For details on our ESG assessment for the Government of Canada, please see our credit opinion for [Government of Canada](#).

Ratings

Exhibit 5

Category	Moody's Rating
EXPORT DEVELOPMENT CANADA	
Outlook	Stable
Insurance Financial Strength -Dom Curr	Aaa
Issuer Rating -Dom Curr	Aaa
Senior Unsecured	Aaa
Commercial Paper	P-1
Other Short Term	(P)P-1

Source: Moody's Ratings

© 2024 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved. CREDIT RATINGS ISSUED BY MOODY'S CREDIT RATINGS AFFILIATES ARE THEIR CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED OR OTHERWISE MADE AVAILABLE BY MOODY'S (COLLECTIVELY, "MATERIALS") MAY INCLUDE SUCH CURRENT OPINIONS. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT OR IMPAIRMENT. SEE APPLICABLE MOODY'S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY'S CREDIT RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS ("ASSESSMENTS"), AND OTHER OPINIONS INCLUDED IN MOODY'S MATERIALS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S MATERIALS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. AND/OR ITS AFFILIATES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS, ASSESSMENTS AND OTHER OPINIONS AND PUBLISHES OR OTHERWISE MAKES AVAILABLE ITS MATERIALS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND MATERIALS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR MATERIALS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. FOR CLARITY, NO INFORMATION CONTAINED HEREIN MAY BE USED TO DEVELOP, IMPROVE, TRAIN OR RETRAIN ANY SOFTWARE PROGRAM OR DATABASE, INCLUDING, BUT NOT LIMITED TO, FOR ANY ARTIFICIAL INTELLIGENCE, MACHINE LEARNING OR NATURAL LANGUAGE PROCESSING SOFTWARE, ALGORITHM, METHODOLOGY AND/OR MODEL.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the credit rating process or in preparing its Materials.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT, OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any credit rating, agreed to pay to Moody's Investors Service, Inc. for credit ratings opinions and services rendered by it. MCO and Moody's Investors Service also maintain policies and procedures to address the independence of Moody's Investors Service credit ratings and credit rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold credit ratings from Moody's Investors Service, Inc. and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moody's.com under the heading "Investor Relations — Corporate Governance — Charter Documents - Director and Shareholder Affiliation Policy."

Moody's SF Japan K.K., Moody's Local AR Agente de Calificación de Riesgo S.A., Moody's Local BR Agência de Classificação de Risco LTDA, Moody's Local MX S.A. de C.V., I.C.V., Moody's Local PE Clasificadora de Riesgo S.A., and Moody's Local PA Calificadora de Riesgo S.A. (collectively, the "Moody's Non-NRSRO CRAs") are all indirectly wholly-owned credit rating agency subsidiaries of MCO. None of the Moody's Non-NRSRO CRAs is a Nationally Recognized Statistical Rating Organization.

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors.

Additional terms for India only: Moody's credit ratings, Assessments, other opinions and Materials are not intended to be and shall not be relied upon or used by any users located in India in relation to securities listed or proposed to be listed on Indian stock exchanges.

Additional terms with respect to Second Party Opinions (as defined in Moody's Investors Service Rating Symbols and Definitions): Please note that a Second Party Opinion ("SPO") is not a "credit rating". The issuance of SPOs is not a regulated activity in many jurisdictions, including Singapore. JAPAN: In Japan, development and provision of SPOs fall under the category of "Ancillary Businesses", not "Credit Rating Business", and are not subject to the regulations applicable to "Credit Rating Business" under the Financial Instruments and Exchange Act of Japan and its relevant regulation. PRC: Any SPO: (1) does not constitute a PRC Green Bond Assessment as defined under any relevant PRC laws or regulations; (2) cannot be included in any registration statement, offering circular, prospectus or any other documents submitted to the PRC regulatory authorities or otherwise used to satisfy any PRC regulatory disclosure requirement; and (3) cannot be used within the PRC for any regulatory purpose or for any other purpose which is not permitted under relevant PRC laws or regulations. For the purposes of this disclaimer, "PRC" refers to the mainland of the People's Republic of China, excluding Hong Kong, Macau and Taiwan.