

Japan Credit Rating Agency, Ltd. (JCR) announces the following credit ratings.

## Export Development Canada (security code: -)

### <Affirmation>

Foreign Currency Long-term Issuer Rating:	AAA
Outlook:	Stable
Local Currency Long-term Issuer Rating:	AAA
Outlook:	Stable

### Rationale

- (1) Export Development Canada (EDC) is an export credit agency wholly owned by the federal government of Canada (the government). EDC is a Crown Corporation and has a very solid relationship with the government. It plays a crucial role in promoting the government's international trade policy. Thus, the ratings are strongly supported by the credit standing of Canada (Long-term Issuer ratings; FC: AAA/Stable and LC: AAA/Stable). EDC's legal status as a Crown corporation and its importance in industrial policy are not expected to change significantly in the foreseeable future. Accordingly, JCR has affirmed the ratings with a Stable outlook.
- (2) EDC was founded in 1944 as Canada's export credit agency and became a Crown Corporation in 1969 under the Export Development Act (the ED Act) with a mandate to support and develop international trade by helping Canadian companies respond to international business opportunities. Like other federal Crown Corporations, EDC is supervised by the government under the Financial Administration Act (the FA Act). Under this act, the repayment of all money borrowed by EDC is charged to and payable out of the Consolidated Revenue Fund (the Fund), which is the aggregate of all public money such as tax revenues retained by the government. EDC can also borrow money from the Fund under terms and conditions set by the Minister of Finance.
- (3) EDC has launched a long-term strategy to help grow Canada's exports by 60% over 10 years by 2030. By sector, it has focused mainly on agri-food, clean technologies, advanced manufacturing, digital industries and resources of the future in line with the policy priorities of the government. By region, it sees growth opportunities in the United States and Europe in the short to medium term, and sees potential in the Indo-Pacific region, including Japan, in the long term. EDC played a role in supporting affected domestic companies after the pandemic, but has now shifted its priority to promoting trade, supporting foreign investment and strengthening ESG, and continues to play a key role in promoting the government's international trade policy.
- (4) EDC's net income for FY2022 was CAD 1.2 billion, a decrease of CAD 1.1 billion from the prior year. The drop was mainly because EDC set aside a provision for credit losses of CAD 69 million in the year, compared to a reversal of the provision for credit losses of CAD 554 million in FY2021. Net income (cumulative) in the first three quarters of FY2023 declined CAD 0.4 billion from the year before to CAD 0.6 billion, but EDC managed to stay in the black. While EDC is not a profit-oriented institution, JCR expects that it will continue to make profits necessary to operate as it has in the past. EDC's outstanding gross loan balance stood at CAD 54.2 billion at the end of 2022, accounting for approximately 80% of its total assets. Its NPL ratio was 3.1% at the end of 2022, down from 4.2% at the end of 2021. Its capital ratio (shareholder's equity/total assets) was 18.0% at the end of 2022, down from 24.2% at the end of 2021. The decrease in the capital ratio was the result of a planned share buyback worth CAD 3.81 billion carried out by EDC to bring its equity, which had been inflated by the capital increase during the pandemic, back to the previous levels as the outbreak subsided.

Atsushi Masuda, Masato Hotta

### Rating

Issuer: Export Development Canada

### <Affirmation>

Foreign Currency Long-term Issuer Rating:	AAA	Outlook:	Stable
Local Currency Long-term Issuer Rating :	AAA	Outlook:	Stable

**Rating Assignment Date: February 8, 2024**

**The assumptions for the credit ratings and the definitions of the rating symbols are published as "Types of Credit Ratings and Definitions of Rating Symbols" (January 6, 2014) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).**

**Outline of the rating methodology is shown as "Sovereign and Public Sector Entities" (October 1, 2021) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).**

**The rating stakeholder participated in the rating process of the aforementioned credit ratings.**

## **Japan Credit Rating Agency, Ltd.**

Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan  
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026

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JCR publishes its press releases regarding the rating actions both in Japanese and in English on the same day. In case that it takes time to translate rating rationale, JCR may publicize the summary version, which will be replaced by the full translated version within three business days. (Regarding Structured Finance products, JCR only publicize the summary version in English.)

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## INFORMATION DISCLOSURE FORM

Japan Credit Rating Agency, Ltd.

### Disclosure Required by Paragraph (a)(1)(ii) of Rule 17g-7

Issuer:	Export Development Canada
Rating Publication Date:	February 14, 2024

1

The Symbol, Number, or Score in the Rating Scale used to Denote Credit Rating Categories and Notches and, the Identity of the Obligor or the Identity and a Description of the Security or Money Market Instrument as Required by Paragraph (a)(1)(ii)(A) of Rule 17g-7

- Please see the news release. If the credit rating is a private rating, please see the report for private rating.

2

The version of the procedure or methodology used to determine the credit rating; as Required by Paragraph (a)(1)(ii)(B) of Rule 17g-7

- Please see the news release. If the credit rating is a private rating, please see the report for private rating.

3

The Main Assumptions and Principles used in Constructing the Procedures and Methodologies used to Determine the Credit Rating as Required by Paragraph (a)(1)(ii)(C) of Rule 17g-7

- The credit rating methodology assumes, in principle, to be applied to assess the likelihood of a given debt payment in light of its issuer's condition and business environment, etc. in the relevant future. There is certain limitation, however, in the time horizon that the rating foresees.
- The credit rating methodology assumes, in principle, that the factors posted in the below are particularly important for such likelihood to be determined, and that the rating determination is made by evaluating each of them not only quantitatively but also employing qualitative analyses.

#### A) Legal Protection and Support Provided by the Government

The likelihood of a given debt payment is highly conditional to the issuer's legal protection provided by the government, personnel and capital relationship with the government, importance in the government's policy, credit enhancement, and other forms of the government's supporting policy, framework and the strength thereof.

#### B) Business Bases

The likelihood of a given debt payment is highly conditional to its issuer's business bases - how they can be maintained/ expanded into the future and thereby secure earnings and cash flows in adequacy and in a sustainable way.

C) Financial Grounds and Asset Quality

The likelihood of debt payment is highly dependent on the degree of the issuer's indebtedness and loss absorption capacity in terms of equity capital. Also notable is that a financial institution might see a significant loss of financial grounds as a result of changes in value of the assets under its possession.

D) Liquidity Positions

The likelihood of debt payment is highly dependent on the adequacy of the issuer's cash and other sources of repayment (liquidity positions).

E) Order of Seniority in Debt Payment

The likelihood of debt payment can be different between given debts of the same issuer. The likelihood of debt payment for an individual debt is dependent on the issuer's discretion, and/ or its rank relative to other debts of the same issuer in the order of seniority in principal/ interest payment which is determined by design as financial product or by laws, etc.

## 4 The Potential Limitations of the Credit Rating as Required by Paragraph (a)(1)(ii)(D) of Rule 17g-7

- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- The objective of the credit rating herewith presented does not include any concerns other than the likelihood of debt payment, such as risks of price changes, market liquidity, etc.
- The credit rating herewith presented is necessary to be reviewed along with possible changes of the issuer of rated objects in its business performance and/ or circumstances which include regulatory environment, and hence subject to possible alteration.

## 5 Information on the Uncertainty of the Credit Rating as Required by Paragraph (a)(1)(ii)(E) of Rule 17g-7

- The information used for the determination of credit rating as herewith presented is obtained by JCR from the issuer of rated objects and other sources that JCR trusts in terms of accuracy and reliability but possibly contains errors due to human, non-human or other causes. Consequently, the credit rating determined on the grounds of such information does not constitute, explicitly or implicitly, any representation or warrant of JCR on the information itself or any consequences of its use in terms of accuracy, relevance, timeliness, wholeness, market value, or usefulness for any specific purposes.

## 6 Use of Due Diligence Services of a Third Party in Taking the Rating Action as Required by Paragraph (a)(1)(ii)(F) of Rule 17g-7

- There is no use of any third-party due diligence service in the determination of the credit rating herewith presented.

## 7 Use of Servicer or Remittance Reports to Conduct Surveillance of the Credit Rating Required by Paragraph (a)(1)(ii)(G) of Rule 17g-7

- There is no use of any servicer or remittance report to conduct surveillance of the credit rating herewith presented.

## 8 The Types of Data Relied Upon for the Purpose of Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(H) of Rule 17g-7

- The information posted in the below, which includes data, is used for the determination of the credit rating herewith presented.
  - A) Audited financial statements presented by the rating stakeholders
  - B) Explanations of business performance, management plans, etc. presented by the rating stakeholders

## 9 Overall assessment of the Quality of Information Available and Considered in Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(I) of Rule 17g-7

- JCR holds its basic policies for securing the quality of information as a base of due diligence for the determination of credit ratings. The information used as a base for the determination of credit rating herewith presented satisfies such policies, which include the audit by an independent auditor, the warranty made by the issuer, the publication by the issuer, some independent media or, otherwise, JCR analyst's scrutiny, etc.
- JCR sees no particular weakness in the quality of information used for the determination of the credit rating herewith presented as compared to the information used in other cases of the credit rating for comparable issuers or ratable objects.
- If the credit rating is an Indication, please see the report for Indication.

## 10 Information Relating to Conflicts of Interest as Required by Paragraph (a)(1)(ii)(J) of Rule 17g-7

- JCR receives payment of compensation for the determination of the credit rating herewith presented from either one of those parties who are issuer, underwriter, depositor or sponsor.
- JCR did not receive in the last fiscal year in the past payment of compensation from the same party for any kind of JCR's service other than the determination of public or private credit rating, such as one in the ancillary business.

## 11 Explanation or Measure of the Potential Volatility of the Credit Rating as Required by Paragraph (a)(1)(ii)(K) of Rule 17g-7

### A) Legal Protection and Support Provided by the Government

The credit rating is subject to alteration if there is a change in the issuer's legal support by the government, personnel or capital relationship with the government, importance in the government's policy, credit enhancement and other forms of the government's supporting policy, framework and the strength thereof. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is large.

### B) Business Bases

The credit rating is subject to alteration if there is improvement or deterioration of the issuer's business bases, since its revenue, etc. may improve or deteriorate by the change in its business management policies, clients' preferences, competitive situation, or a technological innovation. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change in the business bases is large.

### C) Financial Grounds and Asset Quality

The credit rating is subject to alteration if the issuer increases/ decreases its debt/ capital or vice versa and thereby makes its individual debt payment liability less or more bearable and its loss absorption capacity into the future decreased or increased. Also, the changes in the quality of asset under the

issuer's holding may affect the credit rating, since such changes could raise or lower the likelihood of future loss of the issuer's financial grounds. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change in the financial grounds and/ or asset quality is large.

**D) Liquidity Positions**

The credit rating is subject to alteration if there is a change in the issuer's financial management policy or in the relations with fund procurement sources and the change thereby makes its liquidity positions improve or deteriorate. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is large.

**E) Order of Seniority in Debt Payment and Non-Payment Forgiven by Contract**

The credit rating is subject to alteration if there is a change in the rated debt's status in the order of seniority relative to other debts caused by the improvement/ deterioration of the issuer's financial condition. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large. Also, in case of the financial products for which non-payment of interest/ principal is contractually permissible, the credit rating is subject to alteration if and when the likelihood of such non-payment is projected to increase or decrease. The resultant alteration of the credit rating could be by a notch but often as much as a few notches.

**F) Creditworthiness of the Government, etc. that Constitute the Framework of Credit Enhancement**

The credit rating is subject to alteration if there is a change in the creditworthiness of the government, etc. that constitute the framework of credit enhancement. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change on such framework is exceptionally large.

**G) Rise and Fall in General Economy and Markets**

The credit rating is subject to alteration if there is a rise/ fall in the general economy and/ or the markets inducing the issuer's revenues/ expenses to increase/ decrease and vice versa, etc. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is exceptionally large.

**H) Various Events**

The credit rating is subject to alteration on occurrence of various events, such as change in the issuer's major shareholders, M&A and other organizational change, accident, violation of the law, litigation, legal/ regulatory change, natural disaster, etc., which are unforeseeable at the time when the credit rating is determined, causing a significant change on the issuer's business bases, financial grounds, etc. The resultant alteration of the credit rating could be by a notch but more often than not as much as a few notches.

**12**

Information on the Content of the Credit Rating, Including the Historical Performance of the Credit Rating and the Expected Probability of Default and the Expected Loss in the Event of Default as Required by Paragraph (a)(1)(ii)(L) of Rule 17g-7

- Historical records of the credit rating herewith presented are posted in the end of this paper.
- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- Facts of the probability of default are posted as Form NRSRO Exhibit 1 on the JCR website under the URL:

<https://www.jcr.co.jp/en/service/company/regu/nrsro/>

**13**

Information on the Sensitivity of the Credit Rating to Assumptions Made as Required by Paragraph (a)(1)(ii)(M) of Rule 17g-7

**A) Legal Protection and Government Support**

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's legal protection provided by the government, personnel and capital relationship with the government, importance in the government's

policy, credit enhancement and other forms of the government's supporting policy, framework and the strength thereof. The resultant change of the credit rating is most likely by one notch, as JCR stipulates, but possibly as much as a few notches if the change in the government's supporting policy is significant.

**B) Business Bases**

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's business bases and powers of earning or cash flow generation, etc. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's business bases on some drastic change in the operational environments, etc.

**C) Financial Grounds and Asset Quality**

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's financial grounds and asset quality. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's financial grounds and/ or asset quality on some drastic change in its business bases.

**D) Liquidity Risks**

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's liquidity positions. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's liquidity positions on some drastic change in its financial management policy or relations with fund procurement sources, etc.

**E) Creditworthiness of the Government, etc. that Constitute the Framework of Credit Enhancement**

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the creditworthiness of the government, etc. that constitute the framework of credit enhancement. JCR assumes the resultant change of the credit rating is most likely by a notch. The change could be as much as a few notches should the creditworthiness of said government, etc. change so greatly.

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Information on the Representations, Warranties, and Enforcement Mechanisms of an Asset-backed Security as Required by Paragraph (a)(1)(ii)(N) of rule 17g-7

- The credit rating herewith presented is not for an ABS product, and hence no relevant issue.

**Japan Credit Rating Agency, Ltd.**

Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan  
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026

## The Historical Performance of the Credit Rating

Issuer Name	Issue Name	Publication Date	Rating	Outlook/Direction
Export Development Canada	Issuer(Long-term)(FC)	October 19, 2005	AAA	Stable
Export Development Canada	Issuer(Long-term)(FC)	July 21, 2006	AAA	Stable
Export Development Canada	Issuer(Long-term)(FC)	July 20, 2007	AAA	Stable
Export Development Canada	Issuer(Long-term)(FC)	July 4, 2008	AAA	Stable
Export Development Canada	Issuer(Long-term)(FC)	August 18, 2009	AAA	Stable
Export Development Canada	Issuer(Long-term)(FC)	August 9, 2010	AAA	Stable
Export Development Canada	Issuer(Long-term)(FC)	August 1, 2011	AAA	Stable
Export Development Canada	Issuer(Long-term)(FC)	September 4, 2012	AAA	Stable
Export Development Canada	Issuer(Long-term)(FC)	July 24, 2013	AAA	Stable
Export Development Canada	Issuer(Long-term)(FC)	August 1, 2014	AAA	Stable
Export Development Canada	Issuer(Long-term)(FC)	July 29, 2015	AAA	Stable
Export Development Canada	Issuer(Long-term)(FC)	July 29, 2016	AAA	Stable
Export Development Canada	Issuer(Long-term)(FC)	August 18, 2017	AAA	Stable
Export Development Canada	Issuer(Long-term)(FC)	September 21, 2018	AAA	Stable
Export Development Canada	Issuer(Long-term)(FC)	September 10, 2019	AAA	Stable
Export Development Canada	Issuer(Long-term)(FC)	September 23, 2020	AAA	Stable
Export Development Canada	Issuer(Long-term)(FC)	July 15, 2021	AAA	Stable
Export Development Canada	Issuer(Long-term)(FC)	July 28, 2022	AAA	Stable
Export Development Canada	Issuer(Long-term)(LC)	July 4, 2008	AAA	Stable
Export Development Canada	Issuer(Long-term)(LC)	August 18, 2009	AAA	Stable
Export Development Canada	Issuer(Long-term)(LC)	August 9, 2010	AAA	Stable
Export Development Canada	Issuer(Long-term)(LC)	August 1, 2011	AAA	Stable
Export Development Canada	Issuer(Long-term)(LC)	September 4, 2012	AAA	Stable
Export Development Canada	Issuer(Long-term)(LC)	July 24, 2013	AAA	Stable
Export Development Canada	Issuer(Long-term)(LC)	August 1, 2014	AAA	Stable
Export Development Canada	Issuer(Long-term)(LC)	July 29, 2015	AAA	Stable
Export Development Canada	Issuer(Long-term)(LC)	July 29, 2016	AAA	Stable
Export Development Canada	Issuer(Long-term)(LC)	August 18, 2017	AAA	Stable
Export Development Canada	Issuer(Long-term)(LC)	September 21, 2018	AAA	Stable
Export Development Canada	Issuer(Long-term)(LC)	September 10, 2019	AAA	Stable
Export Development Canada	Issuer(Long-term)(LC)	September 23, 2020	AAA	Stable
Export Development Canada	Issuer(Long-term)(LC)	July 15, 2021	AAA	Stable
Export Development Canada	Issuer(Long-term)(LC)	July 28, 2022	AAA	Stable



## Attestation Required by Paragraph (a)(1)(iii) of Rule 17g-7

I, Kiichi Sugiura, have responsibility to this Rating Action and to the best of my knowledge:

- A) No part of the credit rating was influenced by any other business activities.
- B) The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated.
- C) The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument.

杉浦 輝一

Kiichi Sugiura  
General Manager of International Rating Department

**Japan Credit Rating Agency, Ltd.**

Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan  
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026