

2023 ANNUAL PUBLIC MEETING – MESSAGE FROM THE CHIEF FINANCIAL OFFICER

INTRODUCTION

Hello, I'm Scott Moore, EDC's Executive-Vice President of Finance and Chief Financial Officer. And I'm pleased to cover our financial results for 2023.

After solid financial results in 2022, last year's results were mixed. EDC reported a net income of \$450 million for 2023, down from \$1.2 billion in 2022. This decrease was driven by higher provisions for credit losses...as well as unrealized losses on financial instruments carried at fair value.

Let me expand by covering four key areas of interest.

BUSINESS FACILITATED AND GROWTH IN OUR LOAN PORTFOLIO

First, EDC solutions facilitated \$131 billion in business in 2023, which was down by 1% year over year. The decline was due to lower business facilitated for insurance, which was down 5%, driven by lower commodity prices.

This was offset by business facilitated for financing and investments, which was up 11% year over year, driven by strong demand for EDC financing solutions, especially for projects in the renewables space.

This resulted in our ending loans receivable growing by 9% year over year, from \$54 billion at the end of 2022 to \$59 billion at the end of 2023. This higher loan balance resulted in higher net revenue of \$1.6 billion in 2023, compared to \$1.5 billion in 2022.

LOAN-LOSS PROVISIONS

Second, our loan-loss provisions were higher with a provision charge of \$321 million in 2023, compared to a provision charge of \$69 million in 2022.

In 2023, the increase in provisions was largely due to new impairments and changes in impaired provision rates due to challenging macroeconomic conditions.

GAINS IN INVESTMENT PORTFOLIO

Third, we saw fewer gains in our investment portfolio, representing \$32 million in 2023, compared to \$99 million in 2022.

Our investment portfolio grew by 11% to a total of \$3.1 billion at the end of 2023, compared to \$2.8 billion the year before. The portfolio is focused on direct investments to help medium-sized Canadian companies



scale as well as on Canadian fund investments. As part of our focus on the medium segment, our investment solutions are helping fill a critical gap in the Canadian financial ecosystem.

GROWTH IN ADMINISTRATIVE EXPENSES

Fourth, our administrative expenses grew from \$659 million in 2022 to \$684 million in 2023. This increase reflects a continuing multi-year investment. We are building out our capabilities to serve micro and small customers digitally and through partners. We are augmenting our support for the medium segment and growing our footprint in key international markets, especially in the Indo-Pacific region. We also continue to invest in our digital foundations and mature our ESG programs.

Our productivity ratio – which is the ratio of our administrative expenses to net revenue – was stable at 42%. We expect the ratio to increase slightly in 2024 and then start to come down as we realize the benefits of our investments.

CONCLUSION

Overall, despite a challenging business environment in 2023, EDC performed well. We remain focused on our ambitious 2030 strategy and our core mandate of helping Canadian companies succeed internationally.

Thank you.

