

2022 ANNUAL PUBLIC MEETING – MESSAGE FROM THE CHIEF FINANCIAL OFFICER

INTRODUCTION

I would like to begin this Annual Public Meeting with an introduction. Hello, my name is Scott Moore. I replaced Ken Kember as EDC's chief financial officer in July 2022 with big shoes to fill. Ken retired last September after 27 years with EDC, including 13 years as CFO. I am proud to take on this role. And I am energized by EDC's mandate to help Canadian companies of all sizes go, grow and succeed in international markets.

On to the financial results for 2022.

After significant volatility since 2020 in our financial results, 2022 signalled a return to more normal levels of profitability. EDC reported a net income of \$1.2 billion and delivered strong financial results in a number of areas.

I would like to cover four areas of interest in our financial results.

GROWTH IN BUSINESS FACILITATED AND IN OUR LOAN PORTFOLIO

First, EDC solutions facilitated \$133 billion in business in 2022, which was up 20% year over year, and was driven by growth in our insurance solutions due primarily to higher commodity prices

Our loans receivable grew 12% year over year, from \$48 billion at the end of 2021 to \$54 billion at the end of 2022, driven by strong demand for EDC financing solutions, especially for projects in the renewables space.

Despite strong growth in business facilitated and loans, our net revenue of \$1.5 billion in 2022, was down compared to 2021 due to higher interest rates combined with lower investment gains. Still, our 2022 net revenue of \$1.5B was relatively consistent with our annual net revenues pre-pandemic.

VOLATILITY IN LOAN-LOSS PROVISIONS

Second, our loan-loss provisions were more stable in 2022 with a modest provision charge of \$69 million.

Our provisions reflect the uncertainty and potential for significant losses. It involves estimates and judgments about the future, which can lead to volatility in periods of economic uncertainty. In 2022, the increase in provisions was largely due to a deterioration in the macroeconomic environment after Russia's invasion of Ukraine. This was partially offset by loan repayments and maturities in our impaired portfolio.

GAINS IN INVESTMENT PORTFOLIO

Third, we saw fewer gains in our investment portfolio, representing \$73 million in 2022, after significant gains of \$315 million in 2021.

Our investment portfolio, which totalled \$2.8 billion at the end of 2022, has been built over a number of years and is primarily focused on Canadian fund investments. The portfolio also includes direct investments in Canadian companies to help them scale and grow internationally. As part of our focus on the medium segment, our investment solutions are helping fill a critical gap in the Canadian financial ecosystem.

Our support is focused on creating long-term impact, and as such, we look beyond short-term results.

GROWTH IN ADMINISTRATIVE EXPENSES

Fourth, our administrative expenses grew from \$619 million in 2021 to \$659 million in 2022. This increase reflects a continuing multi-year investment in EDC's transformation. 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 as well as key international markets and the sectors of the future. We are also continuing 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 – went up to 42% in 2022. We expect the ratio to increase again in 2023 to 46% before coming back down to below 40% over time as we complete elements of the transformation. Having said that, going forward, we will continue to invest in our products and solutions, delivery channels and foundations in support of our 2030 strategy.

CONCLUSION

Overall, despite a very challenging business environment in 2022, EDC performed well and continues to be very focused on our ambitious 2030 strategy and our core mandate of helping Canadian companies succeed internationally.

Thank you.

