Investing in growth, opportunity, and shared prosperity

FINDEV CANADA | 2025 ANNUAL REPORT



FinDev Canada

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Investing in growth, opportunity, and shared prosperity

2025 was a year of growth, institutional progress, and increasing international engagement for FinDev Canada. The Corporation committed CAD 1.1B (USD 833M) in new financing and investments, expanded its portfolio to 58 active clients, and grew assets under management to approximately CAD 2.1 billion.

Guided by its dual mandate, FinDev Canada continued to pursue development impact alongside financial sustainability. Across Africa, Asia Pacific, and Latin America and the Caribbean, FinDev Canada deployed capital to businesses, financial institutions, projects, and investment platforms that support climate and nature action, gender equality, and market development. New commitments supported renewable energy and sustainable infrastructure, expanded access to finance for businesses and entrepreneurs, and strengthened agriculture and forestry value chains in emerging markets. Nearly half of the active portfolio qualified as climate finance, surpassing the 35% target set by Management, while approximately 60% of the commitments were aligned with the 2X Criteria, reflecting the Corporation's continued focus on women's economic empowerment and inclusive growth.

Beyond deploying capital, 2025 highlighted FinDev Canada's growing role as a trusted partner within the global development finance and investment community. The Corporation worked alongside leading development finance institutions, commercial investors, governments, and industry partners to advance shared priorities in areas such as climate finance, sustainable infrastructure, and private-sector development. Under Canada's G7 Presidency, FinDev Canada led the launch of the G7 Infrastructure Investment Council in collaboration with the Investor Leadership Network (ILN), bringing together development finance institutions and major institutional investors to strengthen dialogue on financing sustainable infrastructure in emerging markets. The year also saw continued progress on innovative partnership models, including the GAIA Climate Loan Fund, demonstrating the value of collaboration in expanding investment opportunities in underserved markets like those for climate adaptation solutions.

2025 also marked an important step in strengthening FinDev Canada's presence in priority markets. The opening of the Corporation's first regional office in Singapore, together with the establishment of a presence in South Africa, brought FinDev Canada closer to clients and partners while enhancing its ability to originate opportunities, deepen market knowledge, and support long-term investment relationships.

The results achieved during the year reflect an institution that continues to mature in scale, capability, and ambition. As FinDev Canada grows, it remains focused on deploying capital with discipline, supporting investable businesses and projects capable of delivering meaningful impact, and strengthening the market systems that enable long-term growth and resilience. At the same time, the Corporation is building the relationships, expertise, and international presence needed to play an increasingly important role within Canada's broader international engagement objectives across development, foreign, economic and trade, and climate finance policy.

This Annual Report highlights the investments, partnerships, and outcomes that defined 2025. It captures a year in which FinDev Canada strengthened its portfolio, deepened its global partnerships, and laid important foundations for delivering greater impact and influence in the years ahead.

Word from the Chair



> As FinDev Canada has grown, it has strengthened its ability to deploy capital responsibly, manage risk effectively, and build enduring relationships with clients, investors, governments, and peer institutions.

As I reflect on my first year as Chair of the Board of FinDev Canada, I am struck by the progress the organization achieved in 2025. In a period marked by economic uncertainty, geopolitical change, and growing pressure on public resources, FinDev Canada continued to demonstrate the value of a disciplined development finance institution that delivers meaningful impact while operating on a financially sustainable basis.

Throughout the year, FinDev Canada expanded its portfolio, strengthened its presence in its priority markets, and deployed capital in support of businesses, financial institutions, and infrastructure projects that contribute to growth and opportunity across emerging markets and developing economies.

As FinDev Canada has grown, it has strengthened its ability to deploy capital responsibly, manage risk effectively, and build enduring relationships with clients, investors, governments, and peer institutions. These capabilities are essential to delivering impact at scale and ensuring that public capital is managed with the rigour expected of a Crown corporation and financial institution.

The Board of Directors remained closely engaged in overseeing the implementation of the 2025–2029 Corporate Plan and supporting the Corporation's development, including the expansion of FinDev Canada's international footprint and strategic partnerships. At a time when Canadian businesses are increasingly seeking opportunities to diversify trade and investment relationships, Canada benefits from having institutions that are actively engaged in fast-growing emerging markets. Through its investments, partnerships, and on-the-ground presence, FinDev Canada helps build enduring relationships with businesses and governments in markets that are becoming increasingly important to the global economy. In doing so, the Corporation strengthens Canada's standing as a trusted long-term partner and complements broader efforts across government and the private sector to deepen Canada's international economic engagement.

I would like to thank my fellow Directors for their stewardship and extend my sincere appreciation to CEO Lori Kerr and the entire FinDev Canada team for their professionalism, dedication, and accomplishments throughout the year. The results achieved in 2025 reflect the quality of the organization and commitment of its people.

As FinDev Canada looks ahead, it does so from a position of growing momentum. The foundations established over the past year position the Corporation to expand its contribution to sustainable growth, strengthen Canada's international engagement, and deliver lasting impact in the years ahead.



Alison Nankivell
Chair of the FinDev Canada Board of Directors

Word from the CEO



> The expansion of our international presence strengthened our ability to work more closely with clients and partners, improve execution, and deepen market insight. As our portfolio continued to grow, so too did our responsibility to strengthen Canada's international engagement, expand its presence in priority markets, and reinforce its reputation as a trusted and constructive partner on the world stage.

2025 was a year of consolidation, growth, and increasing ambition for FinDev Canada. Building on the strong momentum of recent years, we continued to deploy capital where it could deliver meaningful development impact—strengthening markets, supporting economic growth, and addressing climate and nature challenges across emerging markets and developing economies. At the same time, we did so with a clear focus on financial discipline and institutional credibility, reinforcing FinDev Canada's role as a financially sustainable and increasingly mature investment institution.

Throughout the year, our financing and technical assistance supported sustainable infrastructure, agriculture and forestry value chains, and financial institutions, with a continued emphasis on climate and nature action, gender equality, and market development. We also advanced innovative partnership models and investment structures that expanded access to capital in underserved markets.

The expansion of our international presence strengthened our ability to work more closely with clients and partners, improve execution, and deepen market insight. As our portfolio continued to grow, so too did our responsibility to strengthen Canada's international engagement, expand its presence in priority markets, and reinforce its reputation as a trusted and constructive partner on the world stage.

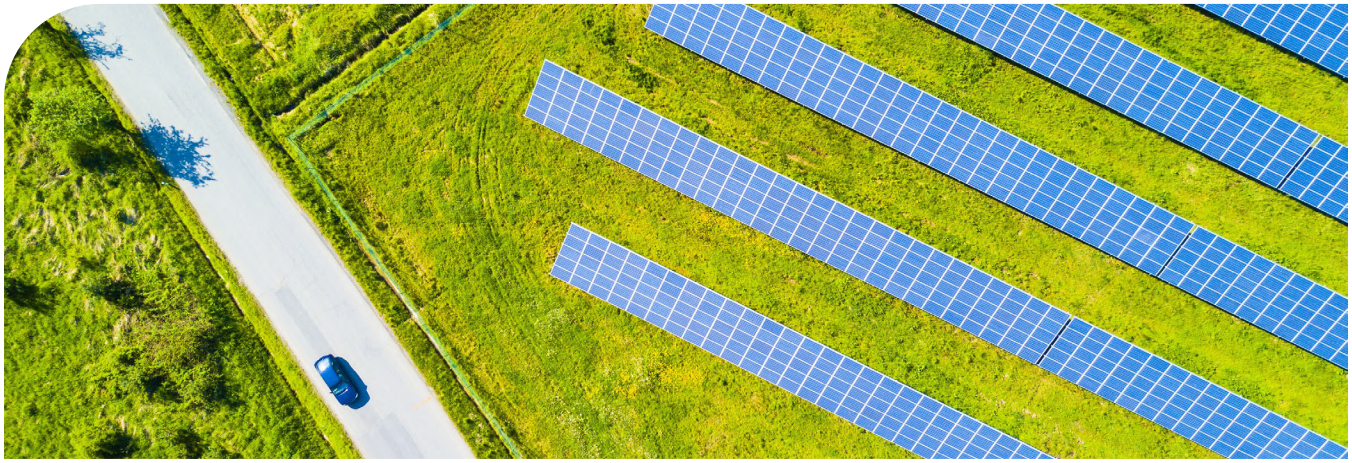
I remain deeply grateful to our Board of Directors for their strategic guidance and unwavering support. In February 2025, we welcomed Alison Nankivell as the new Chair of our Board, and I look forward to continuing working closely with her as we advance FinDev Canada's mission and impact. At the same time, I extend my sincere thanks to Mairead Lavery for her exceptional leadership and dedication as Board Chair (2018-2025). Her guidance helped shape a period of significant growth and achievement for our organization, and her contributions will have a lasting impact. I am equally grateful to our partners and clients for their trust, and above all to the FinDev Canada team for their expertise, commitment, and agility.

Looking ahead, the progress achieved in 2025 provides a strong foundation for the next phase of FinDev Canada's growth. As we continue to scale our portfolio, deepen our presence in priority markets, and strengthen our partnerships across the global development finance ecosystem, we remain focused on delivering impact with discipline and continuing to build a world-class institution.



Lori Kerr
Chief Executive Officer

2025 highlights



Portfolio growth and milestones

In 2025, FinDev Canada made new investments across priority markets and sectors, expanding its geographic reach and deepening sector expertise. This included financing for large renewable energy developers such as Energía Renovable La Joya S.A. and GULF Renewable Energy Company Limited; leading financial institutions in Mongolia, Vietnam, Paraguay, Tanzania, Guatemala, and Honduras; commitments to climate and infrastructure platforms such as GAIA and the Africa Finance Corporation; and investments in private equity and private credit funds supporting businesses across Africa, Latin America and the Caribbean, and Asia Pacific. These transactions reflect FinDev Canada's growing execution capability, ability to build long-term relationships in priority markets, and disciplined approach to deploying capital where it can deliver meaningful development impact alongside financial sustainability.

Climate finance at scale

In 2025, FinDev Canada continued to expand its climate finance portfolio, supporting investments in renewable energy, sustainable infrastructure, climate-focused onlending by financial institutions, and blended finance platforms across emerging markets. Climate finance represented 49.1% of FinDev Canada's active portfolio at year-end, reflecting the growing integration of climate considerations across the Corporation's investment activities. Investments made during the year supported the deployment of renewable energy, the expansion of sustainable finance, and the development of investment platforms designed to address long-term climate financing needs in emerging economies. These commitments demonstrate how disciplined investment can contribute to economic development and a transition towards a more resilient and a low-carbon future.



FinDev Canada's first independent impact evaluation

In 2025, FinDev Canada **published the findings** from its first independent evaluation of 2X Challenge investments, providing evidence on how intentional gender-lens investing can contribute to women's economic empowerment across diverse markets and sectors. Conducted by Kore Global, the evaluation assessed the effectiveness of FinDev Canada's approach to advancing gender impact, examined the influence of the 2X Criteria on investment outcomes, and identified key enablers of success at the transaction level. The findings reinforced the importance of strong client engagement, technical assistance, and institutional commitment to achieving sustainable gender outcomes, while generating practical lessons to strengthen future investment practice and contribute to broader learning across the development finance community.

G7 leadership: Convening public and private investors

In 2025, FinDev Canada under Canada's G7 Presidency led the launch of the G7 Infrastructure Investment Council, a new platform bringing together G7 development finance institutions and leading institutional investors to explore opportunities for sustainable infrastructure investment in emerging markets. Through this convening role, FinDev Canada strengthened coordination among public and private actors, advanced shared approaches to risk and standards, and reinforced Canada's credibility and influence in shaping the global sustainable infrastructure finance agenda.

Partnerships for increased impact

Strategic partnerships were central to amplifying impact and advancing portfolio growth in 2025. New partnership agreements and collaborations with institutions such as Indonesia Infrastructure Finance and British International Investment strengthened origination, knowledge-sharing, and investment collaboration, enabling participation in larger and more complex transactions alongside trusted partners. In addition, FinDev Canada continues to contribute to dialogue and action alongside:

- 2X Global
- Canada Forum for Impact Investment and Development (CAFIID)
- Montreal Council on Foreign Relations (CORIM)
- Convergence: The Global Network for Blended Finance
- European Development Finance Institutions (EDFI. Affiliate Partnership)
- Sustainable Markets Initiative (SMI)
- Global Impact Investing Network (GIIN)
- Global Private Capital Association (GPCA)
- Institutional Limited Partners Association (ILPA)
- African Fintech Advisory
- Solar Stewardship Initiative (SSI) Stakeholder Advisory Group
- African Venture Capital Association (AVCA)

These partnerships reinforce Canada's role within the global development finance ecosystem by contributing to stronger, more connected markets over time.



Expanded regional presence

The opening of FinDev Canada's first regional office in Singapore in February marked a significant institutional milestone in 2025, establishing an on-the-ground presence in the Asia Pacific and strengthening engagement with clients and partners across South and Southeast Asia. This presence supported new transactions and partnerships in the region, including landmark syndicated financings with Vietnamese financial institutions alongside regional and global partners. In addition, the announcement of an on-the-ground presence in South Africa reflects FinDev Canada's commitment to deepening market knowledge and client proximity in priority regions, supporting more effective origination, execution, and long-term engagement.

Portfolio overview

In 2025, FinDev Canada's net financing and investment income was CAD 56.1 million, compared to CAD 55.6 million in the prior year. This increase primarily reflects higher loan revenue resulting from continued expansion of the loan portfolio, partially offset by higher borrowing and financing costs.

Total assets increased by CAD 1 billion compared to the prior year, reflecting sustained growth across both loan and equity investment portfolios. Administrative expenses were CAD 11.7 million below the levels outlined in the Corporate Plan, driven primarily by disciplined cost management across staffing and professional services, and reflecting continued focus on operational efficiency as the portfolio scales.

Portfolio dashboard

As of December 31, 2025
All figures stand in USD

58
clients in portfolio

$2.1B
total signed commitments[1]

59.5%
2X investments[2]

49.1%
in climate finance investments[3]

15.9%
of investments in Least Developed Countries/Small Island Developing States[4]

[1] All figures refer to the active portfolio in 2025 and do not include any transactions that have matured in 2025 or previous years. The total of the portfolio for each year excludes transactions that matured that year.

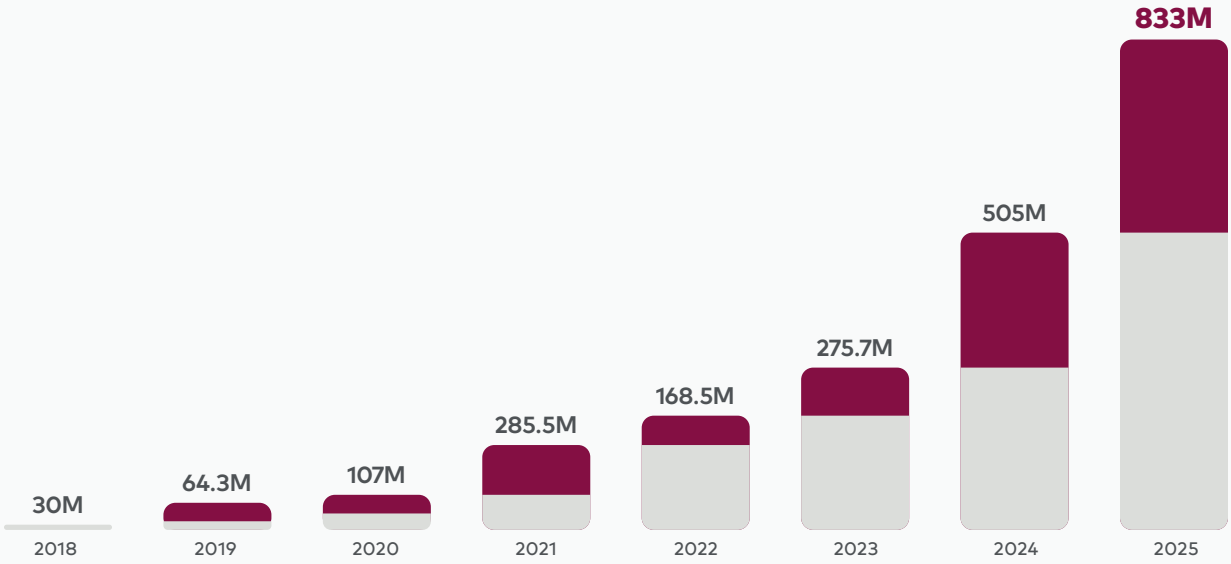
[2] 2X-aligned capital represents 59.5% of our total commitments to date, totalling USD 1.267 billion across 44 clients. Given the considerable portion of financial institutions and funds in our portfolio, our clients typically qualified on several 2X criteria (the most common ones being leadership, employment, and indirect criteria for financial intermediaries).

[3] The climate finance measure tracks the percentage of proceeds directed to climate finance. FinDev Canada uses the MDB Common Principles for Climate Mitigation Finance Tracking and the Joint Methodology for Tracking Climate Change Adaptation Finance to track climate finance. All climate-related investments are counted at the time of approval.

[4] The Official Development Assistance (ODA) classification is based on the Organisation for Economic Co-operation and Development's (OECD) Development Assistance Committee (DAC) List of ODA Recipients. The list groups countries according to their gross national income (GNI per capita in current USD) following the World Bank's income classification as "low-income economies," "lower-middle-income economies," and "upper-middle-income economies," while taking into account the United Nations (UN) classification of some countries as "Least Developed Countries" (LDCs) and "Small Island Developing States" (SIDS). For details, see the 2024–2025 DAC List of ODA Recipients and the UN List of SIDS.

Annual new commitments

(figures in USD)



Impact reported by clients[5]

Market development

224,087 direct jobs[6]

481,955 MSMEs financed

Gender equality

74,494 direct jobs for women

107,440 women-owned MSMEs financed

Climate and nature action

4,539 GWh of clean energy produced

16,967 tCO2e sequestered emissions

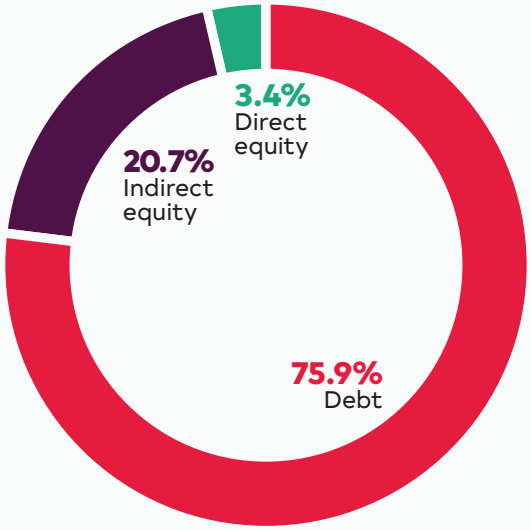
87,644 tCO2e avoided emissions

[5] These figures are based on the most recent data reported by clients. Proxies have been used where client data has not been reported for 2025. The information presented is accurate to the best of FinDev Canada's knowledge, utilizing a combination of qualitative and quantitative data sourced directly from clients. FinDev Canada acknowledges inherent limitations in data quality and quantity. To maintain a conservative approach, FinDev Canada favours the possible understatement of positive impacts. The reported figures are not attributable to FinDev Canada, with the exception of sequestered emissions (tCO_2e) estimates generated by the JIM model, which are attributed to FinDev Canada's outstanding investments. Figures reflect total MSME and WMSMEs supported by our clients in 2025.

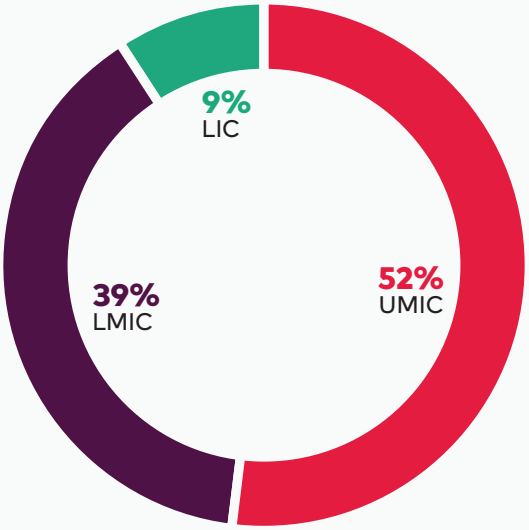
[6] In 2025, the methodology for reporting "Total Jobs Supported" was revised. Under the updated approach, jobs associated with financial intermediaries (FIs) and fund managers, including direct employees of these entities, are excluded. The metric now captures only employment supported through underlying economic activities financed by FinDev Canada, namely corporate clients, project finance transactions, and investee companies within fund clients. Prior year figures have not been restated unless otherwise indicated. In addition to direct jobs, we've estimated a total of **35,765** indirect jobs, including 15,219 held by women. This figure shows estimated jobs at the end-beneficiary level. For funds and financial institutions, estimates reflect jobs at the portfolio client level; for corporates, they reflect jobs supported through operations and value chains. Estimates are based on finance-enabled effects calculated using the Joint Impact Model (JIM), a harmonized tool that applies country- and sector-level economic data to estimate direct and indirect impacts of investment. Finance-enabled effects include jobs supported through local supply chains (11,906 supply chain jobs), employee spending (9,888 induced jobs), spillover effects from clean energy investments on local businesses (1,297 power-enabling jobs), and direct jobs *at the financial intermediary's and fund's portfolio level (12,673 jobs)*. Results are attributed to FinDev Canada based on its share of outstanding investments. Because JIM uses macroeconomic averages, the results provide directional portfolio-level estimates rather than verified job counts and hence should not be combined with company-reported data. For full methodology and limitations, see the Joint Impact Model website here.

Overview of our CAD 2.1B portfolio

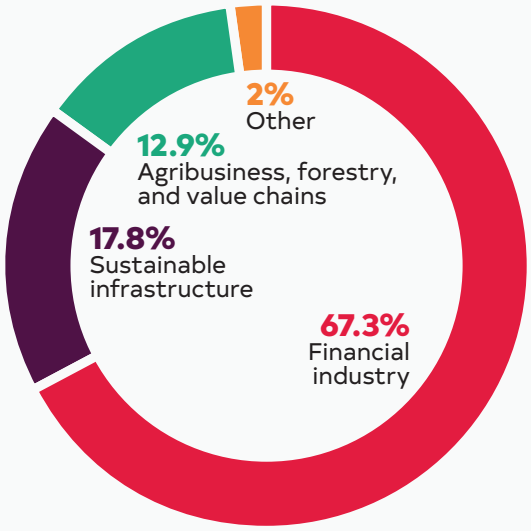
Financing type



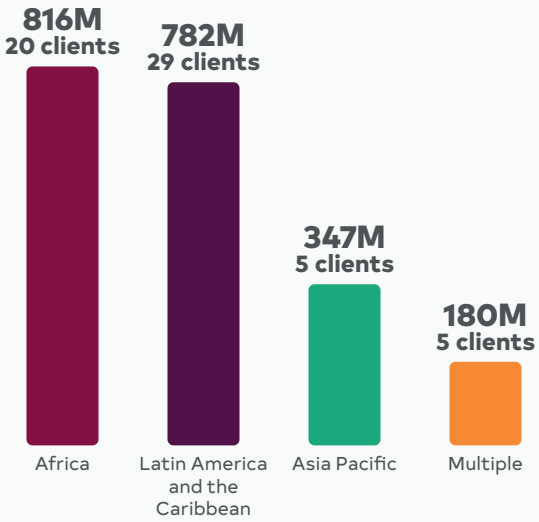
ODA country classification[7]



By sector

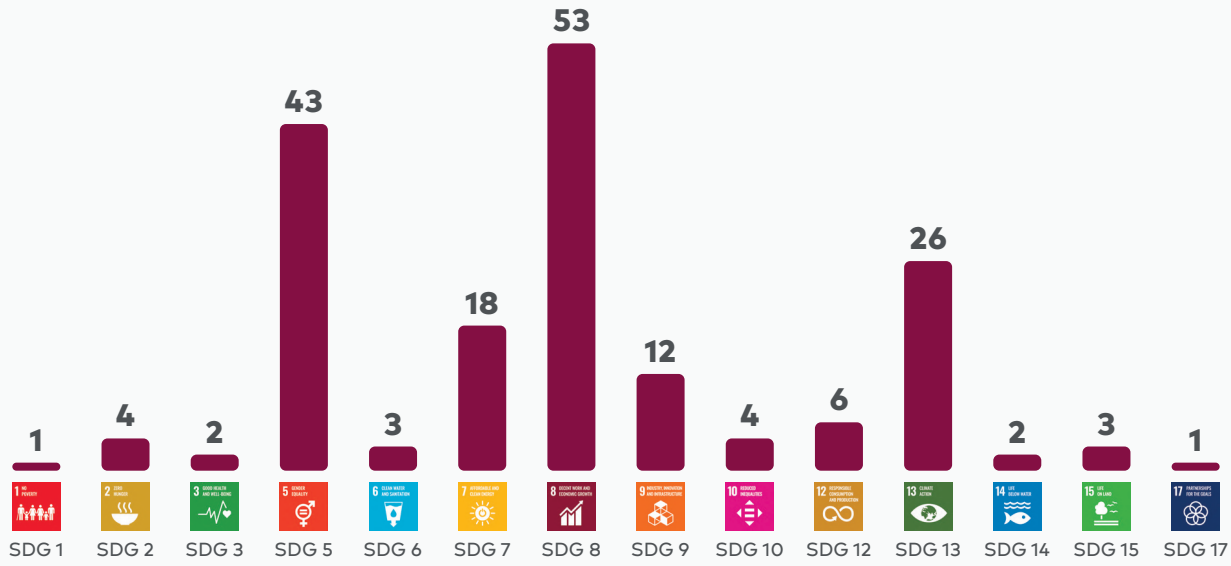


By geographical focus

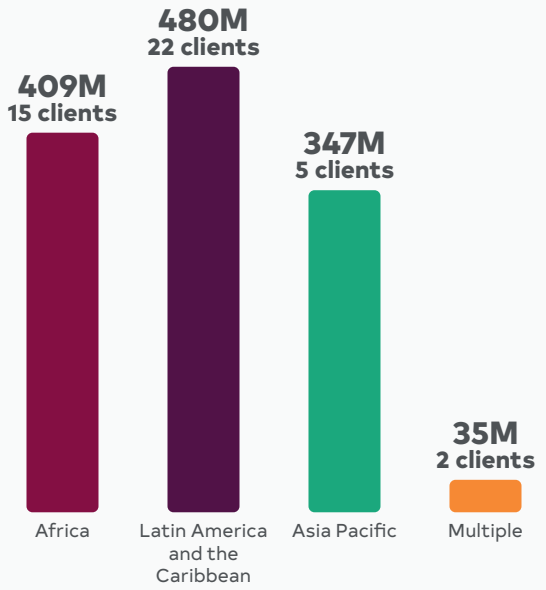


[7] UMIC: Upper-Middle-Income Country; LMIC: Lower-Middle-Income Country; LIC: Low-Income Country

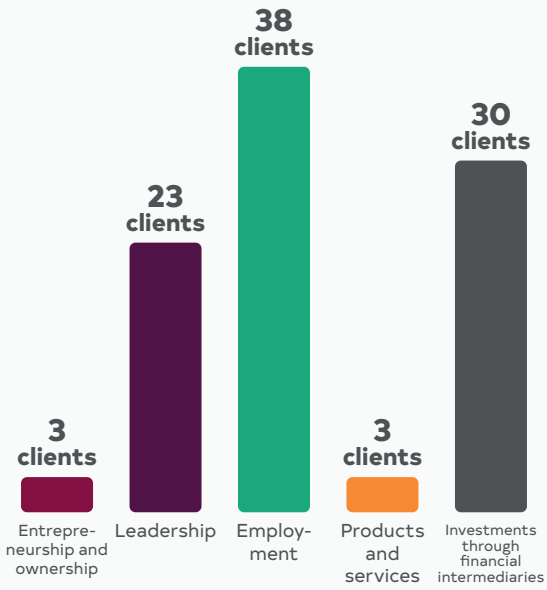
By SDGs[8]



2X-alignment



2X qualifying criteria[9]



[8] One client can contribute to multiple SDGs.
[9] One client can align with multiple criteria.

Featured transactions



HDBank

Established in 1989, HD Bank is recognized as one of the leading financial institutions in Vietnam. The bank provides comprehensive financial services to support MSMEs, farmers, and rural communities, fostering access to credit and promoting economic growth.

FINDEV CANADA'S COMMITMENT:

USD 75 million

ALIGNED WITH SDGs:

5 8 13



GAIA Climate Loan Fund

BY CLIMATE FUND MANAGERS

GAIA is a blended finance platform co-founded by FinDev Canada, the Green Climate Fund, and MUFG Bank, Ltd. to accelerate climate adaptation and mitigation projects in emerging markets. 70% of the platform's portfolio is geared towards climate adaptation projects and 30% towards climate mitigation projects. Managed by Climate Fund Managers, GAIA promotes the availability and accessibility of long-term loans for climate projects.

FINDEV CANADA'S COMMITMENT:

USD 75 million + USD 80 million of concessional finance

ALIGNED WITH SDGs:

6 7 9 11 13 17



Amethis Fund III

BY AMETHIS INVESTMENT FUND MANAGER

Amethis Fund III is a fund supporting mid-to-large cap businesses across Sub-Saharan Africa. The fund supports market development by investing in manufacturing and distribution, non-banking financial services, business services, agribusiness, and healthcare.

FINDEV CANADA'S COMMITMENT:

EUR 20 million

ALIGNED WITH SDGs:

3 5 8 9



EcoEnterprises IV

BY ECOENTERPRISES IMPACT MANAGEMENT

EcoEnterprises Partners IV, LP, is an investment fund that targets environmental and social impacts by investing in locally owned SMEs in agriculture, agroforestry, and ecotourism in Colombia, Peru, Costa Rica, Mexico, Nicaragua and Bolivia.

FINDEV CANADA'S COMMITMENT:

USD 7.5 million (concessional finance from the 2X Canada facility) + USD 7.5 million (concessional finance from the PCM facility)

ALIGNED WITH SDGs:

5 8 13 15



VP Bank

VP Bank, established in 1993 and based in Hanoi, is one of Vietnam's top commercial banks, offering a full range of personal and business banking services with a strong focus on innovation and financial inclusion.

FINDEV CANADA'S COMMITMENT:

USD 75 million

ALIGNED WITH SDGs:

5 8 13



Banco del País

Banco del País is a leading Honduran bank offering financial services to individuals and businesses, with a strong focus on innovation, social responsibility, and environmental sustainability.

FINDEV CANADA'S COMMITMENT:

USD 50 million

ALIGNED WITH SDGs:

5 8 13



Banco Industrial

Banco Industrial, established in 1966 and headquartered in Guatemala City, is a bank and industry leader in Guatemala, offering a full range of banking services to retail, SME, and corporate clients.

FINDEV CANADA'S COMMITMENT:

USD 75 million

ALIGNED WITH SDGs:

8 13



CRDB Bank

CRDB Bank Plc is the largest bank in Tanzania and a regional leader in innovation. It offers universal banking services, including retail, corporate, SME, and capital markets, while promoting financial inclusion through digital solutions that serve over five million customers.

FINDEV CANADA'S COMMITMENT:

USD 60 million

ALIGNED WITH SDGs:

2 5 7 8 13



Lendable MSME Fintech Credit Fund II

BY LENDABLE INC.

Lendable is an impact-focused asset manager that provides funding to fintech lenders in emerging markets across Africa, Asia, and Latin America.

FINDEV CANADA'S COMMITMENT:

USD 15 million + USD 7 million from 2X Canada

ALIGNED WITH SDGs:

5 8 9 10



Sudameris Bank

Sudameris, established in 1958 and headquarted in Asunción, Paraguay, is a Paraguayan bank and industry leader in sustainability, offering a full range of banking services to retail, SME, and corporate clients.

FINDEV CANADA'S COMMITMENT:

USD 55 million

ALIGNED WITH SDGs:

8 13



Africa Finance Corporation (AFC)

AFC is a multilateral financial institution founded by African states and the private sector for private sector-led infrastructure investment in Africa. AFC promotes industrial development and economic growth through infrastructure and by facilitating African export and trade.

FINDEV CANADA'S COMMITMENT:

USD 100 million

ALIGNED WITH SDGs:

7 8 9 13



Locfund Next

BY BOLIVIAN INVESTMENT MANAGEMENT

Locfund Next is a microfinance investment vehicle focused on financial inclusion by supporting smaller microfinance institutions in Latin America and the Caribbean. The Fund, launched in 2020, is managed by Bolivian Investment Management, part of the Panamerican Group.

FINDEV CANADA'S COMMITMENT:

USD 20 million

ALIGNED WITH SDGs:

1 5 8 10 13



Khan Bank

Khan Bank, Mongolia's largest commercial bank, drives financial inclusion and climate action by expanding access to MSMEs and women-led businesses. Through green lending and gender-focused products, it supports sustainable economic growth.

FINDEV CANADA'S COMMITMENT:

USD 50 million

ALIGNED WITH SDGs:

5 8 13



Africa Credit Opportunities Fund III

BY NINETY ONE ASSET MANAGEMENT

Ninety One's Africa Credit Opportunities Fund III provides private credit to enterprises and infrastructure projects across Africa and other emerging markets, promoting sustainable economic growth in various sectors throughout the region.

FINDEV CANADA'S COMMITMENT:

USD 20 million

ALIGNED WITH SDGs:

5 8 9



Gulf Renewable Energy Company Limited

Gulf Renewable Energy Company Limited is one of Thailand's largest private power generation companies, with operations in several infrastructure sub-sectors, including renewable energy, utilities, and digital infrastructure.

FINDEV CANADA'S COMMITMENT:

USD 50 million

ALIGNED WITH SDGs:

5 7 8 13



Energía Renovable La Joya S.A.

Energía Renovable La Joya is an SPV developing, constructing, and operating a 396 MW solar photovoltaic power plant in Arequipa, Peru. The project will boost the country's supply of renewable energy while supporting the transition to low-carbon growth.

FINDEV CANADA'S COMMITMENT:

USD 56 million

ALIGNED WITH SDGs:

7 8 13

Feature: Supporting durable economic partnerships in emerging markets through climate change mitigation



At the end of 2025, 49.1% of FinDev Canada's portfolio qualified as climate finance, reflecting the extent to which climate considerations were embedded across investment activity during the reporting period.

FinDev Canada's climate mitigation and adaptation investments were concentrated in areas where commercial viability, development impact, and long term resilience intersect, including:

- Renewable energy generation and transmission
- Climate resilient and low carbon infrastructure and transport
- Sustainable agribusiness, forestry, and value chains
- Financial intermediaries supporting climate aligned enterprises
- Blended finance platforms mobilizing private capital for mitigation and adaptation.

In addition to supporting clients and countries achieve progress on their own climate transition pathways, these investments support economic and supply chain resilience, market readiness, and long-term partnerships for Canada.

Strengthening economic resilience in partner countries

Investments in renewable energy, low-carbon infrastructure, climate-aligned agriculture, and sustainable industry support businesses and economies in reducing exposure to climate-related disruptions, energy volatility, and transition risk. This contributes to more stable growth trajectories and more predictable operating environments for local and international partners.

Reinforcing supply chain resilience and diversification

Climate-aligned private investment reduces physical and transition risks across production, logistics, and infrastructure. More resilient emerging-market ecosystems support diversified global sourcing and reduce exposure to climate-driven shocks that affect trade flows, security of supply, and economic stability.

Improving investability and market readiness

By financing scalable, commercially viable mitigation solutions, FinDev Canada helps deepen markets where long-term capital can participate with confidence. Over time, this strengthens local financial systems, improves financing conditions, and reinforces the enabling environment for sustained private investment and trade.

Advancing Canada's long term interests through partnership

By supporting climate mitigation where growth and transition are already underway, FinDev Canada reinforces Canada's position as a credible, patient, and reliable partner in markets that will play an increasingly important role in the global economy. These partnerships strengthen the foundations for future cooperation, including trade, investment, and knowledge exchange, aligned with Canada's climate, development, and economic priorities.

Feature: Gender lens approach at FinDev Canada



With a focus on women's economic empowerment as a key driver of gender equality in the private sector, FinDev Canada applies a gender lens across all its financing and investments activities. Women's economic empowerment means that women can access, participate in, and benefit from economic opportunities on an equal basis with men. It includes both the ability to succeed and advance economically and the agency to make and act on decisions that shape economic outcomes.

FinDev Canada advances gender finance by investing in businesses and financial institutions that expand women's access to quality employment, finance, essential services, and leadership opportunities. By addressing barriers that limit women's economic participation, FinDev Canada helps foster more inclusive and effective markets, stronger communities, and sustainable economic growth.

To identify and measure gender finance investments, FinDev Canada uses the 2X Criteria, the leading global standard for gender-lens investing. As of December 2025, 59.5% of FinDev Canada's active portfolio was 2X-aligned, representing USD 1.27B in committed capital.

FinDev Canada closed 11 2X-aligned transactions in 2025 representing 69% of its total business activity (by deal count), or approximately USD 461.4M in investment. These included:

- Gulf Renewable Energy Company Limited
- African Credit Opportunities Funds III
- Khan Bank
- LocFund Next
- Lendable MSME Fintech Credit Fund II
- BanPais
- VP Bank
- CRDB Bank Plc
- EcoEnterprises IV
- Amethis Fund III
- HD Bank

Out of these 11 transactions, 8 investments also supported dual gender-climate objectives, equivalent to USD 397.5M. These included:

- Gulf Renewable Energy Company Limited
- Khan Bank
- LocFund Next
- BanPais
- VP Bank
- CRDB 2023
- EcoEnterprises IV
- HD Bank

Technical Assistance

Technical Assistance Facility overview

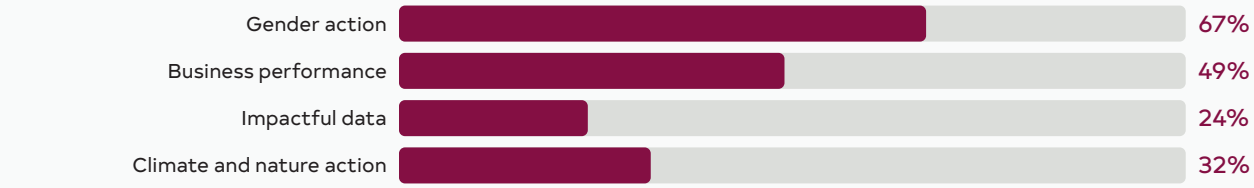
37 projects

CAD 9.2M in total commitments

20 client-level projects

17 market-level projects

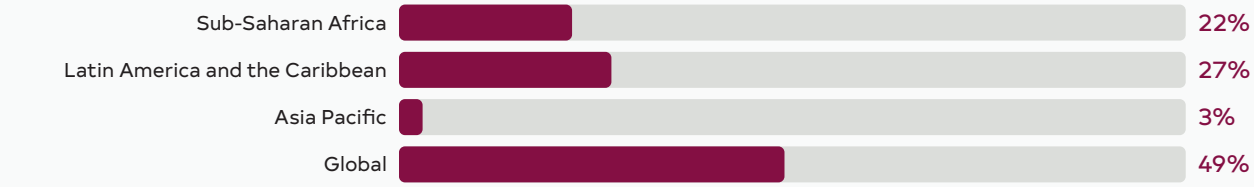
FOCUS AREAS[11]



SECTOR BREAKDOWN[12]



GEOGRAPHIC BREAKDOWN[13]



[11] Some projects focus on more than one area.
[12] Some projects are multi-sectorial.
[13] Some projects are multi-regional.

Technical Assistance: 2025 featured projects



2X Global (Market-level)

Accelerate the pace and volume of gender lens investing (GLI) by enhancing the applicability and strategic value of the 2X Challenge, building investor and client capabilities, and improving impact measurement.

FOCUS AREAS

- Business performance
- **Gender action**
- Impactful data
- Climate and nature action



Sagana (Market-level)

Support the design and piloting of a regional platform in Southeast Asia that connects senior women leaders with board and investment committee opportunities, strengthens governance in companies, and establishes a scalable model to advance gender diverse leadership.

FOCUS AREAS

- Business performance
- **Gender action**
- Impactful data
- Climate and nature action



Banco de Bogota (Client-level)

Support the design and pilot of a non-financial services platform for the Bank's WSME customers, including training, mentorship, and networking.

FOCUS AREAS

- **Business performance**
- **Gender action**
- Impactful data
- **Climate and nature action**



Climate Policy Initiative (Market-level)

Support the design and pilot of a scalable financing model to mobilize institutional capital for climate-resilient water infrastructure in emerging markets, including development of an impact framework and testing parametric insurance and resilience credits.

FOCUS AREAS

- **Business performance**
- Gender action
- Impactful data
- Climate and nature action



Collaborative on Sustainable Food Systems (Market-level)

Develop a shared financing qualification and impact approach to support DFIs to better define, identify, document, and measure investments across different stages of food security financing and financing contexts.

FOCUS AREAS

- Business performance
- Gender action
- Impactful data
- **Climate and nature action**



GAIA Climate Loan Fund (Client-level)

Contribute to the GAIA Technical Assistance Facility aimed at strengthening project impact rationale and delivery, and improving bankability, to align investments with the fund's ambitious climate adaptation and mitigation objectives.

FOCUS AREAS

- **Business performance**
- **Gender action**
- Impactful data
- **Climate and nature action**

Case study: Gulf Renewable Energy Company Limited (GULF)



The Asia Pacific is a priority region for FinDev Canada and a major driver of global economic growth. At the same time, the region faces significant climate and energy transition challenges, creating a growing need for investment in reliable and sustainable energy infrastructure.

Thailand is a country undergoing a major energy transition, aiming to cut greenhouse gas emissions (GHGs) by 40% by 2030 under its updated Nationally Determined Contribution (NDC) while expanding renewables to meet long-term net zero goals. In 2025, FinDev Canada committed USD 50 million to Gulf Renewable Energy Company Limited, one of Thailand's largest private power generation companies engaged in the development of solar, wind, and battery energy storage projects.

The investment forms part of a broader USD 350 million financing facility led by the Asian Development Bank which supports the development of renewable energy infrastructure that will help meet Thailand's growing demand for reliable, low-carbon power.

Expected development impacts from the transaction include:

Climate and Nature Action: This transaction is expected to contribute to Thailand's climate mitigation and adaptation targets and strategies through ~480 GWh of renewable energy generated annually with ~192K tCO2e emissions avoided annually. Furthermore, this transaction will contribute to accelerating the transition toward clean energy by reducing reliance on fossil fuels and supplying backup power during extreme weather events.

Market Development: FinDev Canada's loan is expected to support the construction of three renewable energy projects. This includes the deployment of 194MW of solar power capacity and 151MWh of battery energy storage systems (BESS). This will support the integration of renewable energy into the national grid and enhance system resilience by enabling backup power and load balancing for households and businesses, particularly during peak demand or weather related disruptions. The three projects will support over 1,500 construction jobs and twelve operational jobs.

Gender Equality: This transaction meets both the 2X Employment and 2X Leadership criteria. As of 31 December 2024, Women accounted for 33% of the company's workforce, 38% of senior management, and 33% of the Board of Directors. These practices position Gulf above sector averages and support women's participation in employment within the clean energy sector. Gulf plans to further strengthen diversity and inclusion practices through enhanced policies, and targeted gender equality and disability inclusion training.

Investments like these demonstrate FinDev Canada's approach to supporting established businesses and platforms capable of delivering impact at scale. By partnering with experienced operators, FinDev Canada helps expand renewable energy capacity, strengthen energy systems, and support the transition to more sustainable and resilient economies.

Case study: Phatisa Food Fund II



FinDev Canada's invested in Phatisa Food Fund II in 2021. Alongside the investment, the Corporation contributed USD 250,000 to the Fund's dedicated Technical Assistance Facility (TAF) to help strengthen the portfolio companies, value chains, and institutions that underpin long-term economic growth across Africa's food system.

Phatisa Food Fund II (PFF2) is a pan-African private equity fund investing across the food value chain, with a focus on building sustainable, resilient, and productive food systems in Sub-Saharan Africa. Through growth capital investments in mid-sized agribusinesses, the Fund supports food production, value-chain development, job creation, and climate-smart business practices across multiple markets.

The PFF2 TAF was designed to provide targeted, demand-driven support to portfolio companies, helping them strengthen operational performance, environmental and social practices, climate resilience, and long-term competitiveness while contributing to broader sector learning.

FinDev Canada's support through the PFF2 TAF was successfully completed in 2025, with 12 projects fully implemented across Climate & Nature Action, Business Performance, and Gender Action. These initiatives combined company-level support with broader efforts to strengthen practices and knowledge across the agricultural sector.

Notable initiatives included:

- A portfolio-wide decarbonization program that established seven greenhouse gas emissions baselines and net-zero strategies;
- Nature-based climate solutions with Lona Group focused on improving soil health, water management, and biodiversity outcomes; and
- A carbon sequestration pilot that resulted in a validated Project Design Document for Spekboom.

Business Performance support also enabled Deltamune to expand market reach, strengthen technical capacity, and deliver training to 2,236 farmers across seven countries.

Collectively, these initiatives strengthened ESG governance, improved environmental resilience, enhanced farmer capability, and supported more competitive and sustainable agribusinesses. The experience highlights how technical assistance can complement investment capital by helping businesses build the capacity, systems, and practices needed to generate stronger outcomes over the long term.

Inclusion, Diversity, Equity, and Accessibility (IDE&A)

FinDev Canada's culture stems from the diversity of its people. Colleagues at FinDev Canada bring a lived experience from a wide range of countries, cultures, and professional backgrounds which contributes to the corporation's development mandate and purpose driven work in emerging markets across our priority regions.

Our values are central to how FinDev Canada operates. Collaboration, Agility, Impact, and Respect, as well as Inclusion, Diversity, Equity, and Accessibility, are embedded throughout the employee experience and lifecycle. FinDev Canada prioritizes a respectful and a psychologically safe workplace where employees feel supported and able to show up as themselves.

The numbers below reflect self-identification data from employees.



Self-identification survey results
As of December 31, 2025

Vision for 2026 and beyond



FinDev Canada is entering a new phase of its evolution—one defined by greater scale, sharper focus, and disciplined execution. The progress achieved in 2025 reflects an institution that has moved beyond establishment and is now positioned to deploy capital more confidently, more selectively, and at greater scale in service of long-term development outcomes.

Development impact will remain at the core of FinDev Canada's mandate. As the organization grows, it will become more intentional about where it deploys capital, how it builds its portfolio, and which partners it works with. This includes balancing exposure across sectors and regions, prioritizing scalable platforms, deepening relationships in priority markets, and maintaining flexibility to respond to changing market conditions.

FinDev Canada will continue to work with businesses, financial institutions, and investment platforms that have the balance sheets, governance, and operating capacity to deliver outcomes at scale. These partners are often best positioned to mobilize additional capital, influence market practices, and accelerate transition pathways across sectors. By concentrating more of its activity through such counterparties, FinDev Canada can extend its reach, deepen impact, and contribute to market-level change.

FinDev Canada will also continue to operate as part of a broader ecosystem of actors. Through partnerships with governments, development finance institutions, multilateral organizations, private investors, and other Canadian institutions, it will help create the conditions for investment, innovation, and long-term market development. Platforms, partnerships, and repeat relationships will increasingly be used to extend reach, mobilize capital, and ensure complementary tools are brought to bear where they can be most effective.

Climate and the transition to a low-carbon, climate-resilient economy will increasingly shape how FinDev Canada allocates capital, builds partnerships, and constructs its portfolio. With significant new climate finance commitments from the Government of Canada, FinDev Canada expects to increase the scale of climate-related investments across infrastructure, agribusiness, forestry, and value chains, and financial services. Climate and nature considerations, alongside gender equality and market development, will continue to inform investment decisions to not only drive inclusive, sustainable growth, but also increasingly influence risk and long-term economic resilience.

Taken together, these changes position FinDev Canada to deliver development impact at greater scale while preserving financial sustainability and institutional resilience. Through disciplined investment, deeper partnerships, and increased private capital mobilization, FinDev Canada will continue to advance climate and gender action, strengthen local markets, and reinforce Canada's role as a trusted partner in the emerging markets that will play an increasingly important role in the global economy.

FinDev Canada

FinDev Canada's 2025 Climate-related Disclosure

Context

FinDev Canada is Canada's development finance institution, established in 2018 to support sustainable and inclusive private sector growth in developing markets. Through a range of financial instruments, we finance and invest in commercially viable entities with the objective of generating both development impact and financial returns.

Climate and nature action is one of FinDev Canada's core development impact goals alongside market development and gender equality. We recognize that climate change is a global systemic challenge that disproportionately affects developing countries, especially women and other vulnerable populations, and that to meet the urgency of the climate and nature crises and advance the goals of the Paris Agreement, climate and nature action must be scaled.

The Task Force on Climate-related Finance Disclosures (TCFD), established by the Financial Stability Board of the G20, provides a globally recognized framework to help the financial community identify, assess and disclose material climate-related risks and opportunities[1].

FinDev Canada's 2025 Climate-related Disclosure outlines how climate-related considerations are integrated into our governance, strategy, risk management and metrics and targets, in line with the TCFD Framework, as required by the Government of Canada. The report focuses on the fiscal year concluded on December 31, 2025, and includes achievements from previous years that have contributed to our climate and nature action journey. It reflects our ongoing commitment to transparency and continuous improvement. Through this disclosure, we aim to provide stakeholders with clear information on how climate change is shaping our work — and how we are responding.

For more information regarding our climate-related objectives, refer to FinDev Canada's **Climate Change Policy** and **Climate Change Strategy**, which outline how our climate ambition is advanced across our investment activities, operations and partnerships. These documents guide our efforts to integrate climate considerations into decision-marking. Other supporting documents or disclosures include FinDev Canada's **Approach to Development Impact**, **Environmental and Social Risk Policy**, and the annual **Operating Principles for Impact Management Disclosure**.

2025 Highlights

Climate and nature considerations are central to our investment approach, reflecting both development priorities and the risk they pose to long-term development and financial outcomes. Over the past year, FinDev Canada has increased the volume and proportion of climate finance in our portfolio, advanced on our approach to track and measure nature finance, and further matured our methodologies to identify, assess and manage climate related risks.

49%
of financing and investment commitments in the portfolio qualify as Climate Finance*

13 of the 17
new transactions signed in 2025 align with SDG13 Climate Action

8 of the 13
Climate Action transaction closed in 2025 align with SDG5 Gender Equality

The GAIA Climate Loan Fund reached first close with
USD600M

[1] Published in 2017, the TCFD recommendations have become the global reference for climate-related financial disclosures. As of October 2023, the TCFD has fulfilled its remit and disbanded, and the IFRS Foundation has taken over the monitoring of the progress of companies' climate-related disclosures.

Governance

Disclose the organization's governance around climate-related risks and opportunities.

FinDev Canada is a wholly-owned subsidiary of Export Development Canada (EDC), established under the Canadian Business Corporations Act (CBCA). We are governed by a Board of Directors (Board) responsible for the oversight of FinDev Canada's activities and operations. The Chair of FinDev Canada's Board is EDC's President and CEO, and the Board includes both EDC Board members and independent members with expertise and experience relevant to our business and target markets.

Since our inception in 2018, FinDev Canada has embedded climate mitigation and adaptation as core components of our development impact approach, with an investment strategy focused on sectors supporting a low-carbon and climate-resilient economy, including renewable energy, sustainable agriculture, and forestry.

In 2021, FinDev Canada formalized this approach through the adoption of our inaugural **Climate Change Policy** and **Climate Change Strategy**, which established the initial framework for integrating climate considerations into investment process and operational decision-making. The 2021 Strategy included the target to increase climate-related investments to at least 35% of the portfolio by 2025, measured against the MDB / IDFC Common Principles for Climate Change Mitigation and Adaptation Finance Tracking.

In 2024, FinDev Canada updated its development impact framework, introducing a **Development Impact Policy** and a **Development Impact Approach**. This update elevated climate as a strategic priority and expanded its scope to explicitly include nature, resulting in a revised impact goal: Climate and Nature Action.

In parallel, FinDev Canada has initiated the update of the Climate Change Strategy. Throughout this process, management engaged with its Board on multiple occasions, sharing progress made, learnings, and key considerations informing the future direction of the strategy.

Both the Development Impact Policy and Climate Change Policy are approved by the Board of Directors, while the Development Impact Approach and the Climate Change Strategy are approved and implemented by Management.

Integration within risk management frameworks and quarterly reporting

Climate-related opportunities and risks are embedded within FinDev Canada's Enterprise Risk Management Framework:

- Climate-related opportunities are recognized within the Strategic Risk Management Framework (SRMF) under Development Impact Risk, defined as 'the risk that FinDev Canada conducts its business activities in a way that does not align with its development impact objectives, or that outcomes from its development impact objectives and commitments cannot be adequately evidenced.'
- Climate-related risk is recognized as a financial risk, within the Financial Risk Management Framework (FRMF), defined as 'the risk of financial impacts to FinDev Canada from the increasing severity and frequency of climate-related extremes, acute events or chronic changes (physical risks), or from the process of adjustment towards a low-carbon economy (transition risks).' Climate risk is also recognized as an operational risk within the Operational Risk Management Framework (ORMF), under environmental and social risk, defined as 'the risk associated with contributing to or being connected with activities or investments that exacerbate climate change and its adverse impacts, including through increased GHG emissions, reduced resilience or maladaptation, in connection with the transactions that FinDev Canada supports.'

The SRMF, FRMF and ORMF are reviewed and approved by the Board of Directors, ensuring oversight of both strategic opportunities and risk exposures related to climate and nature.

Board oversight and reporting

The Board of Directors provides oversight of climate and nature-related risks and opportunities through its approval of policies, risk frameworks, setting performance targets, as well as through regular reporting.

On an annual basis, management proposes climate finance targets aligned with longer-term portfolio objectives. These targets are reviewed and approved by the Board of Directors and subsequently reflected in corporate objectives as well as in FinDev Canada's performance-based compensation plan.On a quarterly basis, the Board receives climate-related reporting through FinDev Canada's portfolio and pipeline update, which include climate-related metrics such as climate finance volumes and progress against portfolio targets, as well as through the Integrated Risk Report (IRR), which includes key risk indicators and thresholds for climate-related risk elements. These reporting mechanisms enable the monitoring of climate and nature considerations at the portfolio-level, alongside broader strategic, operational and financial risks.

Management and operational processes

At the organisational level, responsibility for climate and nature-related risks and opportunities is shared across Investments teams — reporting into the Chief Investment Officer — and the Development Impact, Environment, Social & Climate Risk and Impact Strategies & Thought Leadership teams, reporting into the Chief Impact Officer. These functions work in coordination to support the origination of climate and nature finance opportunities, assess associated risks, and monitor performance across the portfolio.

Climate and nature considerations are integrated throughout the investment lifecycle — from origination and due diligence through to approval and portfolio monitoring. The Investments team leads the identification and development of opportunities aligned with climate & nature finance objectives. These are assessed by the Development Impact team for their contribution to climate mitigation, adaptation, resilience and nature outcomes, while the Environmental, Social and Climate Risk team evaluates exposure to physical and transition risks, and nature-related risks.

These assessments are documented and incorporated into investment recommendations submitted to the Investment Committee, chaired by the CEO, and where required, to the Board of Directors, for approval.

Once a financing or investment transaction is closed, client performance is monitored as part of portfolio management activities, including through annual reviews and the tracking of progress against climate commitments, where appropriate. FinDev Canada also monitors portfolio-level exposure to climate physical risks and continues to strengthen its approach in this area.

Over time, FinDev Canada has deepened the integration of climate and nature considerations into investment decision-making, portfolio construction and portfolio management, reflecting their increasing relevance as both development and financial drivers. This remains an area of continued focus.

Strategy

Disclose, where material, the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.

Climate and nature considerations are integrated into FinDev Canada's development finance approach, reflecting both their central role in development outcomes and the risks they pose to financial performance. This approach is implemented across two complementary dimensions: portfolio-level activities and institutional practices.

At the portfolio level, we:

- Allocate capital toward climate mitigation, adaptation, resilience, and nature-related solutions across priority sectors;
- Integrate climate and nature considerations into all investment decisions; and
- Assess exposure to climate-related risks.

At the institutional level, we:

- Strengthen internal practices, tools, and governance to support climate-informed decision-making;
- Mobilize private capital and collaborate with partners to scale climate and nature finance; and
- Contribute to the development of market standards and approaches, including in adaptation, resilience and nature finance.

Portfolio-level

FinDev Canada allocates capital to private-sector entities — businesses, projects, financial institutions and investment funds — that support the transition to low-carbon, climate-resilient, and nature-positive economies. Through debt and equity financing, as well as blended finance solutions, we support investments that contribute to GHG emissions avoidance, reduction or sequestration, strengthen adaptation and resilience, and promote the sustainable use of natural resources. Notably, we do not provide investments or financing for fossil fuel activities in accordance with FinDev Canada's list of excluded activities.

In addition to providing financial solutions, FinDev Canada can also engage with clients through action plans and technical assistance, to enable them to strengthen climate and nature performance. This can include support to:

- Measure and disclose greenhouse gas emissions;
- Develop and implement decarbonization and resilience strategies; and
- Integrate climate and nature considerations into governance and decision-making.

Priority sectors to finance and invest in to advance climate and nature outcomes include renewable energy and other sustainable infrastructure, as well as climate smart agriculture and forestry. We recognize that climate change and biodiversity loss are inextricably linked and mutually reinforcing and that the interconnectedness between climate and nature underscores the role that nature-based solutions can have in addressing climate change and vice versa.

FinDev Canada's approach has historically emphasized scaling climate mitigation finance. While this remains a core focus, we also seek ways to advance adaptation, resilience, and nature finance. We can use blended finance, concessional capital, and technical assistance to de-risk investments, crowd-in private capital, and enable commercially viable climate and nature solutions, including those in underserved and climate-vulnerable markets.

For example, the **GAIA Climate Loan Fund**, launched in 2025 and founded by FinDev Canada, MUFG Bank and the Green Climate Fund, managed by Climate Fund Managers, supports climate mitigation and adaptation projects through long-term financing solutions, including local currency lending, foreign exchange solutions and targeted technical assistance. The platform addresses persistent barriers to climate investment and demonstrates how structured vehicles can mobilize institutional capital while supporting bankable climate projects in emerging markets.

Similarly, FinDev Canada's investment in **EcoEnterprises Partners IV** supports nature-based solutions in Latin America by providing tailored financing — such as mezzanine debt and equity — to small and medium-sized enterprises operating in sectors such as regenerative agriculture, sustainable forestry, circular systems, blue economy and ecotourism. These investments contribute to biodiversity conservation while supporting local economic development.

These activities contribute directly to development outcomes in the markets where FinDev Canada operates, many of which are highly exposed to climate impacts and nature loss. They help improve the reliability and affordability of services, protect productive assets, and support businesses in transitioning toward lower carbon and more resilient operating models. In doing so, they can also strengthen the long term financial performance of clients.

Climate risk context and approach

In addition to identifying opportunities to advance positive climate and nature outcomes, FinDev Canada also assesses the physical and transition risks associated with its investments, continuing to strengthen its approach in line with recognized disclosure and risk management frameworks.

Given our geographic and sectoral focus, FinDev Canada is more exposed to climate-related physical risks than transition risks. Our priority geographies — Asia Pacific, Latin America and the Caribbean, and Sub-Saharan Africa — are highly vulnerable to climate hazards and often face constraints in adaptive capacity. At the same time, our sectoral focus on renewable energy and other sustainable infrastructure, and climate-smart agriculture and forestry, provides exposure to activities that are generally less carbon-intensive and well positioned in the transition to a low-carbon economy.

With an investment horizon of 1–25 years, climate-related risks may materialize across short (< 5 years), medium (5–15 years) and long term (> 15 years) timeframes. Some clients — particularly in the agriculture sector — are already experiencing climate-related disruptions. These dynamics are expected to increasingly influence financial performance through their impact on asset quality, sectoral dynamics and long-term growth prospects.

Institutional level

At the institutional level, FinDev Canada continues to strengthen our internal capabilities, partnerships and market engagement required to scale climate and nature finance and improve investment outcomes.

Strengthening internal practices and tools

FinDev Canada has continued to develop its internal approaches to integrating climate and nature considerations into investment opportunities and risk processes. This includes advancing methodologies for climate risk assessment — both physical and transition — as well as strengthening its approach to nature finance and biodiversity-related considerations.

Mobilizing private capital and partnerships

Beyond collaborating on individual transactions, FinDev Canada engages with peer development finance institutions, investors and partners to mobilize capital toward climate and nature action. This includes structuring pioneering platforms, such as the GAIA Climate Loan Fund, that can serve as a blueprint for blended finance vehicles, as well as participating in initiatives such as the Adaptation and Resilience Investors Collaborative (ARIC), which seeks to advance investment approaches and practical solutions for financing climate resilience in developing markets.

Contributing to industry knowledge

FinDev Canada also contributes to the development of practices and knowledge to support the growth of climate and nature finance. For example, in collaboration with The Biodiversity Consultancy, we worked on a publication for practical insights for DFIs and investors, to scale nature finance. We also supported Climate Policy Initiative to develop a publication on investing at the nexus of gender and nature.

Through these institutional efforts, FinDev Canada seeks to promote best practices not only for our own portfolio, but also for the broader ecosystem for climate and nature finance.

Risk Management

Disclose how the organization identifies, assesses and manages climate-related risks.

FinDev Canada assesses climate related physical and transition risks for all transactions. In 2022, we developed our climate related physical risk assessment approach for new investment and financing transactions. This approach is based on the assessment of context specific climate-related physical risks for each transaction. The inherent risk, based on the hazard, exposure and vulnerability, is first evaluated. Then, risk adaptation measures of counterparties are factored to obtain the residual climate risk for each transaction.

Since 2023, FinDev Canada also assesses climate related transition risks for all new transactions. Our transition risk assessment approach is based on the TCFD categories of transition risk and is currently performed at a high-level. Particular attention is being paid to counterparties with large portfolio concentrations in high-emitting sectors.

At the portfolio-level, we have begun developing dashboards and internal reporting to enhance our understanding of geographic and sectoral concentrations of climate risk, as well as systemic exposures, in order to better inform investment strategies. Looking ahead, FinDev Canada aims to leverage scenario analysis to assess how these exposures and potential impacts may evolve under different climate scenarios and time horizons.

FinDev Canada continues to develop its climate risk assessment approach, with the objective to enhance our risk assessment at the transaction level, improve climate risk monitoring at the aggregate portfolio level, and deepen climate risk management into our investment process. In 2025, we undertook a review of approaches to climate risk management at the transaction and portfolio levels of peer organizations to help inform the further development of our methodologies.

Over time, FinDev Canada is strengthening its capacity to assess and manage climate risk not only at the individual transaction level, but also across the portfolio. This includes enhanced analysis of sectoral and geographic exposures, and the progressive integration of climate considerations into broader financial risk management frameworks.

Metrics and targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities, where such information is material.

As of December 31, 2025, FinDev Canada had no direct exposure to carbon-intensive assets. Climate finance represented 49% of its portfolio, measured in accordance with the MDB/IDFC Common Principles for Climate Mitigation and Adaptation Finance Tracking. This exceeds the 35% target established in the inaugural climate change strategy for 2025.

Portfolio Emissions

FinDev Canada reports gross financed (generated) greenhouse gas (GHG) emissions attributable to its investees and, where relevant, sequestered emissions associated with forestry related investments separately (Table 1). These components are disclosed independently and are not combined into a single net portfolio emissions metric, consistent with current international reporting practices.

In 2025, for the first time, gross financed emissions exceeded sequestered emissions for the reporting year, reflecting changes in portfolio composition and the relative contributions of investments generating and sequestering emissions.

FinDev Canada also reports avoided emissions associated with eligible investments, including renewable energy projects. Avoided emissions represent the emissions that would have occurred in the absence of these projects and provide an indication of their contribution to decarbonization. In line with international best practices[2], avoided emissions are calculated and disclosed separately from financed emissions.

In 2025, FinDev Canada's renewable energy investments generated **4,539** GWh of clean energy.

[2] For example: Science Based Targets initiative (2023) SBTi Corporate Net-zero Standard (p.31). Net-Zero-Standard.pdf (sciencebasedtargets.org)

TABLE 1 . FINDEV CANADA' S ATTRIBUTED FINANCED GENERATED, SEQUESTERED AND AVOIDED GHG EMISSIONS (TCO2E)

Categories	2018	2019	2020	2021	2022	2023	2024	2025	2018–2025 total
Generated emissions	252	1,325	1,998	3,051	3,631	14,694	17,835	21,600	64,387
Sequestered emissions	0	0	10,682	26,040	36,132	40,374	61,399	16,967	191,534
Avoided emissions	15,310	25,045	22,517	32,145	46,017	29,073	24,908	87,644	282,660

Note: *2023 & 2024 generated emissions have been restated from those reported in the 2024 Climate-Related Disclosure Report due to revisions to underlying revenue, emissions data, and sector classifications.*

FinDev Canada measures generated, sequestered and avoided GHG emissions for each new investment and monitors these emissions annually during the investment period.

Generated emissions include scope 1 and scope 2 GHG emissions associated with our loans and investments and are calculated using:

- For loans and direct equity investments in private companies. the PCAF Global GHG Accounting and Reporting Standard for the Financial Industry (business loans and unlisted equity) is applied. These accounted for 24% of financed generated emissions in 2025.
- For indirect loans and investments in funds and financial intermediaries, internally developed methodologies aligned with the PCAF Standard are applied. These accounted for 76% of financed generated emissions in 2025.

Financed emissions are attributed to FinDev Canada based on our proportion of financing and cover 100% of loan and equity exposures.

In 2025, 69% of emissions data was reported by clients and investees, while 31% was estimated using the Joint Impact Model, resulting in a combined PCAF data quality score of 3.4 out of 5.

Operational Emissions

In addition to portfolio (financed) emissions, FinDev Canada measures and manages GHG emissions from its own operations on an annual basis, focusing on the most material sources.

In 2025, operational GHG emissions totalled 459 tCO_2e, equivalent to 3.16 tCO_2e per employee (Table 2)[3]

TABLE 2: FINDEV CANADA'S OPERATIONAL GHG EMISSIONS 2025

Total GHG Emissions (tCO2e)	Source Activity	2025
Scope 1+2	**Offices**	
Scope 1	Natural gas	10
Scope 2	Electricity, Steam, District heat + DLW Cooling	49
Total scope 1 and 2 emissions		
Scope 3		
Category 6. Business travel	Flights, trains, car rentals, hotel stays	368
Category 7. Employee commuting	Car and transit commutes to office	32
Total scope 3 emissions		**400**
Total scope 1, 2 and 3 emissions		**459**

[3] Operational emissions cover FinDev Canada's own operations for the reporting year and include Scope 1 (direct emissions), Scope 2 (purchased electricity/ energy), and selected Scope 3 categories. Scope 3 categories disclosed this year include business travel and employee commuting. Operational emissions are disclosed separately from portfolio (financed) emissions. Emissions intensity per employee is calculated as total annual GHG emissions (tCO_2e) divided by the number of active employees as of December 31, 2025. GHG emissions include Scope 1, 2 and 3.

2025 Governance Report

Governance at FinDev Canada

FinDev Canada is a wholly owned subsidiary of Export Development Canada ("EDC") and operates within the authorities and requirements established by its constituting documents, by-laws, and applicable federal legislation, including the *Financial Administration Act* ("FAA"), the *Canada Business Corporations Act* ("CBCA"), and their respective regulations. Oversight is exercised through EDC's Subsidiary Governance Framework ("SGF") and an active, engaged Board of Directors (the "Board"). The Board is supported by Board committees and by a formal delegation framework that defines decision-making thresholds and accountabilities between the Board and management.

Strong governance underpins FinDev Canada's ability to deliver on its mandate as Canada's development finance institution. In 2025, governance practices evolved in line with expectations for international development finance institutions as well as increasing regulatory complexity and the organization's expanding operational footprint. Governance frameworks matured to support international operations, including the Singapore branch and alignment with local regulatory requirements. Governance arrangements also supported the formalization of FinDev Canada's South Africa branch, including regulatory appointments required under local law (registration of the South Africa branch on August 4, 2025).

Board of Directors

Role and responsibilities

The Board ensures alignment with the Government of Canada's priorities, including direction provided through EDC and relevant ministerial statements of priorities and accountabilities. In carrying out its mandate, the Board is guided by its obligations under the CBCA, the FAA, and by principles of effectiveness, operational excellence, and independent oversight.

The Board is responsible for overseeing management, business, strategic direction, risk appetite, financial performance, and adherence to FinDev Canada's mandate and values. In its stewardship and oversight role, it promotes and ensures a culture of sound governance and ethical conduct through governance frameworks, policies, systems, and controls that support effective decision-making, accountability, and transparency.

Board composition and renewal

The Board is composed of directors with a broad range of skills and perspectives relevant to development finance, public policy, risk management, and corporate governance. Its composition reflects the requirements of the SGF, including EDC affiliation, a strong presence of independent directors, and diversity in gender, experience, and professional background.

In 2025:

- The Board maintained its full authorized complement of directors.
- Leadership transitions occurred, including the appointment and onboarding of a new Chair.
- Updates were approved to the Board Profile and Skills and Diversity Matrix to ensure continued alignment with FinDev Canada's strategic priorities and governance best practices.

These tools support orderly Board renewal, informed recruitment, and ongoing director development.

Board activities in 2025

In 2025, Board governance documentation was updated to reflect changes to the Subsidiary Governance Framework. Corresponding amendments were made to FinDev Canada's by-law and Board Charter, and the Board Profile and Skills Matrix were refreshed.

The Board demonstrated active oversight through a full program of meetings and strategic engagement:

- Held its Annual General Meeting, six regular meetings, and three special meetings during the year.
- Participated in a dedicated strategic planning session and multiple targeted Board education sessions focused on FinDev Canada's operating environment, emerging risks, and organizational capabilities.
- Approved financing and investment transactions.
- Received regular updates on portfolio performance, pipeline development, and market conditions.
- Received updates on FinDev Canada's target operating model and digital roadmap.
- Undertook its first external Board effectiveness assessment and developed an action plan to enhance effectiveness, with implementation commencing in 2026.

Following each Board meeting, high-level reporting was provided to EDC in accordance with subsidiary governance requirements.

Board Committees

Audit Committee

The Audit Committee supports the Board in safeguarding FinDev Canada's assets and in overseeing financial reporting, internal controls, risk management, compliance and ethics, and internal audit. It also receives qualifying dispute and complaint reports from the Chief Independent Accountability Mechanism Officer.

In 2025, the Audit Committee met four times. Key areas of focus included:

- Review of the 2026-2030 Corporate Plan financial statements and related disclosures with a focus on financial sustainability and financial performance indicators.
- Oversight of the development of the target operating model.
- Oversight of the compliance risk management program and ethical conduct.
- Internal audit activity and the status of management action plans.
- Matters related to internal disclosure and accountability mechanisms.

Human Resources Committee

In 2025, the Board established a Human Resources Committee (the "HRC"). The purpose of the HRC is to assist the Board in overseeing people and culture matters, including strategic workforce planning, compensation and incentive program design, succession planning, and executive performance and compensation.

The HRC held three meetings during the year and supported key senior management recruitment activities, reinforcing the alignment between people strategy and organizational priorities.

Management and organizational governance

FinDev Canada's management is led by the Chief Executive Officer, who is responsible for executing the organization's strategy and managing day-to-day operations within authorities delegated by the Board.

Certain corporate officer functions are performed by EDC under service level agreements, supporting consistency, efficiency, and group-level oversight in areas such as compliance, people and culture, internal audit, and corporate secretariat services.

Corporate planning and accountability

With Board oversight, FinDev Canada prepared its 2026–2030 Corporate Plan in 2025. It sets out the organization's strategic priorities, financial projections, and budget, and was approved by the FinDev Canada Board, the EDC Board (as part of the consolidated corporate plan), and the Government of Canada.

The Board also approved FinDev Canada's audited financial statements and reviewed other key accountability documents, including climate-related financial disclosures.

Risk governance and management

Effective risk governance remains a cornerstone of FinDev Canada's governance framework. The Board approves FinDev Canada's risk appetite and oversees management's implementation of foundational risk instruments. The Board receives regular reporting on key risks and monitors adherence to the approved risk appetite.

In 2025, the Board approved updates to the Enterprise Risk Management Framework and Risk Appetite Framework. These instruments articulate the level and types of risk the organization is prepared to assume, clarify roles and responsibilities, and support risk-informed decision making at both management and Board levels.

The organization continued to strengthen its risk culture and processes as its activities, geographic reach, and complexity evolve.

Compliance and ethics oversight

The Board, supported by the Audit Committee, oversees FinDev Canada's compliance and ethics program. This program promotes adherence to applicable laws, regulations, and ethical standards, including financial crime prevention, privacy, conflicts of interest, and responsible conduct.

In 2025, governance of the compliance function was further strengthened, including Board approval of the *Compliance & Ethics Charter* which clarifies the roles and responsibilities of FinDev Canada's Chief Compliance Officer and the Compliance function. Policies and procedures were also enhanced, supporting a more structured operating model aligned with group-level oversight by EDC.

No material compliance breaches were identified during the year based on management reporting and Board and Audit Committee oversight.

Relationship with Export Development Canada

FinDev Canada operates within the SGF and the services relationship with EDC. Certain services are provided under a Master Services Level Agreement and associated service level arrangements, which support FinDev Canada's operations while preserving FinDev Canada's distinct governance, accountability, and decision-making authority.

In 2025, FinDev Canada remained compliant in all material respects with these arrangements while strategically internalizing select functions in line with its growth and increasing operational maturity.

Other governance matters

Material events

There were no material events outside the normal course of business affecting FinDev Canada in 2025.

Conformity with governance requirements

Based on management and Board oversight, FinDev Canada operated in conformity with applicable governance frameworks, including the SGF, and with relevant legislative and regulatory requirements throughout 2025.

FinDev Canada

2025 Financial Review

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Financial Performance

Net income for the year was $18.8 million compared to $30.6 million in 2024.

Statement of Comprehensive Income (Loss) Summary

For the year ended December 31 (in thousands of Canadian dollars)	**2025**	2024
Financing and equity investment revenue	**102,518**	76,494
Interest, financing and equity investment expenses	**46,428**	20,911
Net Financing and Equity Investment Income	**56,090**	55,583
Donor Contributions	**602**	1,060
Realized (losses) gains*	**(1,028)**	488
Net revenue	**55,664**	57,131
Unrealized (gains) losses*	**(11,470)**	(327)
Administrative Expenses	**41,120**	34,478
Provision for (Reversal of) Credit Losses	**7,170**	(7,614)
Net Income	**$18,844**	$30,594

** Included in Other (Income) Expenses on the Statement of Comprehensive Income (Loss)*

Items of note are as follows:

Net financing and equity investment income was $56.1 million in 2025, an increase of $0.5 million when compared to the same period for 2024 primarily due to higher loan revenue as a result of growth in the loan portfolio partially offset by an increase in interest expense resulting from higher costs for short-term foreign exchange swaps as well as a higher average balance of revolving loans used to fund loan disbursements and an increase in management fees.

We had unrealized gains of $11.5 million in 2025 compared to unrealized gains of $0.3 million in 2024. The current year gains were primarily due to favorable fair market value adjustments on equity investments of $15.1 million, partially offset by losses on derivatives of $2.9 million.

We recorded a provision for credit losses of $7.2 million in 2025, primarily due to growth in our loan portfolio and the impact of net credit migration in our performing portfolio and increased provision rates in our impaired portfolio. In 2024, we recorded a reversal of provision for credit losses of $7.6 million primarily due to the impact of positive credit migration, the introduction of a new expected credit loss (ECL) model and updates to the macroeconomic assumptions used in the calculation of allowance, partially offset by the growth in our loan portfolio and new impairments.

Administrative expenses were $41.1 million in 2025, an increase of $6.7 million compared to 2024. This increase was mainly due to higher human resource costs as a result of increased headcount to support the continued growth of the organization, increased professional fees due to IT consulting, higher systems costs due to the purchase of hardware and legal fees partially offset by lower occupancy costs.

Financial Condition

Statement of Financial Position Summary

As at December 31 *(in thousands of Canadian dollars)*	**2025**	2024
Cash and cash equivalents	**252,529**	98,508
Loans receivable	**1,753,731**	955,363
Allowance for losses on loans	**(42,056)**	(33,865)
Equity investments	**299,941**	254,750
Other assets	**29,090**	18,200
Total Assets	**2,293,235**	1,292,956
Loans payable	**930,694**	305,227
Deferred revenue	**5,354**	5,956
Allowance for losses on loan commitments	**4,981**	8,089
Other liabilities	**19,978**	60,300
Total Equity	**1,332,228**	913,384
Total Liabilities and Equity	**2,293,235**	1,292,956

Items of note are as follows:

Total assets are $1 billion higher than December 2024, primarily due to growth within our loan and equity investment portfolios and an increase in net purchases of cash equivalents.

Cash and cash equivalents increased by $154.0 million in 2025 primarily due to net cash equivalent purchases of $149.7 million from revolving loan drawdowns that have not yet been used for loan disbursements.

Loans receivable increased by $798 million during the year mainly due to net disbursements of $855 million partially offset by the impact of foreign exchange translation of $57 million.

Allowance for losses on loans increased by $8.2 million during the year primarily due to the growth in our loan portfolio, impact of net credit migration and increased provision rates in our impaired portfolio, partially offset by the impact of foreign exchange translation.

Equity investments increased by $45 million in 2025 primarily due to net disbursements for $42.7 million and fair market valuation gains of $14.8 million, partially offset by the effects of foreign exchange of $12.3 million. At the end of the year, we have outstanding equity investment commitments of $358.6 million.

Loans payable increased by $625.5 million in 2025 primarily due to net revolving loan issuances of $644.7 million, partially offset by foreign exchange translation gains of $25.3 million.

Other liabilities decreased by $40.3 million in 2025 primarily due to a decrease in derivative instrument liabilities mainly as a result of unrealized foreign exchange translation.

Corporate Plan Discussion

The following section discusses our 2025 results and financial position in comparison to Corporate Plan projections. We begin by looking back to our 2025 Corporate Plan and compare actual results to what was expected. Then we look forward to 2026 and provide an explanation of where we anticipate changes from our 2025 results and financial position.

Financial Performance

for the year ended December 31 (in thousands of Canadian dollars)	2026 Corporate Plan	**2025 Actuals**	2025 Corporate Plan
Net financing and equity investment income	67,846	**56,090**	85,627
Donor contributions	536	**602**	729
Other (income) expenses*	-	**(10,442)**	-
Administrative expenses	58,000	**41,120**	52,853
Provision for (reversal of) credit losses	23,583	**7,170**	37,291
Net income	(13,201)	**18,844**	(3,788)

**Due to the volatility and difficulty in estimating fair value gains or losses on financial instruments, a forecast for unrealized gains or losses was not included in our Corporate Plans.*

2025 CORPORATE PLAN

Net income for 2025 was $18.8 million compared to the 2025 Corporate Plan net loss of $3.8 million. Items of note are as follows

Net Financing and Equity Investment Income was $29.5 million lower than the Corporate Plan primarily due to $18.7 million related to higher volume and yields on short term foreign exchange swaps and $10.8 million related to reclassification of management fees on fund investments as transaction costs.

The **provision for credit losses** was $7.2 million compared to $37.3 million in the Corporate Plan is primarily a result of updated macroeconomic assumptions used in the calculation of the allowance and upward credit migration not anticipated in the Plan.

The **administrative expenses** decreased by $11.7 million compared to the Corporate Plan mainly due to lower average headcount and a reduction in professional services spend when compared to the Plan.

2026 CORPORATE PLAN

Net loss is planned to be $13.2 million in 2026, resulting in a decrease of $32 million compared to 2025. Items of note are as follows:

Net financing and equity investment income is planned to increase by $11.8 million, largely due to anticipated growth in the loan portfolio.

Provision for credit losses is planned to increase by $16.4 million, as we expect increased growth in the loan portfolio, and we do not anticipate further positive credit migration as was experienced in 2025.

Administrative expenses are planned to increase by $16.9 million, mainly due to the additional headcount to support the continued growth of the organization including the buildout of its risk management function, concessional financing, technical assistance and regional expansion; and an increase in professional services primarily in IT consulting as the corporation implements its digital roadmap.

Financial Position

as at December 31 *(in thousands of Canadian dollars)*	2026 Corporate Plan	**2025** **Actuals**	2025 Corporate Plan
Cash and cash equivalents	190,002	**252,529**	23,433
Loans receivable	2,003,362	**1,753,731**	1,333,936
Allowance for losses on loans	(82,580)	**(42,056)**	(108,917)
Equity investments	411,875	**299,941**	368,904
Other assets	55,957	**29,090**	15,475
Total Assets	2,578,616	**2,293,235**	1,632,831
Loans payable	1,274,406	**930,694**	337,623
Deferred revenue	4,764	**5,354**	5,064
Allowance for losses on loan commitments	6,958	**4,981**	6,734
Other liabilities	12,550	**19,978**	9,859
Equity	1,279,938	**1,332,228**	1,273,551
Total Liabilities and Equity	2,578,616	**2,293,235**	1,632,831

2025 CORPORATE PLAN

Loans receivable for 2025 were $420 million more than projected in the Corporate Plan mainly due to higher disbursements than anticipated and higher than planned foreign exchange rates.

Investments for 2025 were $69 million lower than Plan mainly due to lower disbursements.

Loans payable were $593 million more than the Corporate Plan primarily as a result of higher disbursements as mentioned above as our debt requirements are largely driven by our loan and equity investments portfolios.

2026 CORPORATE PLAN

The 2026 Corporate Plan is projecting an increase in both **loans receivable** and **equity investments** mainly due to targeted growth consistent with the corporation's long-term strategy. Loans payable are also expected to increase as our debt requirements are largely driven by our loan and equity investments portfolios.

Risk Management Overview

By providing development financing and other forms of development support in furtherance of its mandate, FinDev Canada is exposed to several risks. Our enterprise risk management (ERM) practice emphasizes a strong risk culture of oversight and clear direction, ownership and accountability, and the requirement for monitoring and reporting. Risk management at FinDev Canada is governed by the Three Lines of Defence (3LD) Model, an industry best-practice approach to risk governance. Furthermore, our Risk Appetite Framework (RAF) is articulated around three broad risk types which are intrinsic to our business: Strategic Risks, Operational Risks and Financial Risks.

Risk Governance, Oversight and Design

Our evolving risk governance structure balances strong central oversight and control of risk with clear accountability and ownership of risk within the front lines. The 3LD risk governance model ensures a balance between three distinct organizational functions, or "lines of defence":

- 1st Line of Defence: Employees on the front line who take, own and manage risk on a day-to-day basis;
- 2nd Line of Defence: The risk and compliance functions that provide independent oversight of and effective challenge to the first line's risk management activities by ensuring that the organization's governance structure is appropriate, and the right checks and balances are in place; and
- 3rd Line of Defence: The internal audit function, which provides independent assurance on the effectiveness of risk management policies, processes and practices to senior management and the Board of Directors (Board).

This structure supports the cascade of our 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.

Board and its key governance committee

BOARD OF DIRECTORS

The Board is responsible for risk oversight by ensuring sound risk management practices are in place, functioning effectively, and fostered in our culture. The Board approves our ERM and Risk Appetite Frameworks and maintains oversight as to the efficacy of the ERM program. In addition, the Board has responsibility to ensure that our incentive, reward and performance management and evaluation systems are aligned and in place, with due emphasis on risk, compliance and controls. The Board operates a formal Audit Committee to assist the Board in fulfilling its oversight responsibilities with respect to our standards of integrity and behaviour, financial reporting and internal control systems.

Management and its key risk committees

EXECUTIVE MANAGEMENT TEAM

The Executive Management team including the Chief Risk Officer, led by the Chief Executive Officer (CEO), is ultimately accountable for managing enterprise risk within the Board-approved Risk Appetite, recommending or approving policy, instruments , and overseeing execution of risk management activities.

The Executive Management team are voting members in various senior management committees as part of its corporate governance framework to ensure the effective management of the financial, operational and strategic affairs within the organization while also deploying various authorities which are delegated to it by the Board of Directors. Four of these are described below.

Triage Committee

The role of this Executive committee is to provide guidance and direction to the deal team, with the goal of pursuing transactions that align with FinDev Canada's mandate, strategic framework and risk appetite.

Investment Committee

This Executive committee has been established to make certain recommendations to the CEO or to the Board related to new and existing transactions, including those required by the Delegation of Authority Framework for Financing and Equity (F&I) Commitments.

Risk Management Committee

This Executive committee exists to oversee the enterprise risk management governance framework, review the risk profile of the corporation considering existing and emerging risks and make certain recommendations to the CEO or the Board, including risk frameworks and senior management committee terms of reference.

Operations Governance Committee

This Executive committee has been established to oversee governance controls, facilitate decision-making on strategic and corporate initiatives, and promote the overall operational effectiveness of the organization.

Capital Management

Our capital management framework ensures that we are appropriately capitalized and that our capital position is identified, measured, managed, and regularly reported to senior management and to the Board of Directors. Our approach to capital management is designed to align with our parent, Export Development Canada, and follows the Internal Capital Adequacy Assessment Process (ICAAP). We assess capital adequacy by comparing the supply of capital to the demand for capital, based on actual results and forecast results to assess capital adequacy under different planning and sensitivity scenarios. Demand for capital, which is calculated by models or approaches that estimate the capital required to cover the potential losses consistent with an A solvency level, includes credit, equity, market, operational, and strategic risks. The supply of capital is determined by our financial statements and consists of paid-in share capital and retained earnings.

As a result of equity contributions from our shareholder, FinDev Canada has a capital surplus of $750 million as at December 31, 2025.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements contained in this Annual Report have been prepared by management in accordance with International Financial Reporting Standards appropriate in the circumstances. The integrity and objectivity of the data in these financial statements are management's responsibility. It is necessary for management to make assumptions, estimates and judgements based on information available as at the date of the financial statements. Areas where management has made significant estimates, assumptions and judgements include the allowance for credit losses, and financial instruments measured at fair value. Management is also responsible for all other information in the Integrated Annual Report and for ensuring that this information is consistent, where appropriate, with the information and data contained in the financial statements.

In support of its responsibility, management maintains financial, management control and information systems and management practices to provide reasonable assurance that the financial information is reliable, that the assets are safeguarded, that the transactions are properly authorized and are in accordance with the relevant legislation and by-laws of the Corporation, and that the operations are carried out effectively. We rely on Export Development Canada's internal audit department whose functions include reviewing internal controls and their application, on an ongoing basis.

The Board of Directors is responsible for the management of our business and activities. In particular, it is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises this responsibility through the Audit Committee of the Board, which is composed of Directors who are not employees of FinDev Canada. The Audit Committee meets with management, the internal auditors and with representatives of the Office of the Auditor General of Canada on a regular basis.

The Auditor General of Canada conducts an independent audit, in accordance with Canadian generally accepted auditing standards, and expresses her opinion on the financial statements. Her report is presented on the following page.



Lori Kerr
President and Chief Executive Officer



Paolo Beltrano
Director, Finance and Controller

February 12, 2026

INDEPENDENT AUDITOR'S REPORT

To the Minister of International Trade

Report on the Audit of the Financial Statements

OPINION

We have audited the financial statements of Development Finance Institute Canada (DFIC) Inc. ("FinDev Canada"), which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income (loss), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of FinDev Canada as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of FinDev Canada in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION

Management is responsible for the other information. The other information obtained at the date of this auditor's report is the information included in the Financial Review section in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing FinDev Canada's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate FinDev Canada or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing FinDev Canada's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of FinDev Canada's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on FinDev Canada's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause FinDev Canada to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Normand Lanthier, CPA, CA
Senior Principal
for the Auditor General of Canada

Ottawa, Canada
12 February 2026

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31

(in thousands of Canadian dollars)	Notes	**2025**	2024
Assets			
Cash and cash equivalents	3	**252,529**	98,508
Derivative instruments	8	**12,714**	4,612
Loans receivable	4	**1,753,731**	955,363
Allowance for losses on loans	4	**(42,056)**	(33,865)
Equity investments	5	**299,941**	254,750
Other assets		**10,829**	7,491
Right-of-use asset	6	**5,547**	6,097
Total Assets		**$2,293,235**	$1,292,956
Liabilities and Equity			
Accounts payable and other credits		**9,950**	8,505
Loans payable	7	**930,694**	305,227
Owing to Export Development Canada	18	**4,175**	5,058
Deferred revenue	9	**5,354**	5,956
Derivative instruments	8	**30**	40,456
Lease liability	6	**5,823**	6,281
Allowance for losses on loan commitments	4	**4,981**	8,089
Total Liabilities		**961,007**	379,572
Equity			
Share capital	10	**1,350,000**	950,000
Deficit		**(17,772)**	(36,616)
Total Equity		**1,332,228**	913,384
Total Liabilities and Equity		**$2,293,235**	$1,292,956

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

These financial statements were approved for issuance by the Board of Directors on February 12, 2026.

Alison Nankivell
Director

Lori Kerr
Director

STATEMENT OF COMPREHENSIVE INCOME (LOSS)

FOR THE YEAR ENDED DECEMBER 31

(in thousands of Canadian dollars)	Notes	**2025**	2024
Financing and Equity Investment Revenue			
Loan		**97,381**	69,888
Marketable securities and cash equivalents		**4,286**	5,156
Equity investments	5	**851**	1,450
Total financing and equity investment revenue		**102,518**	76,494
Interest expense	6, 8	**31,580**	12,547
Financing and equity investment expenses		**14,848**	8,364
Net Financing and Equity Investment Income		**56,090**	55,583
Donor Contributions	9	**602**	1,060
Other (Income) Expenses	15	**(10,442)**	(815)
Administrative Expenses	16	**41,120**	34,478
Income before Provision		**26,014**	22,980
Provision for (Reversal of) Credit Losses	4	**7,170**	(7,614)
Net Income and Comprehensive Income		**$18,844**	$30,594

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31

(in thousands of Canadian dollars)	Notes	**2025**	2024
Share Capital			
Balance beginning of year		**950,000**	600,000
Shares issued	10	**400,000**	350,000
Balance end of year		**1,350,000**	950,000
Deficit			
Balance beginning of year		**(36,616)**	(67,210)
Comprehensive income (loss)		**18,844**	30,594
Balance end of year		**(17,772)**	(36,616)
Total Equity End of Year		**$1,332,228**	$913,384

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31

(in thousands of Canadian dollars)	**2025**	2024
Cash Flows used in Operating Activities		
Net income (loss)	**18,844**	30,594
Adjustments to determine net cash from (used in) operating activities		
Provision for (reversal of) credit losses	**7,170**	(7,614)
Depreciation	**240**	301
Equity investments non-cash items	**-**	(896)
Realized gains	**-**	(3)
Changes in assets and liabilities		
Change in accrued interest and fees on loans receivable	**(4,595)**	(3,631)
Change in fair value of equity investments	**(14,787)**	4,824
Change in accrued interest on loans payable	**4,218**	(3,069)
Change in derivative instruments	**(2,349)**	(9,849)
Other	**4,346**	6,596
Loan disbursements	**(971,213)**	(419,322)
Loan repayments	**114,704**	152,514
Net cash used in operating activities	**(843,422)**	(249,555)
Cash Flows used in Investing Activities		
Disbursements for equity investments	**(61,231)**	(46,154)
Receipts from equity investments	**18,551**	17,504
Purchases of marketable securities	**-**	(50,361)
Sales/maturities of marketable securities	**-**	50,365
Purchases of property, plant, and equipment	**(561)**	(912)
Net cash used in investing activities	**(43,241)**	(29,558)
Cash Flows from Financing Activities		
Issue of long-term loans payable	**860,375**	195,910
Repayment of long-term loans payable	**(213,874)**	(201,126)
Increase (decrease) in amount due to EDC	**(876)**	1,795
Issuance of share capital	**400,000**	350,000
Net cash from financing activities	**1,045,625**	346,579
Effect of exchange rate changes on cash and cash equivalents	**(4,941)**	4,147
Net decrease in cash and cash equivalents	**154,021**	71,613
Cash and Cash Equivalents		
Beginning of year	**98,508**	26,895
End of year	**$252,529**	$98,508
Cash and Cash Equivalents are comprised of:		
Cash	**19,697**	10,897
Cash equivalents	**232,832**	87,611
	$252,529	$98,508
Operating Cash Flows from Interest		
Cash paid for interest	**$26,824**	$13,736
Cash received for interest	**$93,633**	$69,889

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

1. Corporate Mandate

Development Finance Institute Canada (DFIC) Inc. was incorporated in September 2017 as a wholly-owned subsidiary of Export Development Canada ("EDC") for the purpose of providing, directly or indirectly, development financing and other forms of development support in a manner that is consistent with Canada's international development priorities. The corporation operates under the trade name FinDev Canada and is subject to the *Financial Administration Act*.

FinDev Canada's principal place of business is located at 5 Place Ville Marie #600, Montreal, Quebec.

2. Summary of Material Accounting Policy Information

Basis of Presentation

FinDev Canada's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) as issued by the International Accounting Standards Board (IASB).

Application of New and Revised International Financial Reporting Standards

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

No new or amended standards issued by the International Accounting Standards Board (IASB) were adopted in the year ended December 31, 2025.

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET IN EFFECT

The following standards and amendments issued by the IASB have been assessed as having a possible effect on FinDev Canada in the future. We are currently assessing the impact of these standards and amendments on our financial statements:

In April 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. While we expect it will affect the presentation of our financial statements, the full impact cannot yet be reasonably estimated.

In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments. These amendments will be effective for annual periods beginning on or after January 1, 2026 and aim to clarify how financial instruments are classified, measured, and disclosed in relation to the environmental, social and governance (ESG) considerations and electronic transactions. While changes to our accounting policies will be necessary, we do not expect the adoption of these amendments to have a material impact on the presentation of our financial statements.

Use of Estimates and Key Judgements

To prepare our financial statements in accordance with IFRS Accounting Standards, it is necessary for management to exercise judgement and make use of estimates and assumptions in applying certain accounting policies. We utilize current market data and other information available to us as at the date of the financial statements in arriving at our decisions. We have established procedures to ensure that the process for determining our estimates and assumptions is well controlled and occurs in an appropriate and systematic manner.

Uncertainty is inherent in the use of estimates and assumptions and as a result, actual results may vary materially from management's estimates. Uncertainty arises, in part, from the use of data at a point in time to establish our assumptions. While this data may be the most reliable basis available on which to base our assumptions, economic events may occur subsequently that render previous assumptions invalid and cause a material change to actual results.

Management has made significant use of estimates and exercised judgement as described in the following paragraphs.

LOANS AND ALLOWANCE FOR CREDIT LOSSES

The allowance for losses on loans receivable and loan commitments represents management's best estimate of expected credit losses (ECL). These estimates are reviewed periodically during the year and in detail as at the date of the financial statements.

The purpose of the allowance is to provide an estimate of expected credit losses inherent in the loan portfolio. Estimation is inherent in the assessment of forward-looking probabilities of default, loss severity in the event of default (also referred to as loss given default), review of credit quality and the value of any collateral. Management also considers the impact of forward-looking macroeconomic factors including current and future economic events, industry trends and risk concentrations on the portfolio and the required allowance.

Allowances are established on an individual basis for loans receivable and loan commitments that management has determined to be impaired and/or for which losses have been incurred. When an obligor is considered impaired, we reduce the carrying value of the loan to its net realizable value. Management is required to make a number of estimates including the timing and amount of future cash flows and the residual values of the underlying collateral.

Management judgement is used in the ECL calculation as it pertains to the application of forward-looking information to support future events and historical behaviour patterns in determining the expected life of a financial instrument. Judgement is also used in assessing significant increase in credit risk.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The majority of our financial instruments are recognized on our Statement of Financial Position at their fair value. These financial instruments may include cash equivalents, marketable securities, derivative instruments and equity investments. Fair value is defined as 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.

Financial instruments are categorized into one of three levels based on whether the techniques employed to value the instruments use observable or unobservable market inputs. Financial instruments categorized as Level 1 are valued using quoted market prices, thus minimal estimation is required. Those instruments categorized as Level 2 and 3 require the use of greater estimation and judgement as they may include inputs such as discount rates, yield curves and other inputs into our models which may not be based on observable market data.

The categorization of our financial instruments into the three fair value hierarchy levels requires judgement. Our policy is to recognize transfers into and out of these levels at the date of the event or change in circumstances that caused the transfer. Quantitative disclosure is provided for all transfers among all levels regardless of their significance.

STRUCTURED ENTITIES

Our fund investments are considered structured entities. A structured entity (SE) is defined as an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. Management exercises judgement in determining whether we have control of structured entities. When we have power over an SE and are exposed or have rights to variable returns from our involvement with an SE and have the ability to affect those returns through our power over the SE, we are considered to have control over the SE which must be consolidated within our financial statements. When the criteria for control are not met, SEs are not consolidated.

Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash and short-term securities with a term to maturity of 90 days or less from the date of their acquisition, are considered highly liquid, readily convertible to known amounts of cash and are subject to an immaterial risk of change in value. Interest revenue related to our cash equivalents is recorded within marketable securities and cash equivalents revenue in the Statement of Comprehensive Income.

Marketable Securities

We hold marketable securities for liquidity purposes. Our marketable securities are held with creditworthy counterparties that must have a minimum credit rating from an external credit rating agency of A- for all transactions.

Marketable securities held directly by FinDev Canada are recorded at fair value through profit or loss to reflect our business model for managing these instruments. Purchases and sales of marketable securities are recorded on the trade date and the transaction costs are expensed as incurred. Interest revenue is recorded in marketable securities and cash equivalents revenue and realized and unrealized gains and losses on these securities are included in other (income) expenses in the Statement of Comprehensive Income.

Loans Receivable

Loans receivable are recorded at fair value upon initial recognition and subsequently measured at amortized cost using the effective interest method. Our loans receivable are held in order to collect contractual cash flows which represent payments of principal, interest and fees.

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating the interest income over the relevant period in financing and equity investment revenue in the Statement of Comprehensive Income (Loss). The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset. When calculating the effective interest rate, we estimate cash flows considering all contractual terms of the financial instrument but do not consider future credit losses. The calculation includes all fees paid or received that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Deferred loan revenue, which consists of exposure, administration and other upfront fees, is considered an integral part of the effective interest rate and is amortized over the term of the related loan.

Our loans receivable are derecognized when the rights to receive cash flows have expired or we have transferred substantially all the risks and rewards of ownership. A loan payment is considered past due when the obligor has failed to make the payment by the contractual due date.

Allowance for Credit Losses

The allowance for credit losses represents management's best estimate of expected credit losses and is based on the expected credit loss model.

Financial instruments subject to an impairment assessment include loans held at amortized cost. The allowance for credit losses related to loans receivable is presented in the allowance for losses on loans in the Statement of Financial Position.

Loan commitments are an off-balance sheet item subject to an impairment assessment. The allowance for credit losses related to loan commitments is presented in the Statement of Financial Position.

Changes in the allowance for credit losses as a result of originations, repayments and maturities, changes in risk parameters, and remeasurements are recorded in the provision for credit losses in the Statement of Comprehensive Income (Loss).

EXPECTED CREDIT LOSS IMPAIRMENT MODEL

The ECL model applies a three-stage approach to measure the allowance for credit losses. At initial recognition financial instruments are placed in Stage 1. Expected credit losses are measured based on the stage assignment of the financial instrument:

- *Stage 1* – Where there has not been a significant increase in credit risk since origination, the allowance recorded is based on the expected credit losses resulting from defaults over the next 12 months;
- *Stage 2* – Where there has been a significant increase in credit risk since origination, the allowance recorded is based on the expected credit losses over the remaining lifetime of the financial instrument; and
- *Stage 3* – Where a financial instrument is considered impaired, the allowance recorded is based on the expected credit losses over the remaining lifetime of the instrument and interest revenue is calculated based on the carrying amount of the instrument, net of the loss allowance, rather than on its gross carrying amount.

IMPAIRMENT AND WRITE-OFF OF FINANCIAL INSTRUMENTS

Under our definition of default on loans receivable and loan commitments, these financial instruments are considered to be in default and placed in Stage 3 when they meet one or both of the following criteria which represent observable evidence of impairment:

- there has been a deterioration in credit risk to the extent that we consider the obligor is unlikely to pay its credit obligations to us in full; or
- the obligor is past due more than 90 days on any credit obligation to us, as required under IFRS 9.

If there is reasonable and supportable information that an impairment loss has occurred on an individual loan or loan commitment, the amount of the loss is measured as the difference between the loan's carrying amount and the present value of any estimated future cash flows discounted at the loan's original effective interest rate. The carrying value of the loan is reduced through the use of an individual allowance.

Thereafter, interest income on individually impaired loans is recognized based on the reduced carrying value of the loan using the original effective interest rate of the loan.

Loans and the related allowance for credit losses are written off, either partially or in full, when all collection methods, including the realization of collateral, have been exhausted and no further prospect of recovery is likely.

Loans are returned to performing status when it is likely that contractual payments will continue pursuant to the terms of the loan.

MEASUREMENT OF EXPECTED CREDIT LOSSES

The ECL calculation along with the stage assignment considers reasonable and supportable information about past events, current conditions and forecasts of future economic events. The estimation and application of forward-looking information, using both internal and external sources of information, requires significant judgement.

The ECL model is a function of the probability of default (PD), loss given default (LGD), and exposure at default (EAD) of a specific obligor or group of obligors with like characteristics such country, industry, and entity type, discounted to the reporting date using the effective interest rate, or an approximation thereof. PD is modelled based on current and historic data along with relevant forward-looking macroeconomic factors to estimate the likelihood of default over a given time horizon. LGD is an estimate of the percentage of exposure that will be lost if there is a default on a specific obligor and also incorporates forward-looking macroeconomic factors. EAD is modelled based on cash flow expectations which include contractual terms as well as forward-looking repayment and draw patterns and represents the outstanding exposure at the time of default.

FORWARD-LOOKING INFORMATION

ECLs are calculated using forward-looking information determined from reasonable and supportable forecasts of future economic conditions as at the reporting date. The ECL model does not consider every possible scenario but reflects a representative sample of three possible outcomes. The scenarios used are not biased towards extremes, reflect consistency among variables and are probability weighted.

In addition to a baseline macroeconomic outlook, we also produce two alternative outlooks. These alternative forecasts leverage our country risk and sector analysts in EDC's Economics team to identify and vet key upside- and downside-scenario possibilities, considering their impacts and probability of occurrence. The scenarios are reviewed quarterly for ongoing relevance.

The macroeconomic variables (MEV) considered in the determination of the scenarios have been established to be key drivers of a global macroeconomic outlook and influential to our loan portfolio and include gross domestic product, equity indices and unemployment rates. The macroeconomic variables are applied in the ECL model using a scenario conditioned model based on the country, industry, credit rating and entity type. We also assess the extent to which these variables may not reflect recent economic events that may result in credit deterioration. In these cases, we will estimate the potential impact on our allowances and apply model adjustments to specific industries or other exposure categories that we deem appropriate.

SIGNIFICANT INCREASE IN CREDIT RISK

At each reporting date, an assessment of whether a significant increase in credit risk has taken place since the initial recognition of the financial instrument is performed. The assessment, which does not use the low credit risk exemption allowed under IFRS 9, requires judgement and considers the following factors:

- a threshold based on a relative change in the probability of default for the remaining expected life of the instrument relative to the corresponding probability of default at origination;
- qualitative information available as at the reporting date; and
- days past due.

Any exposure that is 30 days past due is placed in Stage 2. Any exposure that is 90 days past due is considered impaired and placed in Stage 3.

Assets can move in both directions through the stages of the impairment model. If, in a subsequent period, the credit quality improves for an instrument in Stage 2 such that the increase in credit risk since initial recognition is no longer considered significant, the instrument will move to Stage 1 and the loss allowance shall revert to being recognized based on the 12-month expected credit losses.

MODIFICATIONS

In situations where a borrower experiences financial difficulty, we may grant certain modifications to the terms and conditions of a loan. An assessment is performed to determine if the loan should be derecognized. If the modification does not result in derecognition, the date of origination continues to be used to assess significant increase in credit risk. If the modification results in derecognition, a new loan is recognized based on the new contractual terms and is placed in Stage 1. Loans that are credit-impaired upon origination are placed in Stage 3, and the lifetime ECLs are reflected in the initial fair value. In subsequent reporting periods, we recognize only the cumulative changes in the lifetime ECLs since initial recognition as an allowance for credit losses. Changes in ECLs are recognized in the provision for (reversal of) credit losses on the Statement of Comprehensive Income.

Equity Investments

Equity investments are comprised of direct investments that are held in private companies and investments in private equity funds. Purchases and sales of these equity investments are recorded on a trade-date basis and are measured at fair value through profit or loss. Subsequent changes in fair value and any realized gains and losses are recorded in other (income) expenses. Transaction costs are expensed as incurred and included within financing and equity investment expenses.

Leases

At the inception of a contract, we assess whether the contract is, or contains, a lease. We recognize the right-of-use asset and the lease liability at the lease commencement date. At initial recognition, right-of-use assets are measured at cost, comprised of the initial amount of the lease liability, initial direct costs incurred and lease payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

Our right-of-use asset pertains to office space and printers. We account for lease components and non-lease components separately. We do not recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less or are of a low value. Lease payments associated with these leases are recognized as an expense as they are incurred.

Our lease liability is initially measured at the present value of lease payments and discounted using the interest rate implicit in the lease or, if not available, our incremental borrowing rate. Subsequently, the lease liability is measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change to the term of the lease with a corresponding adjustment made to the carrying value of the right-of-use asset or the recognition of a gain or loss in other income (expenses) if the carrying value of the right-of-use asset is nil.

Loans Payable

FinDev Canada holds fixed rate term loans and floating rate revolving loans from EDC. Loans payable are carried at amortized cost with interest recorded in interest expense using the effective interest rate method.

Derivative Instruments

Derivative instruments (derivatives) are financial contracts that derive their value from underlying changes in interest rates, foreign exchange rates, equities, credit spreads or other financial measures. We use derivatives (foreign exchange swaps and forward exchange forwards) to manage foreign exchange risk.

We do not apply hedge accounting to our derivatives. Derivatives are accounted for at fair value through profit or loss and are recognized on the Statement of Financial Position upon the trade date and are removed from the Statement of Financial Position when they expire or are terminated. Derivatives with a positive fair value are reported as derivative instruments within assets, while derivatives with a negative fair value are reported as derivative instruments within liabilities. All interest income and expenses associated with our derivatives are included in interest expense, while realized and unrealized gains and losses are recorded in other income (expenses).

Donor Contributions

FinDev Canada enters into co-funding agreements with various donors to increase resources for development impact projects. Donor contributions are managed together with FinDev Canada's own contributions. Funds received or receivable under donor contribution agreements are recorded as deferred revenues. These deferred revenues are recognized as revenues in the year in which the related expenses are incurred and are reduced upon direct client disbursements with no revenue recognized. The portion of funds received from donors that is reasonably expected to be used for direct disbursements to clients is excluded from deferred revenue.

Translation of Foreign Currency

All monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars, the functional and presentation currency of FinDev Canada, at exchange rates prevailing at the end of the year. Income and expenses are translated at either daily or monthly average exchange rates in effect during the year. Exchange gains and losses resulting from the translation of foreign currency balances and transactions are included in other income (expenses).

Foreign currency non-monetary items are translated at historical rates if measured at historical cost, and at the rate on the date the fair value was determined if measured at fair value.

Retirement Benefit Plans

We participate in benefit plans sponsored by EDC. We account for our participation on an accrual basis on an allocation rate determined by EDC. For further details of these benefit plans, please refer to Note 10 of EDC's 2025 Integrated Annual Report.

3. Cash, Cash Equivalents and Marketable Securities

FinDev Canada holds interest-earning short-term instruments with Canadian financial institutions that are due within one year for cash management purposes. Instruments with a term to maturity of 90 days or less from the date of their acquisition are considered cash equivalents. Balances relating to cash equivalents are included in cash and cash equivalents within the financial statements and notes.

At December 31, 2025, FinDev Canada only held cash and cash equivalents and the balance of marketable securities was $nil (2024 – all instruments held were cash and cash equivalents and marketable securities was $nil). In 2025, there was no marketable security activity (2024 – purchases of $50.4 million and maturities and sales of $50.4 million).

We are exposed to risk on our cash equivalents and marketable securities portfolio to the extent that the deposit-taking institutions or counterparties will not repay us in accordance with contractual terms. To mitigate this risk, we only transact cash, cash equivalents and marketable securities with counterparties having a credit rating of A- or better. Our cash and cash equivalents credit exposure is represented by the carrying value of the financial instruments.

At December 31, 2025, cash and cash equivalents of $252.5 million (2024 – $98.5 million) included restricted cash equivalents of $5.4 million (2024 – $6.0 million) related to donor contributions from Global Affairs Canada (GAC) and is restricted for the 2X Canada concessional facility (2X Facility) project. The restricted cash equivalents amounts have been included as part of the cash and cash equivalents balance in the statement of cashflows. The remaining $247.1 million (2024 – $92.5 million) was unrestricted. Refer to Note 9 for further details on the 2X Facility.

The yield on cash equivalents and marketable securities for 2025 was 3.22% (2024 – 5.04%).

4. Loans and Allowance for Credit Losses

Loans Receivable

The following table presents the various components of loans receivable and the contractual maturity and related contractual effective yields for gross loans receivable. The yields are computed on a weighted average basis by amount and term. Floating rate yields are expressed as spreads over base rates which consist mainly of risk-free rates (RFR) for U.S. dollars:

(in thousands of Canadian dollars)	**Dec. 31, 2025**					Dec. 31, 2024				
	Floating $	**Spread to maturity %**	**Fixed $**	**Yield to maturity %**	**Total $**	Floating $	Spread to maturity %	Fixed $	Yield to maturity %	Total $
Performing:										
2025	**-**	**-**	**-**	**-**	**-**	83,597	3.41	26,005	7.63	109,602
2026	**165,295**	**2.70**	**23,772**	**8.27**	**189,067**	123,963	3.40	20,678	7.71	144,641
2027	**391,515**	**2.79**	**18,079**	**8.02**	**409,594**	199,031	3.44	13,174	7.84	212,205
2028	**282,945**	**2.73**	**24,413**	**7.85**	**307,358**	98,293	3.45	19,480	8.07	117,773
2029	**240,637**	**2.79**	**14,122**	**7.85**	**254,759**	65,456	3.60	8,698	8.30	74,154
2030	**144,124**	**4.43**	**14,122**	**7.79**	**158,246**	56,949	3.53	8,698	8.26	65,647
2031–2035	**360,027**	**4.04**	**37,624**	**7.59**	**397,651**	180,781	3.14	19,257	8.05	200,038
2036 and beyond	**12,433**	**3.52**	**-**	**-**	**12,433**	3,787	4.51	-	-	3,787
Performing gross loans receivable	**1,596,976**	**3.56**	**132,132**	**7.81**	**1,729,108**	811,857	3.38	115,990	8.02	927,847
Impaired	**14,260**	**7.43**	**6,491**	**5.60**	**20,751**	14,941	7.43	7,189	5.60	22,130
Gross loans receivable	**1,611,236**		**138,623**		**1,749,859**	826,798		123,179		949,977
Accrued interest and fees receivable					**17,056**					14,166
Deferred loan revenue					**(13,184)**					(8,780)
Loans receivable					**1,753,731**					955,363

At the end of 2025, the floating rate performing gross loans receivable yield was 2.83% (2024 – 3.46%) with an average term to reset of 109 days (2024 – 86 days).

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

(in thousands of Canadian dollars)	**2025**	2024
Balance beginning of year	**949,977**	618,789
Disbursements	**971,213**	419,322
Principal repayments	**(114,704)**	(152,514)
Capitalized interest	**167**	-
Loans written off	**(291)**	(765)
Foreign exchange translation	**(56,503)**	65,145
Balance end of year	**$1,749,859**	$949,977

In 2025, we had no new impairments (2024 – $22.1 million from two commercial borrowers). During the year, $291 thousand of one of the impaired loans was written off to provide support in a period of financial difficulty for the borrower.

At December 31, 2025, undisbursed amounts on signed loan agreements totalled $327.9 million (December 2024 – $302.4 million).

We had country risk concentrations as outlined below:

(in thousands of Canadian dollars)	**Dec. 31, 2025**		Dec. 31, 2024	
Country	**Gross loans receivable**	**%**	Gross loans receivable	%
Nigeria	**213,566**	**12**	57,506	6
Colombia	**137,215**	**8**	143,765	15
Vietnam	**120,406**	**7**	-	-
Bermuda	**116,822**	**7**	102,163	11
United States	**99,618**	**6**	8,587	1
Argentina	**97,148**	**5**	83,863	9
Mauritius	**95,536**	**5**	78,861	8
France	**82,535**	**5**	61,470	6
Tanzania	**82,329**	**5**	-	-
Costa Rica	**73,181**	**4**	81,467	9
Guatemala	**68,950**	**4**	-	-
South Africa	**68,608**	**4**	71,883	8
Honduras	**68,608**	**4**	-	-
Mongolia	**68,608**	**4**	-	-
Curaçao	**65,862**	**4**	74,758	8
Thailand	**65,589**	**4**	-	-
Ecuador	**52,818**	**3**	79,411	8
Dominican Republic	**35,376**	**2**	10,638	1
Canada	**33,961**	**2**	10,782	1
Togo	**32,236**	**2**	29,272	3
Paraguay	**25,496**	**1**	-	-
Luxembourg	**15,074**	**1**	-	-
Peru	**13,165**	**1**	16,682	1
Jamaica	**10,291**	**-**	17,971	2
El Salvador	**6,861**	**-**	10,063	1
Brazil	**-**	**-**	9,584	1
Panama	**-**	**-**	1,251	1
Total	**$1,749,859**	**100**	$949,977	100

We employ a range of methods to mitigate credit risk on our commercial loans which includes obtaining certain forms of security interest. The principal types of security interest are liens on real and personal property and fixtures of the borrower.

Our maximum exposure to credit risk comprised of gross loans receivable and loan commitments is $2,077.8 million at December 31, 2025 (2024 – $1,252.4 million).

Exposure by Stage

The breakdown of our gross loans receivable and loan commitments by credit grade was as follows:

(in thousands of Canadian dollars)	**Stage 1**	**Stage 2**	**Stage 3**	**Dec. 31, 2025** **Total**	Dec.31, 2024[2] Total
Gross loans receivable					
Investment grade[1]	**235,040**	**-**	**-**	**235,040**	14,896
Non-investment grade	**1,416,609**	**77,459**	**-**	**1,494,068**	912,951
Individually impaired	**-**	**-**	**20,751**	**20,751**	22,130
Total gross loans receivable	**1,651,649**	**77,459**	**20,751**	**1,749,859**	949,977
Loan commitments					
Investment grade[1]	**84,345**	**-**	**-**	**84,345**	14,896
Non-investment grade	**236,693**	**6,861**	**-**	**243,554**	287,500
Total loan commitments	**321,038**	**6,861**	**-**	**327,899**	302,396

Allowance for Credit Losses

Our allowance for credit losses is estimated using complex models that incorporate inputs, assumptions and model techniques that involve a high degree of management judgment. As explained in Note 2, the ECL model is a function of the probability of default (PD), loss given default (LGD) and the exposure at default (EAD). The PD curves used in our ECL model include forward-looking macroeconomic factors to estimate the likelihood of default over time.

The following table shows the gross and net amount of our loans receivables and loan commitments.

(in thousands of Canadian dollars)	**Dec. 31 2025**			Dec. 31 2024		
	Gross carrying amount	**Allowance for losses**	**Net carrying amount**	Gross carrying amount	Allowance for losses	Net carrying amount
Gross loans receivable	**1,749,859**	**42,056**	**1,707,803**	949,977	33,865	916,112
Loan commitments	**327,899**	**4,981**	**322,918**	302,396	8,089	294,307
Total	**2,077,758**	**47,037**	**$2,030,721**	1,252,373	41,954	$1,210,419

The following tables reconcile the opening and closing allowance for credit losses for the year ended December 31, 2025. Reconciling items include the allowance impact due to the following:

- The impact of transfers between stages before any corresponding remeasurement of allowance;
- Remeasurement of allowance as a result of transfers between stages and the impact of any credit risk rating changes, implementation of new models, and changes in model inputs, and assumptions that did not result in a transfer between stages;
- New originations during the period which include newly disbursed loans and signed loan commitments;
- Net disbursements or repayments and maturities, which include loan disbursements and repayments on existing loans receivable and loan commitments;
- Write-off of assets deemed uncollectible; and
- Effect of changes in foreign exchange rates.

[1] Investment grade exposure represents obligors with credit ratings of BBB- and above, as determined based on our internal credit risk rating methodology.

[2] The exposure by stage for both gross loans receivable and loan commitments considered credit enhancements in the classification of investment grades. Comparative figures for investment grades have been reclassified to remove such credit enhancements in the exposures. The reclassification from investment grade to non-investment grade in Stage 1 was $164M for gross loans receivable and $47M for loan commitments.

As of December 31, 2025, if our performing portfolio was measured using Stage 1 ECL, total ECL would be $29.5 million (2024 – $28.1 million). If our performing portfolio was measured using Stage 2 ECL, total ECL would be $77.2 million (2024 – $73.1 million).

We forecast three macroeconomic scenarios when calculating the ECL at the reporting date. As of December 31, 2025, the impact of weighting the multiple macroeconomic variable scenarios increased total ECL on our performing portfolio by $2.9 million relative to the base case scenario (2024 – $1.6 million).

Changes to the allowance for credit losses on loans receivable and loan commitments for the year ended December 31, 2025 were as follows:

(in thousands of Canadian dollars)	**Stage 1**	**Stage 2**	**Stage 3**	**2025 Total**	Stage 1	Stage 2	Stage 3	2024 Total
Allowance for losses on loans receivable								
Balance at beginning of year	18,466	2,237	13,162	**33,865**	15,199	25,163	-	40,362
Provision for (reversal of) credit losses								
Transfer to Stage 1	34,182	(34,182)	-	**-**	32,477	(32,477)	-	-
Transfer to Stage 2	(13,728)	13,728	-	**-**	(8,709)	8,709	-	-
Transfer to Stage 3	-	-	-	**-**	-	(1,076)	1,076	-
Remeasurements	(25,847)	23,699	2,455	**307**	(29,926)	1,917	12,429	(15,580)
New originations	13,411	-	-	**13,411**	11,178	8,783	-	19,961
Net repayments and maturities	(1,921)	(2,120)	291	**(3,750)**	(2,248)	(2,794)	-	(5,042)
Model changes	-	-	-	**-**	(923)	(7,013)	(85)	(8,021)
Total provision for (reversal of) credit losses	6,097	1,125	2,746	**9,968**	1,849	(23,951)	13,420	(8,682)
Write-offs	-	-	(291)	**(291)**	-	-	(765)	(765)
Foreign exchange	(994)	78	(570)	**(1,486)**	1,418	1,025	507	2,950
Balance end of year	23,569	3,440	15,047	**42,056**	18,466	2,237	13,162	33,865
Allowance for losses on loans commitments								
Balance at beginning of year	8,089	-	-	**8,089**	62	6,349	-	6,411
Provision for (reversal of) credit losses								
Transfer to Stage 1	9,058	(9,058)	-	**-**	153	(153)	-	-
Transfer to Stage 2	(3,891)	3,891	-	**-**	(26)	26	-	-
Remeasurements	(5,569)	7,277	-	**1,708**	(4,051)	(837)	-	(4,888)
New originations	4,709	-	-	**4,709**	17,861	381	-	18,242
Net repayments and maturities	(7,081)	(2,134)	-	**(9,215)**	(6,566)	(5,862)	-	(12,428)
Model changes	-	-	-	**-**	168	(26)	-	142
Total provision for (reversal of) credit losses	(2,774)	(24)	-	**(2,798)**	7,539	(6,471)	-	1,068
Foreign exchange	(430)	120	-	**(310)**	488	122	-	610
Balance end of year	4,885	96	-	**4,981**	8,089	-	-	8,089
Total allowance for losses on loans receivable and loan commitments	$28,454	$3,536	$15,047	**$47,037**	$26,555	$2,237	$13,162	$41,954

Macroeconomic Variables

The following table presents our average forecasted MEVs over the next year and the remaining forecast period, for the base forecast and upside and downside scenarios. The key MEVs listed in the chart below have an impact on the forward-looking PD curves for our portfolio.

Dec. 31 2025

	Base Forecast		Upside Scenario		Downside Scenario	
	Average value over the next 12 months	Average value over the remaining forecast period*	Average value over the next 12 months	Average value over the remaining forecast period*	Average value over the next 12 months	Average value over the remaining forecast period*
World GDP (% change)	3.1	3.1	5.2	3.4	0.5	3.2
Industrialized Country GDP, YoY%	1.6	1.8	3.6	2.1	(0.8)	1.9
Developing Country GDP, YoY%	4.2	4.0	6.4	4.3	1.4	4.1
Exchange Rate (Period Average), US$ per CAD	0.7	0.8	0.7	0.8	0.7	0.8
West Texas Intermediate, US$ per barrel	57.6	65.4	61.3	72.7	43.1	57.3

Dec. 31 2024

	Base Forecast		Upside Scenario		Downside Scenario	
	Average value over the next 12 months	Average value over the remaining forecast period*	Average value over the next 12 months	Average value over the remaining forecast period*	Average value over the next 12 months	Average value over the remaining forecast period*
World GDP (% change)	3.1	3.1	4.6	3.3	0.5	3.2
Industrialized Country GDP, YoY%	1.7	1.9	2.9	2.0	(0.6)	1.9
Developing Country GDP, YoY%	4.2	4.0	5.8	4.2	1.4	4.1
Exchange Rate (Period Average), US$ per CAD	0.7	0.8	0.7	0.8	0.6	0.8
West Texas Intermediate, US$ per barrel	65.8	66.8	68.2	72.6	50.5	59.2

*The remaining forecast period is generally four years.

5. Equity investments

(in thousands of Canadian dollars)	**Dec. 31, 2025**	Dec. 31, 2024
Direct investments	**91,843**	99,223
Fund investments	**208,098**	155,527
Total equity investments	**$299,941**	$254,750

Equity investments are recorded at their fair value in our financial statements. We have undisbursed equity investment commitments of $358.6 million (2024 – $264.9 million) of which $357 million (2024 – $260 million) relate to fund investments.

Equity investments income from our direct and fund investment portfolios of $0.9 million (2024 – $1.5 million) was recorded in the Statement of Comprehensive Income (Loss). This consisted mainly of coupon interest payments, dividend and interest income earned from the fund portfolio, and equalization fees.

The fund investments we have entered into are pooled investment vehicles structured as limited partnerships and financed by the limited partners. These funds invest primarily in private or public companies and are considered to be structured entities. The maximum exposure to unconsolidated structured entities is $565 million (2024 – $416 million) which relate to disbursed and undisbursed fund investments.

6. Right-of-Use Assets and Lease Liabilities

Right-of-Use Asset

FinDev Canada leases office space and printers. We have included extension options in the measurement of our lease liabilities when it is reasonably certain we will exercise the extension option. During the year, changes to our right-of-use assets including the new lease for our head office, were as follows:

(in thousands of Canadian dollars)	**2025**	2024
Balance beginning of year	**6,097**	1,682
Additions	**48**	4,962
Depreciation	**(598)**	(547)
Balance end of year	**$5,547**	$6,097

Lease Liabilities

The following table presents the maturity analysis of the contractual undiscounted cash flows for our lease liabilities as at December 31:

(in thousands of Canadian dollars)	**2025**	2024
Under 1 year	**723**	696
1 to 5 years	**2,179**	2,387
Over 5 years	**4,233**	4,721
Total undiscounted lease liabilities	**7,135**	7,804
Total lease liabilities end of year	**$5,823**	$6,281

Interest expense on the lease liabilities for the year ended December 31, 2025 was $0.2 million (2024 – $0.2 million). Total cash outflow for the leases was $0.7 million (2024 – $0.5 million), including $0.5 million (2024 – $0.3 million) of principal payments on the lease liabilities.

Future contractual commitments related to non-lease components, low value and short-term leases at the end of 2025 were $7.8 million (2024 – $8.6 million).

7. Debt Instruments

We issue debt instruments to our parent company, EDC, in order to meet funding and liquidity requirements. Long-term payables represent fixed rate term loans and floating rate revolving loans which we issue in U.S. dollars and Euros with maturities exceeding one year. We use derivative instruments to manage foreign exchange risk. Refer to Note 8 for further details on our derivative instruments.

FinDev Canada is a wholly-owned subsidiary of EDC, which is wholly owned by the Government of Canada. Our obligations are backed by the full faith and credit of the Government of Canada, which holds a AAA credit rating. Therefore, there is no significant change in the value of our debt instruments that can be attributed to changes in our own credit risk.

Loans Payable

The components of loans payable were as follows:

(in thousands of Canadian dollars)	**Dec. 31, 2025**	Dec. 31, 2024
Long-term payables		
Due within current year	**2,015**	14,377
Over one year	**922,055**	288,249
Total long-term payables	**924,070**	302,626
Accrued interest	**6,624**	2,601
Total	**$930,694**	$305,227

In 2025, there were foreign exchange translation gains of $25.3 million (2024 – losses of $24.2 million) on our loans payable. The foreign exchange exposure of these loans payable is managed as part of our foreign currency risk management together with all other assets and liabilities. Refer to Note 15 for our foreign exchange translation (gain) loss.

The following table notes the changes in loans payable arising from financing activities:

(in thousands of Canadian dollars)	**2025**	2024
Balance beginning of year	**305,227**	289,301
Net cash flows	**646,501**	(5,216)
Foreign exchange translation	**(25,252)**	24,211
Change in accrued interest	**4,218**	(3,069)
Balance end of year	**$930,694**	$305,227

The following table shows our fixed and floating rate debt positions, as well as the maturities and yields of those positions. The debt instruments are shown below at their notional amounts in order to provide information on cash requirements at maturity of the instruments.

(in thousands of Canadian dollars)	**Dec. 31, 2025**		Dec. 31, 2024	
Year of maturity	**Debt issues**	**Yield* (%)**	Debt issues	Yield* (%)
Fixed rate issues				
2025	**-**	**-**	14,377	4.21
2026	**2,015**	**2.41**	-	-
2027	**29,458**	**3.34**	28,753	3.39
2028	**53,470**	**4.24**	53,912	4.30
2029	**2,015**	**2.45**	-	-
2030	**2,015**	**2.45**	-	-
2031–2035	**6,044**	**2.45**	-	-
Subtotal	**95,017**	**3.67**	97,042	4.06
Floating rate issues				
2036 and beyond	**829,053**		205,584	
Subtotal	**829,053**	**4.05**	205,584	4.58
Total	**$924,070**		$302,626	

** Refers to yield to maturity for fixed rate issues and yield to reset for floating rate issues.*

At the end of 2025, the contractual cash flows, including principal and estimated interest (using current contractual rates), related to our debt portfolio were as follows:

(in thousands of Canadian dollars)	**Dec. 31, 2025**
Year of maturity	
Under 1 year	**36,672**
1 to 3 year	**156,626**
3 to 5 year	**72,541**
Over 5 year	**1,090,823**
Total	**$1,356,662**

8. Derivative Instruments

We use a variety of derivative instruments to manage costs, returns and levels of financial risk associated with our funding, investment and risk management activities.

We currently use, but are not limited to, the following types of instruments:

Foreign exchange swaps – commitments to exchange cash flows in different currencies where there are two exchanges; the first is made at the spot rate at inception and the second at a predetermined rate on a specified date in the future.

Foreign exchange forwards – commitments to exchange cash flows in different currencies, for which the foreign exchange rate is predetermined, at a specified date in the future.

To limit credit risk on our derivative instruments we only transact these foreign exchange swaps and foreign exchange forwards with EDC. Our derivative instruments credit exposure is represented by the carrying value of the derivative assets in our financial statements.

Derivative instruments are recorded on the Statement of Financial Position at fair value. Notional amounts are not recorded as assets or liabilities on our Statement of Financial Position as they only represent the face amount of the contract to which a rate or a price is applied to determine the amount of cash flows to be exchanged.

We have transacted foreign exchange swaps (ranging from two months to five months) with EDC to convert funds between Canadian dollars and U.S. dollars or Canadian dollars and Euros. All of these derivatives have a remaining term to maturity under one year (2024 – all under one year). As at December 31, 2025, the notional value of the swaps was $1,251.0 million (2024 – $914.1 million). Interest expense on these swaps of $18.7 million (2024 – $5.4 million) was recorded in the Statement of Comprehensive Income (Loss).

In 2025, we reviewed our contracts for embedded derivatives in non-financial contracts and determined that there were no embedded derivatives (2024 – none).

9. Deferred Revenue

In 2021, FinDev Canada received contributions of $75.9 million from GAC for the 2X Canada Concessional Facility. Refer to Note 18 for further details. Of the original $75.9 million facility, $11.5 million related to a donor contribution to be used by FinDev Canada for eligible administrative expenses and technical assistance.

Deferred revenue represents the unrecognized portion of donor contributions from GAC for the CF. Deferred revenue is recognized in revenue when expenses are incurred.

The following table shows deferred revenue related to the Concessional Facility:

(in thousands of Canadian dollars)	**Dec. 31, 2025**	Dec. 31, 2024
GAC CF Admin Expense	**5,266**	5,831
GAC CF Technical Assistance Facility	**88**	125
Total	**$5,354**	$5,956

The following table shows the components of donor contributions recognized in revenue:

(in thousands of Canadian dollars)	**2025**	2024
GAC CF Admin Expense	**565**	985
GAC CF Technical Assistance	**37**	75
Total	**$602**	$1,060

10. Share Capital

FinDev Canada has an unlimited number of authorized shares with a par value of $100 each and entitle our shareholder to receive a dividend from time to time. As at December 31, 2025, FinDev Canada's share capital is $1,350 million consisting of 13.5 million shares (December 2024 – $950 million consisting of 9.5 million shares). During the first quarter of 2025, FinDev Canada received a capital injection of $400 million in exchange for 4.0 million shares (2024 – $350 million in exchange for 3.5 million shares).

11. Capital Management

By providing financing and equity to private companies operating in developing countries, we are exposed to several financial risks. One such risk is the Capital Adequacy Risk, which is the risk of loss due to the failure to maintain sufficient capital, leading to business disruption, insolvency or bankruptcy. We manage our Capital Adequacy Risk in compliance with our Capital Management Policy.

Amongst other things, this policy establishes the approach and processes used to measure, monitor and manage Capital Adequacy Risk. It also sets out the methodology for the calculation of available capital (Capital Supply) as well as required capital (Capital Demand), and a regular cadence of reporting to the Executive Management team and to the Board.

Our approach to capital management has been designed to ensure alignment with our parent company, EDC. Such methodology follows the Internal Capital Adequacy Assessment Process (ICAAP) and serves as a guideline to assess our required capital. For FinDev Canada, Capital Demand is calculated by models or approaches that estimate the capital required to cover potential losses consistent with an A solvency level, and includes credit, operational, market and strategic risks. The Capital Supply is determined by our financial statements and consists of paid-in share capital and retained earnings.

Additionally, our debt funding limit has been set to three times our book equity (3:1). This limit is periodically monitored, and the borrowing capacity would be reduced accordingly in the case of an increase in the risk profile of our portfolio and/or a reduction of our capitalization.

We target a level of capitalization sufficient to cover potential losses consistent with a rating standard of A. In 2024, FinDev Canada lowered its solvency standard from AA to A based on a review of best practices and to ensure alignment with its parent, EDC.

12. Financial Risk Management

By providing financing and equity to private companies operating in developing countries, FinDev Canada is exposed to several financial risks. To control or mitigate certain financial risks in our portfolio we engage in various risk transfer activities primarily through non-payment insurance policies. In addition, to ensure sound management of FinDev Canada's exposure to financial risks, a Financial Risk Management Framework ("FRMF") is in place which sets out governance and oversight of financing and equity transactions as well as its treasury operations activities. The FRMF establishes roles, responsibilities and controls ensuring the effective management of financial risks. This includes Board limits as well as monitoring and reporting requirements.

The main financial risks to which FinDev Canada is exposed are:

Capital Management Risk

Capital Management risk is assessed under two sub-categories:

- Capital Adequacy Risk – The risk that FinDev Canada's implied solvency level may impact its ability to deliver on its strategic objectives. Capital adequacy risk includes the risk of insolvency as well as lack of available capital to execute its strategy.
- Liquidity Risk – The risk of loss due to the inability of FinDev Canada to raise or borrow funds to meet its financial obligations or its inability to convert its treasury assets into cash without giving up significant capital and/or income.

Credit and Counterparty Risk

Credit and Counterparty risk is assessed under three main sub-categories:

- Portfolio Risk – The risk of loss resulting from any single exposure or group of exposures with potential to produce losses large enough to threaten FinDev Canada's health or ability to maintain its core operations.
- Obligor Risk – The risk of loss due to the failure of a borrower, guarantor, or an entity in which FinDev Canada holds an equity stake to meet its business performance.
- Treasury Counterparty Risk – The risk of loss from the failure of a treasury or risk transfer counterparty to meet its obligations in accordance with agreed terms.

Market Risk

Market Risk is the risk of loss due to adverse movements in market prices, interest rates and/or foreign exchange rates. Market risk may also arise from market events that affect the fair market value of our investments.

- Foreign Exchange Rate Risk – The risk of potential adverse impact on the value of financial instruments resulting from exchange rate movements. FinDev Canada is exposed to foreign exchange rate risk when there is a mismatch between assets and liabilities in any currency. In 2025, a ±1% change in foreign exchange did not have a significant impact on our net income.
- Interest Rate Risk – The risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. FinDev Canada is exposed to potential adverse impacts on the value of financial instruments resulting from differences in the maturities or repricing dates of assets and liabilities. In 2025, a ±100 bps change in interest rates did not have significant impact on our net income.
- Other Market Risk – The risk of fluctuations in the market value of investments due to changes in market conditions. FinDev Canada is exposed to potential negative impacts on the value of financial instruments resulting from market volatility, economic conditions, and investee company performance. Refer to Note 13 for sensitivity analysis on our equity investments.

Climate Change Risk

We started tracking climate change risk and its impact on our financial sustainability. The two categories under the climate change risk are as follows:

- Physical Risk – The risk of financial impacts stemming from acute and chronic physical climate risks resulting from climate events, such as floods, storms, wildfires, droughts as well as from longer term shifts in climate patterns such as sustained higher temperatures that may cause sea level rise or chronic heat waves.
- Transition Risk – The risk of financial impacts stemming from transition risks resulting from policy, legal, technology or market action taken to transition to a low-carbon economy.

13. 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.

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 our financial instruments do not necessarily reflect the actual values that may occur should the instruments be exchanged in the market.

We have controls and policies in place to ensure that our valuations are appropriate and realistic. The models, valuation methodologies, and market-based parameters and inputs that are used are subject to regular review and validation, including a comparison with values from outside agencies.

We categorize financial instruments on the fair value hierarchy 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).

The assumptions and valuation techniques that we use to estimate fair values are as follows:

Loans Receivable

In order to estimate the fair value of our performing loans receivable (including accrued interest and fees receivable net of deferred loan revenue), we separate them into risk pools and calculate the net present value of principal and interest cash flows. The discount rates are obtained from yield curves for each risk pool and are specific to the credit risk and term to maturity associated with each principal and interest cash flow.

The fair value of impaired loans is considered to be equal to their carrying value. Once a loan has been assessed as impaired, the carrying value is reduced to reflect the present value of any estimated future cash flows discounted at the loan's original effective interest rate.

Loans receivable valued using unobservable market inputs, such as yield curves for low credit-rated loans, are categorized as Level 3 in the fair value hierarchy.

Cash Equivalents

We estimate the fair value of cash equivalents using observable market prices. If such prices are not available, we determine the fair value by discounting future cash flows using an appropriate yield curve.

Equity Investments

Our approach to fair value measurement has been developed using International Private Equity and Venture Capital Valuation Guidelines. Depending on the type of direct investment, we estimate fair value using one of the following: market-based methodologies, such as the quoted share price from available market data, price of recent equity investment, multiples, or industry benchmarks; income-based methodologies such as discounted cash flows; or replacement cost-based methodology such as net assets. Our fund valuations are performed using their most recent published financial statements. The valuations are established by management and approved by an independent valuation committee. The valuation methods are constantly validated and calibrated through discussions with co-investors and market participants, taking into account all known market events.

In the process of assessing the fair value for certain instruments, estimates determined in a manner consistent with industry practice are employed in the models which cannot be directly observed in the market. FinDev Canada's unobservable estimates are outlined in the table below:

(in thousands of Canadian dollars)

Valuation technique	**Unobservable input**	**Weighted Average**	**Fair value at Dec. 31, 2025**	Fair value at Dec. 31, 2024
Multiples	Multiple (Sales)	1.42	**66,124**	78,298
Discounted Cash Flow	Discount Rate	17%	**13,643**	14,294
Transaction Price	N/A	N/A	**12,076**	6,631
NAV*	N/A	N/A	**208,098**	155,527
Total			**299,941**	254,750

**Fair value for fund investments is determined by third parties where valuation information is not available to FinDev Canada.*

Derivative Instruments

Foreign exchange forwards and foreign exchange swaps are valued by discounting the notional amounts using the respective currency's yield curve and converting the amounts using the spot Canadian dollar exchange rate.

Loan commitment derivatives are valued using a discounted cash flow method. Cash flows are discounted using the respective currency's yield curve. Inputs to the models are market observable and may include interest rate yield curves and foreign exchange rates.

All of our derivative instruments are classified as Level 2.

Loans Payable

The fair value of our loans payable is determined using the discounted cash flow method. Forward rates are used to generate floating rate cash flows occurring in the future. Cash flows are discounted using the respective currency's yield curve. Inputs to the models are market observable and may include interest rate yield curves and foreign exchange rates. Loans payable at amortized cost are classified as a Level 2 financial instrument on the fair value hierarchy.

Fair Value Hierarchy

The following table presents the fair value hierarchy of our financial instruments:

(in thousands of Canadian dollars)

	Dec 31. 2025					Dec 31. 2024				
	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	**-**	**141,483**	**-**	**141,483**	**126,892**	-	55,856	65,520	121,376	109,118
Performing floating rate loans	**-**	**1,505,513**	**133,472**	**1,638,985**	**1,577,198**	-	672,317	169,853	842,170	802,330
Total performing loans	**-**	**1,646,996**	**133,472**	**1,780,468**	**1,704,090**	-	728,173	235,373	963,546	911,448
Impaired loans	**-**	**7,585**	**-**	**7,585**	**7,585**	-	10,050	-	10,050	10,050
Loans receivable and accrued interest and fees	**-**	**1,654,581**	**133,472**	**1,788,053**	**1,711,675**	-	738,223	235,373	973,596	921,498
Cash equivalents	**67,982**	**164,850**	**-**	**232,832**	**232,832**	87,611				
Derivative instruments	**-**	**12,714**	**-**	**12,714**	**12,714**	-	4,612	-	4,612	4,612
Equity investments	**-**	**-**	**299,941**	**299,941**	**299,941**	-	-	254,750	254,750	254,750
Liabilities										
Loans payable	**-**	**934,184**	**-**	**934,184**	**930,694**	-	306,903	-	306,903	305,227
Derivative instruments	**-**	**30**	**-**	**30**	**30**	-	40,456	-	40,456	40,456

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.

The following table summarizes the reconciliation of Level 3 fair values between 2025 and 2024 for equity investments:

(in thousands of Canadian dollars)	**2025**	2024
Balance at beginning of year	**254,750**	210,863
Purchases of equity investments	**61,231**	47,050
Unrealized gains (losses) included in other (income) expenses	**14,787**	(4,824)
Return of capital	**(18,551)**	(17,504)
Foreign exchange translation	**(12,276)**	19,165
Balance at end of year	**$299,941**	$254,750
Total gains (losses) for the year included in comprehensive income (loss) for instruments held at end of the year	**$14,787**	$(4,824)

In 2025, a sensitivity analysis was performed using possible alternative assumptions to recalculate the fair value of our Level 3 financial instruments. The fair value of Level 3 financial instruments is in whole or in part based on unobservable inputs. In preparing financial statements, appropriate levels for the parameters of the unobservable inputs are chosen so that they are consistent with prevailing market evidence or management judgment.

In order to perform our sensitivity analysis for our Level 3 equity investments, we adjusted the unobservable inputs. The unobservable inputs used to value our Level 3 equity investments may include one or more of the following: multiple of sales, liquidity discount, multiple of EBITDA and discount rate. When multiple unobservable inputs are shocked, no netting is considered, resulting in the highest favourable or unfavourable change. The results of our analysis on our Level 3 equity investments ranged from an unfavourable change of $24 million to a favourable change of $26 million.

14. Contractual Obligations

In the normal course of business, we enter into contracts that give rise to commitments of future minimum payments.

Purchase obligations include those obligations that are legally binding agreements whereby we have agreed to purchase products or services with specific minimum quantities defined as fixed, minimum or variable in price over a specified period of time.

As at December 31, 2025, purchase obligations not otherwise disclosed in the notes to our financial statements amounted to $5.1 million (2024 – $5.9 million).

15. Other (Income) Expenses

(in thousands of Canadian dollars)	**2025**	2024
Net unrealized (gain) loss on equity investments	**(14,901)**	4,350
Foreign exchange translation (gain) loss	**1,043**	(372)
Net unrealized (gain) loss on derivatives	**3,423**	(4,664)
Net realized and unrealized (gain) loss on marketable securities*	**(7)**	(22)
Net realized (gain) – Other	**-**	(107)
Total other (income) expenses	**$(10,442)**	$(815)

**Included in marketable securities are the gains and losses related to cash equivalents*

In 2025, there was a net unrealized gain on equity investments primarily due to net favourable fair market value adjustments of $15.1 million (2024 – net unrealized loss on equity investments was primarily due to net unfavourable fair market value adjustments of $4.3 million).

16. Administrative Expenses

(in thousands of Canadian dollars)	**2025**	2024
Salaries and benefits	**28,232**	23,953
Professional services	**3,800**	3,182
Administration costs	**1,947**	1,929
Travel, hospitality and conferences	**1,657**	1,319
Occupancy	**1,506**	1,593
Systems Costs	**1,342**	652
Information Services	**983**	791
Marketing and communications	**842**	553
Other	**810**	506
Total administrative expenses	**$41,120**	$34,478

17. Retirement Benefit Plans

FinDev Canada participates in four benefit plans sponsored by EDC. There are two pension plans containing both defined benefit and defined contribution components, the Registered Pension Plan (RPP) and Supplementary Retirement Plan (SRP), and two other benefit programs. For a full description of these benefit plans, please refer to Note 10 of EDC's 2025 Integrated Annual Report.

We fund these benefits based on an allocation rate determined by EDC. In 2025, our allocation to fund our participation in the benefit plan was $1.7 million (2024 – $1.6 million) which was included in salaries and benefits.

18. Related Party Transactions

Global Affairs Canada Contributions

FinDev Canada has entered into two separate arrangements with Global Affairs Canada (GAC) to administer concessional facilities on their behalf. Under these arrangements, FinDev Canada holds, manages, administers, uses, and invests the funds, with related financial results maintained separately from its operational results. Management has used judgment in determining the accounting for these arrangements. The contributions under these facilities have not been recognized as assets as it has been determined that FinDev Canada does not control the economic resources and does not retain any potential future economic benefits. All balances and transactions under these arrangements are reported back to GAC and are consolidated within the financial statements of the Government of Canada.

In 2021, FinDev Canada received contributions of $75.9 million from GAC for the 2X Canada Concessional Facility. The 2X Facility is an arrangement between GAC and FinDev Canada for the purpose of fulfilling the Government of Canada's Gender Smart COVID-19 Recovery Facility. The remaining balance of these contributions at December 31, 2025 is $37.7 million (2024 – $45.1 million), with the decline mainly due to disbursements for investments as well as administrative fees earned by FinDev Canada. The portion of the facility allocated for administrative expenses and technical assistance are recorded within our financial statements as deferred revenue until earned. Once earned, these amounts are recognized as Donor Contributions. Refer to Note 9 for further details.

In 2025, FinDev Canada received a total of $255 million related to a second Concessional Facility from GAC. The facility will eventually result in FinDev Canada receiving a total of $720 million, of which $700 million will be used towards investments and $20 million for technical assistance. The Facility is intended to include a range of investments to mobilize additional capital for sustainable development. While FinDev Canada does incur administrative expenses related to the CF, it does not recover any costs associated with services rendered under this Facility.

Derivative Instruments

FinDev Canada only transacts derivatives, including foreign exchange swaps and foreign exchange forwards, with EDC. Please refer to Note 8 for further details.

Loans Payable

As described in Note 7, FinDev Canada has received fixed rate term loans and floating rate revolving loans from EDC. The loans were made on commercial terms including market interest rates. The balance of the loans payable to EDC was $930.7 million as at December 31, 2025 (2024 – $305.2 million).

Owing to Export Development Canada

In 2025, FinDev Canada paid EDC $1.9 million (2024 – $1.9 million) for contracted shared services for general corporate functions and specialized roles. The delivery of shared services is governed by a series of Service Level Agreements, developed according to industry best practices. Amounts due to EDC for shared services, which totalled $4.2 million as at December 31, 2025 (2024 – $5.1 million), are non-interest bearing and have no specific terms of repayment.

Key Management Personnel Compensation

Key management personnel, defined as those having authority and responsibility for planning, directing and controlling the activities of FinDev Canada, include the Board of Directors and the management team.

Compensation paid or payable to key management personnel during the year, including non-cash benefits subject to income tax was $3.8 million (2024 – $3.8 million).

FinDev Canada

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