FinDev Canada



FINDEV CANADA | 2024 ANNUAL REPORT

THE ROLE OF DEVELOPMENT FINANCE IN ADDRESSING PRESSING GLOBAL CHALLENGES

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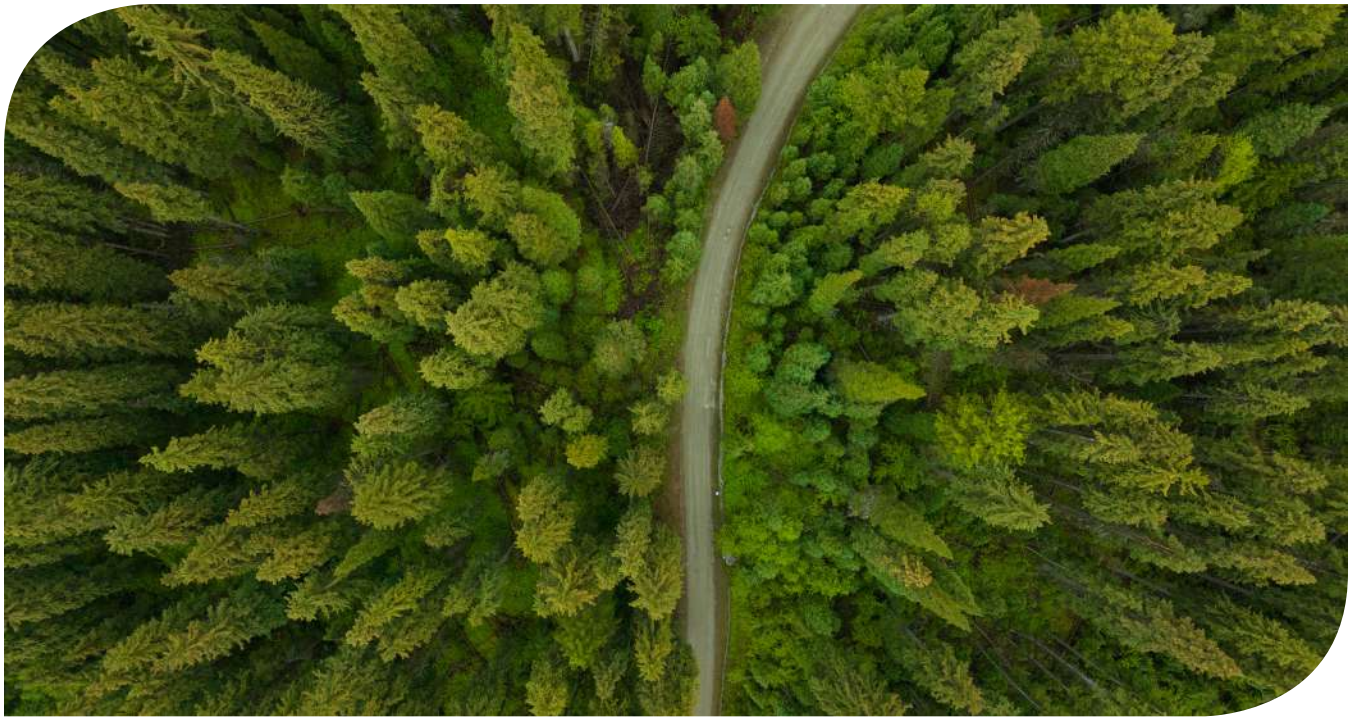
Introduction: The Role of Development Finance in Addressing Pressing Global Challenges



The world is facing uncertain times, as an unprecedented convergence of global challenges unfolds. Worldwide shifts in the political and economic landscapes, as well as deepening development challenges, underscore the urgent need for coordinated global solutions.

As these issues transcend borders, they highlight a stark reality: no nation can shield itself from the cascading effects of global crises. For Canada, this means taking an active role in addressing these challenges through all available tools and seizing the opportunity to continue to demonstrate global leadership through international development.

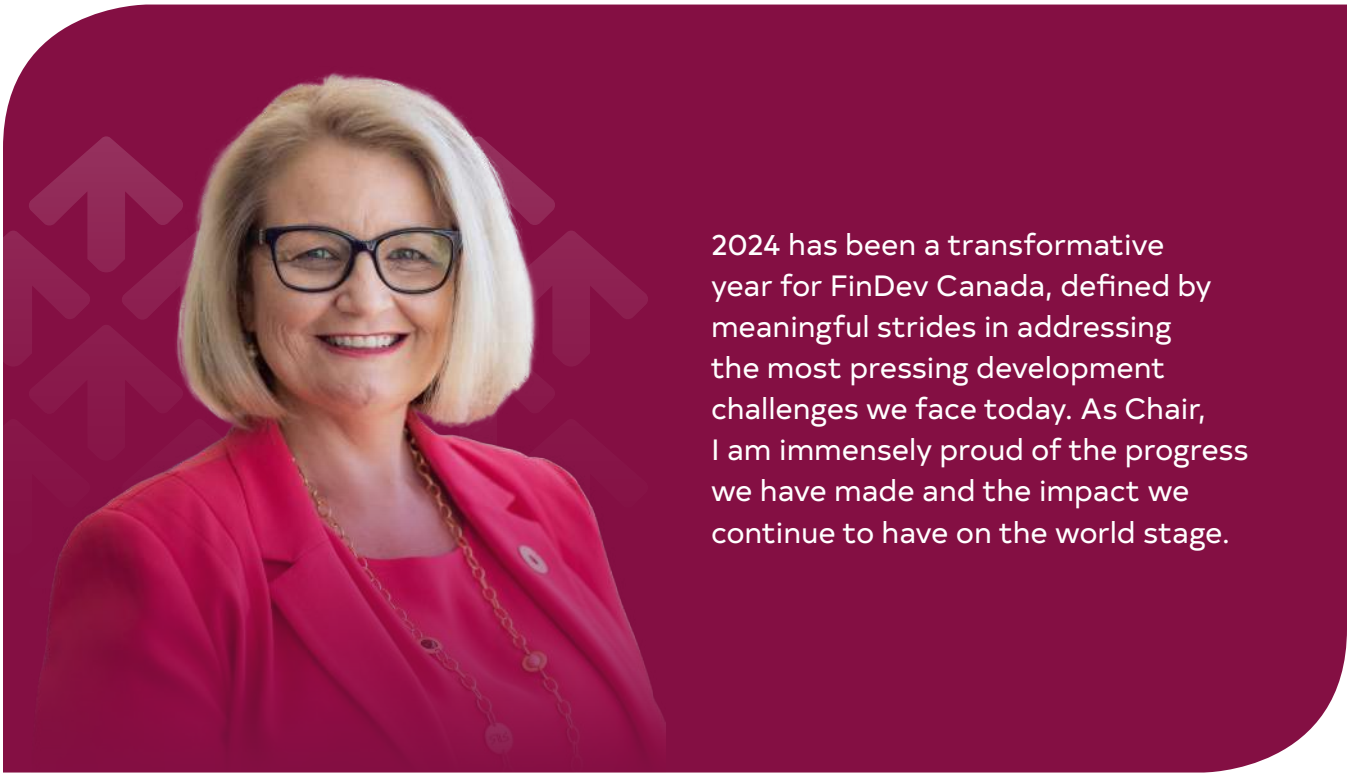
Canada has a broad toolkit that it can use to help address global development challenges. This toolkit includes humanitarian relief, aid, grants, contributions into the multilateral system and development finance.

As Canada's bilateral development finance institution (DFI), FinDev Canada is well positioned to leverage its solutions in support of Canada's international development priorities, fostering deeper economic ties and helping to close development gaps in emerging markets and developing economies (EMDEs).

FinDev Canada has a seven-year track record of supporting sustainable and inclusive economic growth in EMDEs while building a portfolio that will enable the long-term financial sustainability of the corporation.

As we continue to navigate uncertainty, FinDev Canada remains committed to working with and through the private sector to close development gaps. This annual report outlines the organization's activities and progress in 2024 in support of this objective.

Word from the Chair

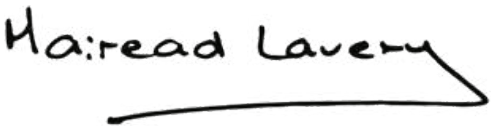


2024 has been a transformative year for FinDev Canada, defined by meaningful strides in addressing the most pressing development challenges we face today. As Chair, I am immensely proud of the progress we have made and the impact we continue to have on the world stage.

This year, FinDev Canada reaffirmed its commitment to supporting sustainable and inclusive economic growth in emerging markets and developing economies (EMDEs) through financing and investing in sustainable infrastructure, in agriculture and forestry, and across the financial industry supporting climatev and nature action, gender equality and local market development.

The Board of Directors has played a critical role in guiding FinDev Canada's strategic direction, with particular emphasis on its role in informing the development of the 2025–2029 Corporate Plan, its work in establishing the corporation's first foreign office in Singapore, and further expansion of the organization's international presence.

As I conclude my term as Chair of FinDev Canada, I extend my best wishes to the organization's new Chair, Alison Nankivell, who now leads the Board of Directors in providing stewardship and strategic guidance in support of FinDev Canada's work in driving development through the private sector. I would also like to express my sincere thanks to our CEO, Lori Kerr, and the entire FinDev Canada team for their dedication and passion. I leave an organization of which I am extremely proud, confident that it is well positioned to deliver positive change and continue to make meaningful contributions to Canada's international development priorities.



Mairead Lavery
Chair of the FinDev Canada Board of Directors and CEO of Export Development Canada (2019–2024)

Word from the CEO



2024 has been a year of remarkable achievements and meaningful progress for FinDev Canada. As we continue to support development with and through the private sector in emerging markets and developing economies (EMDEs), I am proud to highlight how we have grown our portfolio, deepened our impact, and strengthened even more the groundwork for continued future success.

This year, we continued to support private sector initiatives that advance climate and nature action, gender equality, and market development through financial and non-financial solutions. Our 2024 financing commitments supporting areas such as sustainable infrastructure and agriculture, nature-based solutions and access to finance for SMEs through local financial institutions. Notable highlights include our support to the first Latin American private credit climate finance fund and to Costa Rica's first blue bond. We also signed our first investment in the Indo-Pacific region to help expand renewable energy capacity in Thailand.

Recognizing the critical role of private capital mobilization, we are proud of the progress made alongside our partners MUFG Bank, Ltd. (MUFG), the Green Climate Fund (GCF) and Climate Fund Managers (CFM) on GAIA, the USD 1.48 billion blended finance platform for adaptation and mitigation projects in EMDEs. Officially announced at COP 29, GAIA will enable us to mobilize private capital to support innovative climate solutions that contribute to building low-carbon, climate-resilient economies.

In 2024, we received a significant boost with the Government of Canada's announcement of a new CAD 720 million concessional finance facility, of which CAD 20 million will be used to expand our Technical Assistance capacity. This facility will strengthen our blended finance toolkit, enabling us to mobilize private capital and offer more flexible financing options to our clients.

Our partnerships with G7 development finance institutions (DFIs) also deepened, particularly as Canada assumes the G7 presidency in 2025. We have continued to lead initiatives focused on mobilizing private capital for sustainable food systems, energy and infrastructure, and other critical areas, leveraging our collective expertise and resources to drive meaningful change. These collaborations are essential as we work together to reduce global inequalities and promote sustainable development.

In terms of our portfolio, 2024 saw impressive growth, with total financing and investment commitments increasing by 54% compared to the previous year. We now manage over CAD 1 billion in assets, a number that is forecast to grow to CAD 4.8 billion over the next five years.

Key performance indicators for 2024 include:

- USD 505.1 million in new commitments signed, including USD 52 million in Least Developed Countries (LDCs).
- USD 316 million in commitments under the 2X Challenge, advancing women's economic empowerment through better access to finance, leadership opportunities, quality employment and economic participation.
- USD 131.9 million in private capital mobilized.
- 48 total clients, reflecting our expanding reach and impact.

As we look ahead, we are excited about several operational developments that position FinDev Canada for continued growth and even greater impact. Among them, the formal opening of our first international office in Singapore in support of our expansion into the Indo-Pacific region. As I often tell my team, our business only moves at the speed of trust. By establishing a presence in the regions we serve, we aim to become a trusted partner and increase opportunities for collaboration. Our presence in Singapore will enhance our ability to support private finance and investment in the region, aligned with Canada's international development priorities.

I want to extend my heartfelt thanks to our Board for their continued guidance, and our clients and partners for their trust and commitment to promoting sustainable and inclusive economic growth in EMDEs. Most importantly, I am deeply grateful to the entire FinDev Canada team for their unwavering commitment and enthusiasm toward our mission. Together, we will continue to support positive change and make a meaningful impact on the world.

Sincerely,



Lori Kerr
Chief Executive Officer

2024 Highlights



Regional presence

FinDev Canada is set to expand its presence into the Indo-Pacific region with the opening of a branch in Singapore in the first quarter of 2025. This presence looks to build relationships with businesses, banks, investors, peer organizations and governments in the region. This will enable the organization to identify financing and investment opportunities, and to deepen collaboration, in support of sustainable and inclusive economic growth.

Looking ahead, FinDev Canada will continue to grow its regional footprint, strengthening ties with the private sector in emerging markets and developing economies (EMDEs), and deepening collaboration with regional partners.

READ MORE ↗



Progress on GAIA

At COP29 in November 2024, FinDev Canada, MUFG Bank, Ltd. (MUFG) and the Green Climate Fund (GCF), along with the fund manager Climate Fund Managers (CFM), announced that they had finalized the commercial terms for launching GAIA, with first financial close expected in 2025. Initially announced in October 2023, GAIA is a USD 1.48 billion blended finance platform offering long-term loans for climate adaptation and mitigation in 19 of the most climate-vulnerable countries in EMDEs. The Fund expects to make its first investments shortly after closing.

READ MORE ↗



Partnerships for increased impact

As Canada assumes the G7 presidency in 2025, FinDev Canada is taking a leadership role in working with peer DFIs to explore how best to leverage the power of the private sector to innovate, create jobs and develop markets to solve global challenges.

The G7 platform provides a unique opportunity for our organizations to come together, build consensus on shared priorities, and demonstrate to our partners, clients and shareholders the collective value we bring in advancing sustainable development and social progress through private sector growth and investment.

Aligned with the Canadian presidency's priority on financing for development, this year's G7 DFI strategy will focus on mobilizing private capital and developing coherent approaches to strengthen investments in infrastructure and energy, critical mineral development, and sustainable food systems in emerging markets and developing economies.

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Financial overview

In 2024, FinDev Canada's net financing and investment income was CAD 55.6 million, an increase of CAD 26.5 million compared to the same period for 2023. This growth was primarily due to higher loan revenue resulting from the expansion of our loan portfolio. Total assets increased by CAD 446.4 million compared to December 2023, reflecting continued growth in both our loan and equity investment portfolios. Administrative expenses were CAD 2.9 million below the estimations outlined in our Corporate Plan, demonstrating strong cost management and operational efficiency.

MORE DETAILS IN THE PDF STATEMENTS ↗

Investment updates and featured transactions

Signed deals in 2024

access

BANCO NACIONAL

Creador

Enertur

ETG

FirstRand Bank

Genneia

GULF

LAAD

PEMBANI • REMGRO INFRASTRUCTURE FUND

GRUPO SURPAPEL UNA SOLUCIÓN RESPONSABLE

Stanbic IBTC A member of Standard Bank Group

Approved deals in 2024

AIIF4 AFRICAN INFRASTRUCTURE INVESTMENT MANAGERS

ACA Asociación de Cooperativas Argentinas

EcoEnterprises Fund

HDBank

LocfundNext

PORTLAND PRIVATE EQUITY

VPBank

2024 clients



Access Bank

Founded in 1998, Access Bank is among the top 15 banks in Africa. The bank has a proven history of enhancing financial access for micro, small and medium-sized enterprises (MSMEs), including women-owned and led businesses, through tailored financial and non-financial solutions. FinDev Canada is contributing to a loan facility of USD 295 million syndicated by FMO, the Dutch entrepreneurial development bank, to help expand financing to underserved MSMEs, including women-led enterprises in Nigeria.

READ MORE

FINDEV CANADA'S COMMITMENT:

USD 25 million

ALIGNED WITH SDGS:

5 8 13



Banco Nacional de Costa Rica

Established in 1914, Banco Nacional de Costa Rica (BNCR) is a financial conglomerate wholly owned by the Costa Rican government and the largest commercial bank in the country in terms of assets and loan portfolio. With over 170 branches across the country and more than 1,200 commercial establishments affiliated to BN Services, BNCR is a key institution to the economic development of Costa Rica. FinDev Canada is contributing to a blue bond of USD 50 million issued by BNCR, to support the expansion of financing for MSMEs and corporates in Costa Rica's blue economy sectors.

READ MORE

FINDEV CANADA'S COMMITMENT:

USD 20 million

ALIGNED WITH SDGS:

6 8 14



Creador VI, L.P.

Founded in 2011, Creador has raised over USD 3 billion in assets under management across six funds on behalf of many of the world's largest development finance institutions, insurance companies, university endowments, pension funds and government-linked entities, as well as private wealth managers and individuals. FinDev Canada is investing in Creador VI, L.P. to support mid-cap enterprises across multiple countries in the Indo-Pacific, including Malaysia, Indonesia, the Philippines and India. The fund focuses on high-growth sectors such as manufacturing, financial services, health care, retail and business services.

READ MORE ↗

FINDEV CANADA'S COMMITMENT:

USD 40 million

ALIGNED WITH SDGS:

3 5 8 9



Energía Turística S.A.

Energía Turística S.A. (Enertur) is a subsidiary of InterEnergy Group in the Dominican Republic. InterEnergy Group provides energy to citizens and cities throughout the Caribbean and Latin America. FinDev Canada is contributing to a loan facility of USD 56.4 million led by IDB Invest to support the development, construction and operation of a solar photovoltaic power plant, ensuring consistent energy supply to the Dominican Republic's grid.

READ MORE ↗

FINDEV CANADA'S COMMITMENT:

USD 18.8 million

ALIGNED WITH SDGS:

5 7 8 13



Export Trading Group

Export Trading Group (ETG), the parent company of AGRI Commodities & Finance FZE FZ-LLC (ACF), manages a vertically integrated agriculture supply chain including origination, procurement, processing, warehousing, transport, distribution and merchandising across more than 50 countries, centred around Sub-Saharan Africa. FinDev Canada is contributing to a sustainability-linked loan (SLL) facility of USD 394 million syndicated by FMO, the Dutch entrepreneurial development bank, and TDB, the Eastern and Southern African trade and development bank, to support the sustainable and inclusive private agribusiness sector in Africa.

READ MORE ↗

FINDEV CANADA'S COMMITMENT:

USD 75 million

ALIGNED WITH SDGS:

2 8 13



FirstRand

FirstRand Bank Limited is the largest financial institution in Africa by market capitalization, and the second largest bank in South Africa by total assets. It provides a comprehensive range of retail, commercial, corporate and investment banking services in South Africa and offers niche products in certain international markets. This is FinDev Canada's second transaction with FirstRand Bank, following an initial transaction in October 2020. The loan adds further financial capacity and will assist in providing innovative lending solutions to FirstRand's approximately 700,000 small and medium-sized enterprise (SME) clients.

READ MORE ↗

FINDEV CANADA'S COMMITMENT:

USD 100 million

ALIGNED WITH SDGS:

7 8 11 13



Genneia S.A.

Genneia is the leading Argentinian renewable energy generation company in terms of installed capacity, with 20% of the country's installed renewable energy electricity as of September 2024. It is also the first company to have surpassed 1 GW of installed renewable energy capacity in the country. Genneia develops, builds and operates a diverse portfolio of power plants in Argentina. FinDev Canada is contributing to a loan facility of USD 100 million syndicated by FMO, the Dutch entrepreneurial development bank, to finance two greenfield renewable energy projects in Argentina.

READ MORE ↗

FINDEV CANADA'S COMMITMENT:

USD 40 million

ALIGNED WITH SDGS:

5 7 8 13



Gulf Renewable Energy Company Limited

Gulf Energy Development Public Company (GULF) is one of Thailand's largest private power generation companies. Since its initial public offering in 2017, GULF has expanded into several infrastructure sub-sectors, including utilities and digital infrastructure. FinDev Canada is contributing to a loan facility of approximately USD 961 million led by ADB, the Asian development bank, to finance the development and construction of eight greenfield solar photovoltaic power plants and four solar photovoltaic plus battery energy storage system power plants in Thailand.

READ MORE ↗

FINDEV CANADA'S COMMITMENT:

USD 59 million

ALIGNED WITH SDGS:

5 7 8 13



Latin American Agribusiness Development Corporation S.A.

Latin American Agribusiness Development Corporation (LAAD) is a private investment and development company whose mission is to finance small and medium-sized agribusiness projects to promote economic, environmental and social development in Latin America. FinDev Canada is contributing to a loan facility of USD 72 million syndicated by FMO, the Dutch entrepreneurial development bank, to help expand agricultural financing to small and medium-sized enterprises (SMEs) in over 15 countries across most of rural Latin America and the Caribbean.

READ MORE ↗

FINDEV CANADA'S COMMITMENT:	ALIGNED WITH SDGS:
USD 40 million	5 8 13



Pembani Remgro Infrastructure Fund II

Pembani Remgro Infrastructure Fund II (PRIF II) is an infrastructure-focused private equity fund providing equity and quasi-equity capital to projects and companies primarily located in Sub-Saharan Africa. FinDev Canada's investment will help address the need for long-term capital for sustainable infrastructure investments in power, energy transition, transport, logistics and digital services, which are essential for regional economic development.

READ MORE ↗

FINDEV CANADA'S COMMITMENT:	ALIGNED WITH SDGS:
USD 35 million	5 7 8 13



Surpapel

Founded in 1965, Surpapel has demonstrated consistent growth in becoming a pre-eminent sustainable manufacturer of cardboard boxes in Ecuador. The company is renowned for its use of recycled raw materials and its efforts to minimize water and chemical waste.

READ MORE ↗

FINDEV CANADA'S COMMITMENT:

USD 12 million + USD 3 million through 2X Canada

ALIGNED WITH SDGS:

5 8 12 13



Stanbic IBTC Bank PLC

Stanbic IBTC Bank is a Nigerian institution offering diverse personal, business and commercial banking services. Committed to sustainability, it fosters employee wellbeing, cultivates sustainable partnerships, uplifts communities through sustainable finance and runs community programs. FinDev Canada's loan will support Stanbic IBTC Bank's sustainability-related activities in Nigeria and support the development of productive sectors of the economy, including agribusiness, health, education, affordable housing and sustainable infrastructure.

READ MORE ↗

FINDEV CANADA'S COMMITMENT:

USD 40 million

ALIGNED WITH SDGS:

5 8 10 12

Portfolio dashboard

As of December 31, 2024
All figures stand in USD

48
clients in portfolio

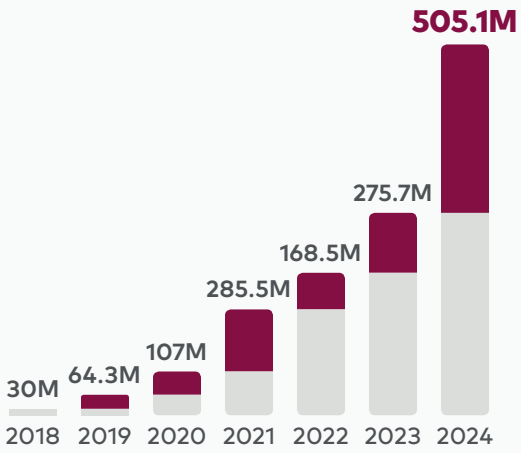
$1.3B
total signed commitments[1]

64.5%
2X investments[2]

38%
in climate finance investments[3]

14%
of investments in LDCs/SIDs[4]

New commitments (USD)



Impact reported by clients

Market development	**223,259** jobs supported **325,611** MSMEs financed
Gender equality	**89,682** jobs for women **107,644** women-owned MSMEs financed
Climate and nature action	**3,564** GWh of clean energy produced **61,339** tCO_2e sequestered emissions

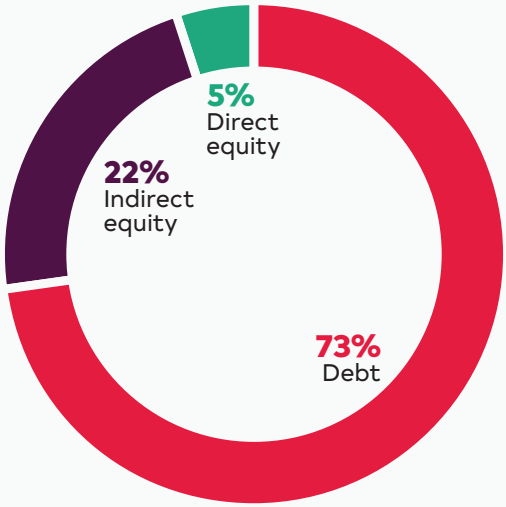
[1] All figures refer to the active portfolio in 2024 and do not include any transactions that have matured in 2024 or previous years. The total of the portfolio for each year excludes transactions that matured that year.

[2] 2X-aligned capital represents 64% of our total commitments to date, totalling USD 869 million across 38 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).

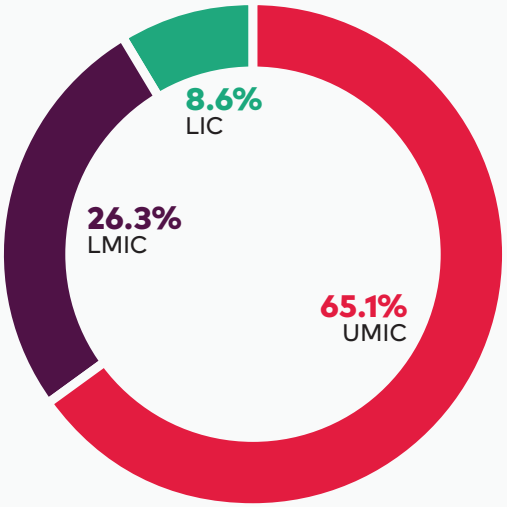
[3] The climate finance measure tracks the percentage of proceeds directed to climate finance. FinDev Canada uses the joint methodology and common principles developed by the Multilateral Development Banks (MDBs) and the International Development Finance Club (IDFC) to track climate change adaptation finance and climate change mitigation 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 2022–2023 DAC List of ODA Recipients and the UN List of SIDS.

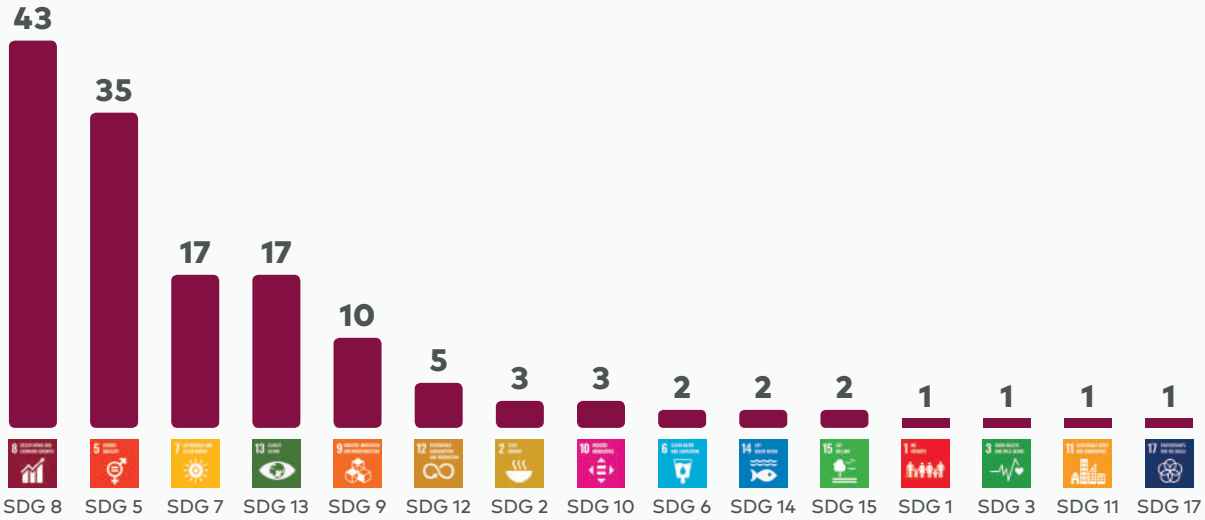
Equity versus debt (% total commitments)



By country income group



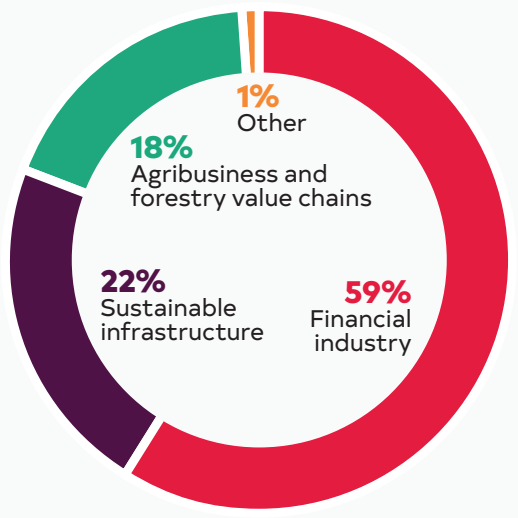
By SDGs



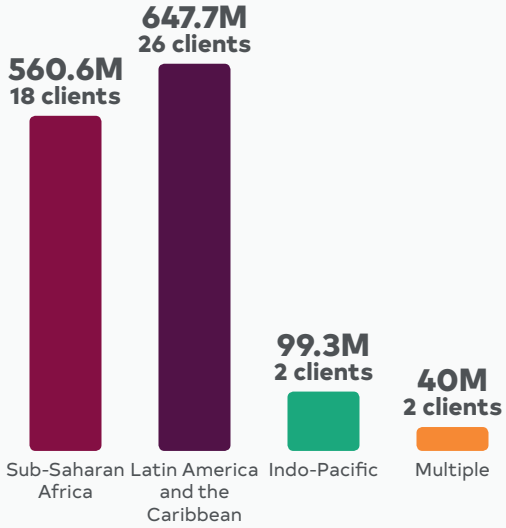
[5] UMIC: Upper-Middle-Income Country; LMIC: Lower-Middle-Income Country; LIC: Low-Income Country

[6] One client can contribute to multiple SDGs

By sector

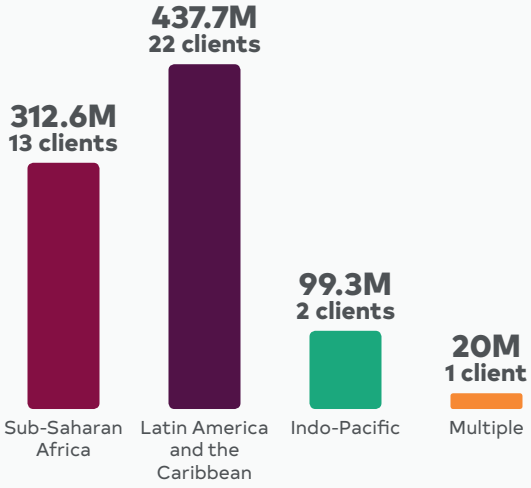


By geographical focus

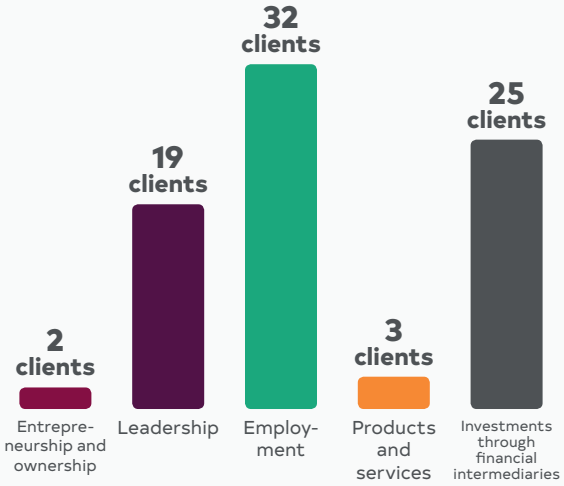


2X alignment

2X-aligned investments



Qualifying criteria



[7] 2X-aligned capital represents 64% of our total commitments to date, totalling USD 869 million across 38 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).

[8] One client can align with multiple criteria

Supporting climate and nature action on all fronts

Climate and nature action is one of our three development impact goals, along with gender equality and market development, and we apply a climate lens to all our financing and investments. Recognizing the interdependence of climate, biodiversity and human societies, we support private sector initiatives focused on biodiversity, adaptation and mitigation to advance sustainable development. Supporting the private sector in emerging markets and developing economies (EMDEs) is instrumental in developing clean infrastructure, reducing energy and water use, improving the climate resilience of cities and communities, and supporting natural capital and ecosystems.



1. Increasing generation and access to clean energy

FinDev Canada continued to invest in several initiatives to develop sustainable infrastructure and boost the renewable energy sector in EMDEs.

Some of these initiatives included:

Pembani Remgro Infrastructure Fund II

An infrastructure-focused private equity fund providing equity and quasi-equity capital to projects and companies primarily located in Sub-Saharan Africa and focused on power, energy transition, transport, logistics and digital services, which are essential for regional economic development.

Enertur

To support the development of a greenfield solar photovoltaic (PV) power plant that will help diversify the Dominican Republic's energy matrix, strengthen the resilience of its electrical grid and support the country's energy transition plans.

Genneia

To finance the construction of two solar PV projects that will add 270 MW of renewable energy, contributing to Argentina's goal of increasing non-hydro renewable energy to 20% of the national energy mix by 2025.



2. Supporting nature-based solutions

Financing nature-based solutions (NbS) is crucial for addressing the intertwined crises of climate change, biodiversity loss and land degradation. These solutions, which include reforestation, wetland restoration and sustainable agriculture, offer a cost-effective way to mitigate environmental impacts while providing social and economic benefits. However, the current investment in NbS is significantly below what is needed.

According to the United Nations Environment Programme (UNEP), the annual investment required to meet global biodiversity, climate and land degradation targets by 2025 is approximately USD 384 billion, yet current investments stand at only USD 154 billion per year. This substantial financing gap highlights the urgent need for increased funding from both public and private sectors to harness the full potential of NbS.

When it comes to ocean preservation, the investment challenges are even more pronounced. The world's oceans, which cover over 70% of the earth's surface, are critical for maintaining global biodiversity and regulating the climate. Despite their importance, ocean conservation efforts have historically received the least funding among environmental initiatives. Key challenges include the high costs associated with marine conservation projects, the complexity of international waters governance and the lack of scalable financial instruments tailored to ocean preservation.

In response to these challenges, blue bonds have emerged as a promising financial instrument to support ocean conservation. Blue bonds are debt securities issued to raise capital specifically for marine and ocean-based projects. The market for blue bonds has been growing, with a 10.6% increase in issuance in 2024, although they still represent a small fraction of the overall sustainable bond market. In 2025, the global issuance of sustainable bonds, including blue bonds, is expected to reach USD 1 trillion, driven by increasing investor interest and regulatory support.

Since 2023, FinDev Canada has actively supported blue bonds, alongside partner DFIs and multilateral development banks (MDBs), issued by reputable financial institutions in our regions of operation.

Banco Nacional de Costa Rica's blue bond

After investing in Ecuador's second blue bond in 2023, issued by Banco Bolivariano, FinDev Canada continued its support to innovative financing structures for nature-based solutions with an investment in Costa Rica's first blue bond, issued by Banco Nacional de Costa Rica (BNCR) with the support of partners like IDB Invest and LAGreen Fund.

Costa Rica's first blue bond will direct essential resources toward water-related challenges and foster sustainable ocean-based opportunities for MSMEs and corporates across various sectors, including water treatment facilities, sustainable tourism, fisheries, aquaculture, sustainable agriculture and waste management.

FinDev Canada had previously partnered with BNCR for the issuance of Costa Rica's first social bond in 2022. The social bond was awarded with the Premios ALIDE 2024, an award granted by the Asociación Latinoamericana de Instituciones Financieras para el Desarrollo (Latin American Association of Development Finance Institutions) to recognize product and service innovation aimed at promoting sustainable economic and social development.

3. Promoting sustainable agriculture and business practices

Promoting sustainable agriculture is essential for addressing the dual challenges of climate action and food security. As the global population is projected to reach 9.7 billion by 2050, the demand for food continues to rise, putting immense pressure on agricultural systems. Sustainable agriculture offers a viable solution for enhancing food production while mitigating environmental impacts.

In parallel, businesses are realizing the importance of sustainable practices for long-term success. The World Economic Forum projects a rise of 60% in global natural resource consumption by 2060, and points to environmental risks and disruptions in supply chains as the top risks. This means sustainable business practices are no longer a nice-to-have, but a critical business continuity strategy.

According to the Food and Agriculture Organization (FAO), adopting sustainable agricultural practices could reduce greenhouse gas emissions from agriculture by up to 30% by 2030. This reduction is crucial for meeting global climate targets and ensuring the resilience of food systems in the face of climate change.

Despite these benefits, significant investment gaps remain in promoting sustainable agriculture. The Global Environment Facility (GEF) reported that an additional USD 15 billion per year is needed to scale up sustainable agricultural practices globally.

To bridge these gaps, innovative financing mechanisms and policy support are essential. Public–private partnerships, climate-smart agriculture funds and international cooperation can play a pivotal role in mobilizing the required investments.

Agribusiness, forestry and their related value chains is one of FinDev Canada's priority sectors. In 2024, the organization supported several private sector initiatives aimed at promoting sustainable agriculture practices through long-standing clients with a successful track record in the sector.

Export Trading Group

In 2024, FinDev Canada provided additional support to Export Trading Group through a Sustainability-Linked Loan (SLL) alongside FMO (the Dutch entrepreneurial development bank), TDB (Eastern and Southern African Trade and Development Bank) and other lenders.

Established in 1967 in Kenya, ETG has evolved into a global player across various industries, with a focus on supply chain optimization tailored to local requirements. With its roots deeply embedded in Africa, the group has made significant contributions to the development of local African economies.

The company has been a valued client of FinDev Canada since 2021, consistently demonstrating a strong commitment to environmental and social (E&S) standards and sustainability.

An SLL is a type of loan designed to incentivize the borrower to achieve specific sustainability performance targets. Overall, SLLs are a powerful tool for companies to demonstrate their commitment to sustainability while accessing favourable financing terms. By collaborating with other DFIs and impact investors, the participating lenders aim to support and motivate ETG in achieving its sustainability goals, ultimately contributing to a more resilient and sustainable agricultural sector in Africa.

DIC Latin America

In Latin America, FinDev Canada signed a commitment to support DIC Latin American Fund IV, L.P. (Darby IV), the first private credit climate finance fund in Latin America and the Caribbean. The fund will offer tailored long-term growth financing to underserved medium-sized enterprises for low-carbon and climate-resilient operations throughout the region, with at least 40% of invested capital earmarked to support climate finance transactions, while also providing portfolio clients with guidance on capacity building to identify and mitigate climate risks, which will enable businesses and projects to better adapt to the effects of climate change.

Technical assistance

Technical Assistance (TA) empowers clients to deepen their development impact outcomes and enhance business practices. TA also strengthens the broader development finance ecosystem by addressing critical gaps and unlocking opportunities in our priority sectors, regions and impact areas.

As of December 31, 2024

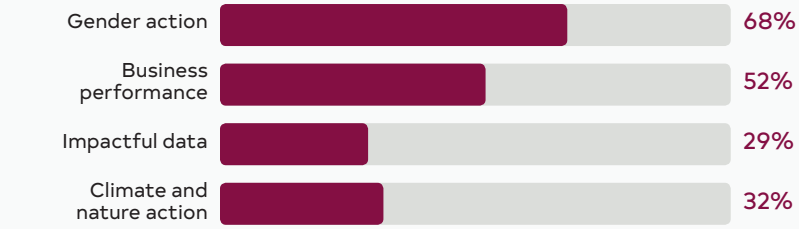
31
projects

CAD 3.9M
in total commitments

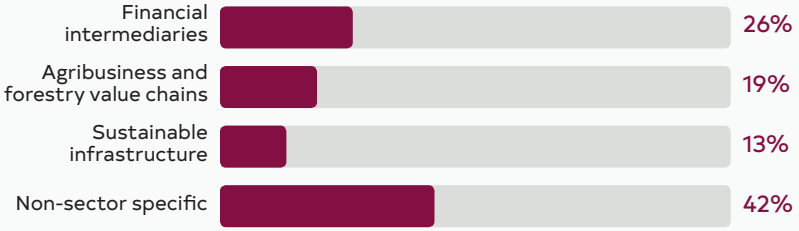
18
client-level projects

13
market-level projects

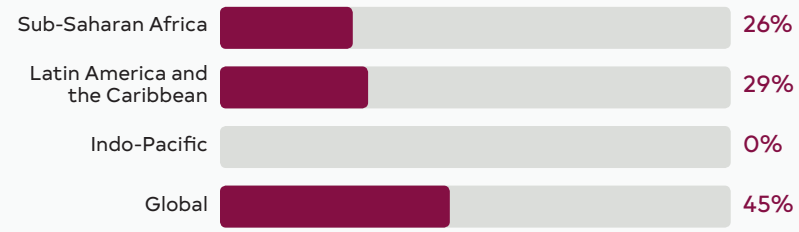
FOCUS AREAS*



SECTOR BREAKDOWN*



GEOGRAPHIC BREAKDOWN*



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

2024 Clients



BIM (client-level)

Technical Assistance is enabling BIM to strengthen its operations as a fund manager with an ambitious portfolio target. Activities include an assessment of BIM's current currency hedging approaches and risk management policies, to identify areas for improvement and to align with best practices.

FOCUS AREAS

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



Climate Fund Managers (client-level)

The TA project is aimed at building the fund manager's capabilities for delivering gender-related advisory services to portfolio companies. The key output will be a Gender Action Advisory Services Menu, which will lead to efficient and effective work with portfolio companies operating in various sectors and regions.

FOCUS AREAS

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



Climate Policy Initiative (market-level)

TA is supporting the integration of gender considerations within climate and nature finance instruments. The project includes two activities: (a) delivering gender advisory to selected proponents of the Global Innovation Lab for Climate Finance, and (b) conducting research in the gender–nature nexus area, to develop actionable knowledge products for DFIs and MDBs.

FOCUS AREAS

Business performance	Gender action	Impactful data	Climate and nature action
	■		■



AIF (client-level)

Technical Assistance is supporting the fund manager to strengthen its foundations, both in terms of how AIF carries out investment activities, and how the team supports portfolio companies through growth journeys, specifically in climate and E&S risk management areas.

FOCUS AREAS

Business performance	Gender action	Impactful data	Climate and nature action
■	■	■	■

FinDev Canada and AVLA: Supporting women's economic empowerment through technical assistance



AVLA Perú is an insurance solutions provider for SMEs in Chile, Peru and Mexico. A leader in credit insurance, the company facilitates access to capital for local businesses, contributing to market growth and job creation in the region.

In 2021, FinDev Canada, Barclays and responsAbility participated in a USD 80 million debt facility to allow AVLA to facilitate access to capital for SMEs. As part of the support provided, FinDev Canada worked with AVLA to support internal efforts to drive gender equality within its workforce.

FinDev Canada's TA project with AVLA was successfully completed in 2024. The project enabled the client to implement its diversity and inclusion strategy in two areas: a) the rollout of a mentorship program for women leaders within the company, and b) the facilitation of a series of virtual engagement events with women-owned and led SMEs.

The first iteration of the mentorship program involved 34 participants across four countries – Peru, Chile, Mexico and Brazil – and covered six modules on topics such as leadership, personal brand development, effective communication and conflict management. Based on learnings from this initial iteration, AVLA developed a mentor–mentee program whereby past participants mentor new mentees, thus also creating a sustainable model for the initiative.

The virtual events covered a wide range of demand-driven topics, including sustainable business models, fundraising, digital marketing, financial management and organizational leadership, with 40 experts leading the sessions. Over several sessions between 2023 and 2024, AVLA engaged almost 2,500 women leaders, with more than 8,000 people registered for the webinars, garnering roughly 10,000 views per session. A key outcome of this initiative was the creation of a platform for women SME leaders, for the collaboration and exchange of ideas.

Ultimately, the TA project enabled AVLA to focus on three key groups: women employees, women leaders of SMEs, and women in the insurance industry. Building on the success of the TA project, and with the buy-in of its teams and leadership, AVLA is continuing to scale the above activities. AVLA's commitment to gender equality is also reflected in its regular measurement and improvement of the company's WEPs score, obtained through the Women's Empowerment Principles Gap Analysis Tool, which helps companies identify strengths, gaps and opportunities to improve their performance on gender equality.

Inclusion, diversity and equity (ID&E)

Self-identification survey results
As of December 31, 2024



Women comprise*:

72%
of our workforce

80%
of all leaders

71.4%
of roles at the VP/CEO level

44%
of our Board of Directors

Visible minorities comprise*:

56%
of all staff

Other dimensions of self-identification include*:

18%
of employees identifying as Black

8.5%
of employees identifying as 2SLGBTQI+

6.4%
of employees identifying as Persons with Disabilities

[12] The numbers above reflect self-identification data from employees.

ID&E initiatives

Parity certification

In 2024, our parent company, Export Development Canada (EDC), and FinDev Canada received the Gold-Level Certification from Women in Governance for the fourth consecutive year. This time, we achieved a score of 77.26%, an improvement from last year's 74.55%. The certification recognizes efforts in promoting gender parity through strategic governance, collective enablers and equitable outcomes.

Pay equity

In 2024, EDC and FinDev Canada formed a Pay Equity Committee and developed a Pay Equity Plan in compliance with the Pay Equity Act, to proactively address any potential for gender-based discrimination and inequities in pay practices. Specifically, this exercise served to ensure that jobs commonly held by women had the same compensation opportunity as jobs of comparable value that are commonly held by men.

EDC and FinDev Canada are proud to certify that no such pay gaps were encountered, and the organizations remain focused on continuing to promote initiatives aimed at fostering inclusion, diversity and equity.



Vision for 2025 and beyond



At FinDev Canada, we recognize the scale of today's development challenges and how financing gaps and global uncertainty are exacerbating them. Canada's international development priorities reflect a strong commitment to being a reliable partner for emerging markets and a willingness to lead in an increasingly complex global environment.

As Canada's development finance institution (DFI), we are uniquely positioned to contribute to these objectives by offering financing solutions, knowledge and expertise to promote sustainable development with and through the private sector. FinDev Canada's launch in 2018 filled a critical gap in Canada's public toolkit: the need for a dedicated channel to engage the private sector in addressing development needs and bridging financing gaps that public resources alone cannot fill.

Over the past seven years, we have built a solid reputation among our peers and partners, strengthened our internal capacity, and developed robust policies and procedures to support a growing portfolio.

Looking ahead, we are committed to expanding our impact and continuing to promote sustainable development with and through the private sector. With a strong foundation in place, we are ready to step up as a key component of Canada's international development toolkit.

Strategic priorities for 2025 and beyond

Expanding our presence

The opening of our first regional office in Singapore is an important step in building trust and strengthening relationships in the Indo-Pacific region. This in-market presence will allow us to better understand local needs, foster closer collaboration and provide more tailored support to our clients. We plan to further expand our in-market presence to better serve our regions, with our next branch office opening in South Africa.

Helping to address global challenges

With public sector resources under increasing pressure, DFIs like FinDev Canada play a critical role in addressing development challenges.

Emerging markets and developing economies face unique barriers, from developing pipelines of bankable infrastructure projects to navigating complex regulatory environments and managing currency risk. Our higher risk appetite and experience in these markets allow us to share risk with private investors and help close investment gaps.

Through blended finance initiatives like GAIA, and in partnership with other DFIs, we will continue to mobilize private capital to support solutions that address the climate emergency, growing inequalities and other pressing global issues.

Strengthening collaboration

Collaboration with other DFIs is key to our strategy. As Canada leads the G7 DFI collaboration in 2025, we will continue to champion initiatives focused on private capital mobilization, sustainable food systems and other critical areas. By leveraging our collective expertise and resources, we can drive impactful change and address global inequalities more effectively.

Mobilizing private capital

Mobilizing private capital is essential to achieving development goals. Through platforms like GAIA, we are attracting private investment into climate change mitigation and adaptation projects in EMDEs. Our new Concessional Finance Facility, supported by a CAD 700 million commitment from the Government of Canada in 2024, enables us to address investment risks and unlock capital for development impact outcomes. This facility will play a crucial role in bridging the financing gap and supporting sustainable economic growth.

FinDev Canada

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FinDev Canada

2024 Financial Review

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Financial Performance

Net income for the year was $30.6 million compared to net loss of $24.1 million in 2023.

Statement of Comprehensive Income (Loss) Summary

For the year ended December 31 (in thousands of Canadian dollars)	**2024**	2023
Financing and investment revenue	**76,494**	53,295
Interest & financing expenses	**20,911**	24,146
Net Financing and Investment Income	**55,583**	29,149
Donor Contributions	**1,060**	1,120
Realized gains (losses)*	**488**	(9)
Net revenue	**57,131**	30,260
Unrealized (gains) losses*	**(327)**	6,250
Administrative Expenses	**34,478**	26,801
Provision for (Reversal of) Credit Losses	**(7,614)**	21,294
Net Income (Loss)	**$30,594**	$(24,085)

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

Items of note are as follows:

Net financing and investment income was $55.6 million in 2024, an increase of $26.5 million when compared to the same period for 2023 primarily due to higher loan revenue as a result of growth in the loan portfolio. In addition, the capital injections received in 2023 and 2024 led to a decrease in interest expense, as well as an increase in marketable securities and cash equivalents revenue.

We had **unrealized gains** of $327 thousand in 2024 compared to unrealized losses of $6.3 million in 2023. The current year gains were primarily due to gains on derivatives of $4.7 million, partially offset by unfavourable fair market value adjustments on equity investments of $4.3 million.

We recorded a **reversal of provision for credit losses** of $7.6 million in 2024, 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. In 2023, we recorded a provision for credit losses of $21.3 million primarily due to growth in the loan portfolio as well as downward credit migration.

Administrative expenses were $34.5 million in 2024, an increase of $7.7 million compared to 2023. 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 electronic infobases subscriptions and higher occupancy costs associated with additional office space in Montreal and Toronto, partially offset by lower professional services.

Financial Condition

Statement of Financial Position Summary

As at December 31 *(in thousands of Canadian dollars)*	**2024**	2023
Cash and cash equivalents	**98,508**	26,895
Loans receivable	**955,363**	624,295
Allowance for losses on loans	**(33,865)**	(40,362)
Equity investments	**254,750**	210,863
Other assets	**18,200**	24,882
Total Assets	**1,292,956**	846,573
Loans payable	**305,227**	289,301
Deferred revenue	**5,956**	7,016
Allowance for losses on loan commitments	**8,089**	6,411
Other liabilities	**60,300**	11,055
Total Equity	**913,384**	532,790
Total Liabilities and Equity	**1,292,956**	846,573

Items of note are as follows:

Total assets are $446.4 million higher than December 2023, primarily due to growth within our loan and equity investment portfolios.

Loans receivable increased by $331.1 million during the year mainly due to net disbursements of $266.8 million and the impact of foreign exchange translation of $65.1 million. Net loan disbursements include disbursements to FirstRand Bank Limited ($137.0 million), Stanbic IBTC Bank Limited ($54.8 million), ETC Group ($49.7 million) and Latin America Agribusiness ($49.3 million) and while net repayments were from Agri Commodities & Finance FZE ($34.3 million) and Banco Sofisa ($18.3 million).

Allowance for losses on loans decreased by $6.5 million during the year primarily due to the impact of positive credit migration, the introduction of a new 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.

Equity investments increased by $43.9 million in 2024 primarily due to net disbursements for $29.5 million and the effects of foreign exchange of $19.2 million, partially offset by fair market valuation losses of $4.8 million. The notable disbursements during the year included $11.7 million for African Infrastructure Investment Fund 4 and $7.8 million for African Development Partners III LP. At the end of the year, we have outstanding equity investment commitments of $264.9 million.

Other liabilities increased by $49.2 million in 2024 primarily due to an increase of $40.1 million in derivative instrument liabilities as a result of unrealized foreign exchange translation.

In 2024, we received a capital injection of $350 million, resulting in an increase in **equity** compared to 2023. The capital injection was used to pay down the floating rate revolving loan facility with EDC.

Corporate Plan Discussion

The following section discusses our 2024 results and financial position in comparison to Corporate Plan projections. We begin by looking back to our 2024 Corporate Plan and compare actual results to what was expected. Then we look forward to 2025 and provide an explanation of where we anticipate changes from our 2024 results and financial position.

Financial Performance

for the year ended December 31 (in thousands of Canadian dollars)	2025 Corporate Plan	**2024 Actuals**	2024 Corporate Plan
Net financing and investment income	85,627	**55,583**	58,939
Donor contributions	729	**1,060**	1,398
Other (income) expenses*	-	**(815)**	-
Administrative expenses	52,853	**34,478**	37,421
Provision for (reversal of) credit losses	37,291	**(7,614)**	14,912
Net income	(3,788)	**30,594**	8,004

*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 2024 Corporate Plan.

2024 CORPORATE PLAN

Net income for 2024 was $30.6 million compared to the 2024 Corporate Plan net income of $8.0 million. The most significant item of note was the **reversal of credit losses** of $7.6 million compared to the **provision for credit losses** of $14.9 million in the Corporate Plan. This change was the result of unanticipated credit migration and updated macroeconomic assumptions used in the calculation of the allowance as well as the introduction of a new expected credit loss (ECL) model.

2025 CORPORATE PLAN

Net loss is planned to be $3.8 million in 2025, resulting in a decrease of $34.4 million compared to 2024. Items of note are as follows:

Net financing and investment income is planned to increase by $30.0 million, largely due to anticipated growth in the loan portfolio.

Provision for credit losses is planned to increase by $44.9 million, as we expect increased growth in the loan portfolio, and we do not anticipate further positive credit migration as was experienced in 2024.

Administrative expenses are planned to increase by $18.4 million, mainly due to the additional headcount to support the continued growth of the organization, including in support of international expansion and the operationalization of the new concessional finance facility and the expansion of the technical assistance program; 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)*	2025 Corporate Plan	**2024** **Actuals**	2024 Corporate Plan
Cash and cash equivalents	23,433	**98,508**	29,655
Loans receivable	1,333,936	**955,363**	996,788
Allowance for losses on loans	(108,917)	**(33,865)**	(40,130)
Equity investments	368,904	**254,750**	338,129
Other assets	15,475	**18,200**	17,703
Total Assets	1,632,831	**1,292,956**	1,342,145
Loans payable	337,623	**305,227**	410,529
Deferred revenue	5,064	**5,956**	8,288
Allowance for losses on loan commitments	6,734	**8,089**	6,344
Other liabilities	9,859	**60,300**	10,524
Equity	1,273,551	**913,384**	906,460
Total Liabilities and Equity	1,632,831	**1,292,956**	1,342,145

2024 CORPORATE PLAN

Loans receivable for 2024 were $41.4 million less than projected in the Corporate Plan mainly due to lower disbursements than anticipated.

Investments for 2024 were $83.4 million lower than Plan mainly due to lower disbursements.

Loans payable were $105.3 million less than the Corporate Plan primarily as a result of lower disbursements as mentioned above as our debt requirements are largely driven by our loan and equity investments portfolios.

2025 CORPORATE PLAN

Share capital will increase in 2025 per the Corporate Plan as an additional capital injection of $400 million was received in January 2025 as part of the capital commitment increase confirmed by the April 2021 Federal Budget as well as additional funding from the announcements made in support of Canada's Indo-Pacific strategy and reiterated in Budget 2023.

The 2025 Corporate Plan is projecting an increase in both **loans receivable** and **equity investments** mainly due to continued growth in Latin American and the Caribbean, and Sub-Saharan Africa as well the expansion into the Indo-Pacific region, 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 approach to Capital Management has been designed to ensure alignment with our parent Export Development Canada. We have a capital management framework in place which follows the Internal Capital Adequacy Assessment Process (ICAAP) and serves as a guideline to assess our required capital. 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 risk, operational risk, market risk and strategic risk. The Capital Supply 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 $527 million as at December 31, 2024.

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



Marsha Acott
Chief Financial Officer

February 10, 2025

INDEPENDENT AUDITOR'S REPORT

To the Minister of Export Promotion, International Trade and Economic Development

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 2024, 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 2024, 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 MATTER

The financial statements of FinDev Canada for the year ended 31 December 2023, were audited by another auditor who expressed an unmodified opinion on those statements on 11 March 2024.

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.

Report on Compliance with Specified Authorities

OPINION

In conjunction with the audit of the financial statements, we have audited transactions of Development Finance Institute Canada (DFIC) Inc. coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are Part X of the *Financial Administration Act* and regulations, the *Canada Business Corporations Act* and regulations, and the articles and by-laws of Development Finance Institute Canada (DFIC) Inc.

In our opinion, the transactions of Development Finance Institute Canada (DFIC) Inc. that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Financial Administration Act*, we report that, in our opinion, the accounting principles in IFRS Accounting Standards as issued by the IASB have been applied on a basis consistent with that of the preceding year.

RESPONSIBILITIES OF MANAGEMENT FOR COMPLIANCE WITH SPECIFIED AUTHORITIES

Management is responsible for Development Finance Institute Canada (DFIC) Inc.'s compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable Development Finance Institute Canada (DFIC) Inc. to comply with the specified authorities.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF COMPLIANCE WITH SPECIFIED AUTHORITIES

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.



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

Ottawa, Canada
10 February 2025

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31

(in thousands of Canadian dollars)	Notes	**2024**	2023
Assets			
Cash and cash equivalents	3	**98,508**	26,895
Derivative instruments	8	**4,612**	15,449
Loans receivable	4	**955,363**	624,295
Allowance for losses on loans	4	**(33,865)**	(40,362)
Equity investments	5	**254,750**	210,863
Other assets		**7,491**	7,751
Right-of-use asset	6	**6,097**	1,682
Total Assets		**$1,292,956**	$846,573
Liabilities and Equity			
Accounts payable and other credits		**8,505**	5,651
Loans payable	7	**305,227**	289,301
Owing to Export Development Canada	18	**5,058**	3,239
Deferred revenue	9	**5,956**	7,016
Derivative instruments	8	**40,456**	370
Lease liability	6	**6,281**	1,795
Allowance for losses on loan commitments	4	**8,089**	6,411
Total Liabilities		**379,572**	313,783
Equity			
Share capital	10	**950,000**	600,000
Deficit		**(36,616)**	(67,210)
Total Equity		**913,384**	532,790
Total Liabilities and Equity		**$1,292,956**	$846,573

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 10, 2025.

Pierre Matuszewski
Director

Lori Kerr
Director

STATEMENT OF COMPREHENSIVE INCOME (LOSS)

FOR THE YEAR ENDED DECEMBER 31

(in thousands of Canadian dollars)	Notes	**2024**	2023
Financing and Equity Investment Revenue			
Loan		**69,888**	50,944
Marketable securities and cash equivalents		**5,156**	597
Equity investments	5	**1,450**	1,754
Total financing and equity investment revenue		**76,494**	53,295
Interest expense	6, 8	**12,547**	22,860
Financing and equity investment expenses		**8,364**	1,286
Net Financing and Equity Investment Income		**55,583**	29,149
Donor Contributions	9	**1,060**	1,120
Other (Income) Expenses	15	**(815)**	6,259
Administrative Expenses	16	**34,478**	26,801
Income (Loss) before Provision		**22,980**	(2,791)
Provision for (Reversal of) Credit Losses	4	**(7,614)**	21,294
Net Income (Loss) and Comprehensive Income (Loss)		**$30,594**	$(24,085)

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	**2024**	2023
Share Capital			
Balance beginning of year		**600,000**	300,000
Shares issued	10	**350,000**	300,000
Balance end of year		**950,000**	600,000
Deficit			
Balance beginning of year		**(67,210)**	(43,125)
Comprehensive income (loss)		**30,594**	(24,085)
Balance end of year		**(36,616)**	(67,210)
Total Equity End of Year		**$913,384**	$532,790

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)	**2024**	2023
Cash Flows used in Operating Activities		
Net income (loss)	**30,594**	(24,085)
Adjustments to determine net cash from (used in) operating activities		
Provision for (reversal of) credit losses	**(7,614)**	21,294
Depreciation	**301**	350
Equity investments non-cash items	**(896)**	(1,602)
Realized gains	**(3)**	-
Changes in assets and liabilities		
Change in accrued interest and fees on loans receivable	**(3,631)**	(1,547)
Change in fair value of equity investments	**4,824**	6,111
Change in accrued interest on loans payable	**(3,069)**	-
Change in derivative instruments	**(9,849)**	(11,076)
Other	**6,596**	(3,336)
Loan disbursements	**(419,322)**	(270,472)
Loan repayments	**152,514**	59,891
Net cash used in operating activities	**(249,555)**	(224,472)
Cash Flows used in Investing Activities		
Disbursements for equity investments	**(46,154)**	(66,919)
Receipts from equity investments	**17,504**	1,838
Purchases of marketable securities	**(50,361)**	-
Sales/maturities of marketable securities	**50,365**	-
Purchases of property, plant, and equipment	**(912)**	(320)
Net cash used in investing activities	**(29,558)**	(65,401)
Cash Flows from Financing Activities		
Issue of long-term loans payable	**195,910**	347,481
Repayment of long-term loans payable	**(201,126)**	(358,537)
Increase (decrease) in amount due to EDC	**1,795**	(8)
Issuance of share capital	**350,000**	300,000
Net cash from financing activities	**346,579**	288,936
Effect of exchange rate changes on cash and cash equivalents	**4,147**	(279)
Net decrease in cash and cash equivalents	**71,613**	(1,216)
Cash and Cash Equivalents		
Beginning of year	**26,895**	28,111
End of year	**$98,508**	$26,895
Cash and Cash Equivalents are comprised of:		
Cash	**10,897**	10,415
Cash equivalents	**87,611**	16,480
	$98,508	$26,895
Operating Cash Flows from Interest		
Cash paid for interest	**$13,736**	$18,914
Cash received for interest	**$69,889**	$44,858

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

There were no new standards, amendments or interpretations adopted in the year ended December 31, 2024.

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

IFRS 18 – Presentation and Disclosures in 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 on 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 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 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 material 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. Refer to Notes 3, 4 and 5 for further details.

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 marketable 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 material 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 material, 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.

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 2024 Integrated Annual Report.

3. 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, 2024, all instruments held were cash equivalents (2023 – all instruments held were cash equivalents). In 2024, there were marketable security purchases of $50.4 million and maturities and sales of $50.4 million (2023 – no marketable security activity).

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 equivalents and marketable securities with counterparties having a credit rating of A- or better. Our cash equivalents credit exposure is represented by the carrying value of the financial instruments.

At December 31, 2024, cash equivalents of $87.6 million (2023 - $16.5 million) included $6.0 million (2023 - $7.0 million) related to the donor contributions from Global Affairs Canada (GAC) and is restricted for the Concessional Facility (CF) project; the remaining $81.6 million (2023 - $9.5 million) was unrestricted. Refer to Note 9 for further details on the CF project and related accounting.

The yield on cash equivalents and marketable securities for 2024 was 5.04% (2023 – 4.77%).

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, 2024**					Dec. 31, 2023				
	Floating $	**Spread to maturity %**	**Fixed $**	**Yield to maturity %**	**Total $**	Floating $	Spread to maturity %	Fixed $	Yield to maturity %	Total $
Performing:										
2024	**-**	**-**	**-**	**-**	**-**	104,665	3.62	23,921	7.64	128,586
2025	**83,597**	**3.41**	**26,005**	**7.63**	**109,602**	68,113	3.64	25,805	7.77	93,918
2026	**123,963**	**3.40**	**20,678**	**7.71**	**144,641**	49,384	3.63	17,710	8.01	67,094
2027	**199,031**	**3.44**	**13,174**	**7.84**	**212,205**	52,311	3.56	9,744	8.27	62,055
2028	**98,293**	**3.45**	**19,480**	**8.07**	**117,773**	26,363	3.41	15,132	8.70	41,495
2029	**65,456**	**3.60**	**8,698**	**8.30**	**74,154**	13,996	3.29	5,196	9.20	19,192
2030 - 2034	**237,160**	**3.24**	**27,955**	**8.15**	**265,115**	187,612	2.80	15,587	9.20	203,199
2035 and beyond	**4,357**	**4.51**	**-**	**-**	**4,357**	3,250	4.25	-	-	3,250
Performing gross loans receivable	**811,857**	**3.38**	**115,990**	**8.02**	**927,847**	505,694	3.16	113,095	8.49	618,789
Impaired	**14,941**	**7.43**	**7,189**	**5.60**	**22,130**	-	-	-	-	-
Gross loans receivable	**826,798**		**123,179**		**949,977**	505,694		113,095		618,789
Accrued interest and fees receivable					**14,166**					10,548
Deferred loan revenue and others					**(8,780)**					(5,042)
Loans receivable					**955,363**					624,295

At the end of 2024, the floating rate performing gross loans receivable yield was 3.46% (2023 – 3.85%) with an average term to reset of 86 days (2023 – 81 days).

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

(in thousands of Canadian dollars)	**2024**	2023
Balance beginning of year	**618,789**	420,744
Disbursements	**419,322**	270,472
Principal repayments	**(152,514)**	(59,891)
Loans written off	**(765)**	-
Foreign exchange translation	**65,145**	(12,536)
Balance end of year	**$949,977**	$618,789

In 2024, we had $22.1 million (2023 - nil) of loans made impaired from two commercial borrowers (2023 - none). During the year, $765 thousand of one of the impaired loans was written off to provide support in a period of financial difficulty for the borrower.

We had country risk concentrations as outlined below:

(in thousands of Canadian dollars)	**Dec. 31, 2024**		Dec. 31, 2023	
Country	**Gross loans receivable**	**%**	Performing gross loans receivable	%
Colombia	**143,765**	**15**	132,490	21
Bermuda	**102,163**	**11**	33,123	5
Argentina	**83,863**	**9**	46,647	7
Costa Rica	**81,467**	**9**	52,996	9
Ecuador	**79,411**	**8**	79,022	13
Mauritius	**78,861**	**8**	95,834	15
Curaçao	**74,758**	**8**	21,198	3
South Africa	**71,883**	**8**	-	-
France	**61,470**	**6**	23,771	4
Nigeria	**57,506**	**6**	22,082	4
Togo	**29,272**	**3**	-	-
Jamaica	**17,971**	**2**	23,186	4
Peru	**16,682**	**1**	17,712	3
Canada	**10,782**	**1**	-	-
Dominican Republic	**10,638**	**1**	8,248	1
El Salvador	**10,063**	**1**	11,924	2
Brazil	**9,584**	**1**	26,498	4
United States	**8,587**	**1**	10,643	2
Panama	**1,251**	**1**	3,478	1
Bolivia	**-**	**-**	9,937	2
Total	**$949,977**	**100**	$618,789	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 is $1,252.4 million at December 31, 2024 (2023 - $717.1 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)				**Dec. 31, 2024**	Dec.31, 2023
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Total
Gross loans receivable					
Investment grade*	**178,528**	**-**	**-**	**178,528**	67,537
Non-investment grade	**708,504**	**40,815**	**-**	**749,319**	551,252
Individually impaired	**-**	**-**	**22,130**	**22,130**	-
Total gross loans receivable	**887,032**	**40,815**	**22,130**	**949,977**	618,789
Loan commitments					
Investment grade*	**62,371**	**-**	**-**	**62,371**	63,571
Non-investment grade	**240,025**	**-**	**-**	**240,025**	34,789
Total loan commitments	**302,396**	**-**	**-**	**302,396**	98,360

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

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 2024**			Dec. 31 2023		
	Gross carrying amount	**Allowance for losses**	**Net carrying amount**	Gross carrying amount	Allowance for losses	Net carrying amount
Gross loans receivable	**949,977**	**33,865**	**916,112**	618,789	40,362	578,427
Loan commitments	**302,396**	**8,089**	**294,307**	98,360	6,411	91,949
Total	**1,252,373**	**41,954**	**$1,210,419**	717,149	46,773	$670,376

During 2024, we made changes to our models as described below.

We replaced the model used in the estimation of ECL, which incorporates increased granularity based on country, industry and entity type, as well as an increased number of macroeconomic variables (MEV). The impact of updating our allowance model resulted in a $7.9 million decrease to our allowance for losses and represented a change in accounting estimate.

One component of the ECL calculation where management uses judgment is in assessing significant increase in credit risk. In our determination of whether an asset has experienced a significant increase in credit risk, we use a threshold based on the relative change in the probability of default for the remaining expected life of an instrument relative to the corresponding probability of default at origination. During 2024, we updated our PD thresholds from two to five categories to better reflect the credit quality of our assets, resulting in reduced sensitivity and volatility of stage changes. The impact of updating our PD thresholds resulted in a $2.1 million decrease to our allowance for losses, included as a part of the overall impact of $7.9 million noted above, and represents a change in accounting estimate.

The following tables reconcile the opening and closing allowance for credit losses for the year ended December 31, 2024. 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;
- Model changes, due to the updating of our quantitative model used to estimate expected credit losses including any staging impacts;
- Write-off of assets deemed uncollectible; and
- Effect of changes in foreign exchange rates.

As of December 31, 2024, if our performing portfolio was measured using Stage 1 ECL, total ECL would be $28.1 million (2023 - $31.9 million). If our performing portfolio was measured using Stage 2 ECL, total ECL would be $73.1 million (2023 - $61.2 million).

We forecast three macroeconomic scenarios when calculating the ECL at the reporting date. As of December 31, 2024, the impact of weighting the multiple macroeconomic variable scenarios increased total ECL on our performing portfolio by $1.6 million relative to the base case scenario (2023 - $3.5 million).

Changes to the allowance for credit losses on loans receivable and loan commitments for the year ended December 31, 2024 were as follows:

(in thousands of Canadian dollars)	**Stage 1**	**Stage 2**	**Stage 3**	**2024 Total**	Stage 1	Stage 2	2023 Total
Allowance for losses on loans receivable							
Balance at beginning of year	15,199	25,163	-	**40,362**	25,103	-	25,103
Provision for (reversal of) credit losses							
Transfer to Stage 1	32,477	(32,477)	-	**-**	-	-	-
Transfer to Stage 2	(8,709)	8,709	-	**-**	(15,782)	15,782	-
Transfer to Stage 3	-	(1,076)	1,076	**-**	-	-	-
Remeasurements	(29,926)	1,917	12,429	**(15,580)**	(7,501)	10,813	3,312
New originations	11,178	8,783	-	**19,961**	14,810	-	14,810
Net repayments and maturities	(2,248)	(2,794)	-	**(5,042)**	(1,265)	(757)	(2,022)
Model changes	(923)	(7,013)	(85)	**(8,021)**	-	-	-
Total provision for (reversal of) credit losses	1,849	(23,951)	13,420	**(8,682)**	(9,738)	25,838	16,100
Write-offs	-	-	(765)	**(765)**	-	-	-
Foreign exchange	1,418	1,025	507	**2,950**	(166)	(675)	(841)
Balance end of year	18,466	2,237	13,162	**33,865**	15,199	25,163	40,362
Allowance for losses on loans commitments							
Balance at beginning of year	62	6,349	-	**6,411**	1,343	-	1,343
Provision for (reversal of) credit losses							
Transfer to Stage 1	153	(153)	-	**-**	-	-	-
Transfer to Stage 2	(26)	26	-	**-**	(2,095)	2,095	-
Remeasurements	(4,051)	(837)	-	**(4,888)**	1,275	4,314	5,589
New originations	17,861	381	-	**18,242**	3,600	-	3,600
Net repayments and maturities	(6,566)	(5,862)	-	**(12,428)**	(3,995)	-	(3,995)
Model changes	168	(26)	-	**142**	-	-	-
Total provision for (reversal of) credit losses	7,539	(6,471)	-	**1,068**	(1,215)	6,409	5,194
Foreign exchange	488	122	-	**610**	(66)	(60)	(126)
Balance end of year	8,089	-	-	**8,089**	62	6,349	6,411
Total allowance for losses on loans receivable and loan commitments	$26,555	$2,237	$13,162	**$41,954**	$15,261	$31,512	$46,773

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 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), USD per CAD	0.7	0.8	0.7	0.8	0.6	0.8
West Texas Intermediate, USD per barrel	65.8	66.8	68.2	72.6	50.5	59.2

Dec. 31 2023

	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)	2.8	3.1	3.0	3.5	1.9	3.0
Industrialized Country GDP, YoY%	1.1	1.7	1.3	2.1	0.4	1.7
Developing Country GDP, YoY%	4.1	4.0	4.3	4.4	3.1	3.9
Exchange Rate (Period Average), USD per CAD	0.7	0.8	0.7	0.8	0.7	0.8
West Texas Intermediate, USD per barrel	76.0	69.1	76.1	73.9	70.9	57.6

*The remaining forecast period is generally four years.

5. Equity investments

	Dec. 31, 2024		Dec. 31, 2023	
(in thousands of Canadian dollars)	**Cost**	**Fair Value**	Cost	Fair Value
Direct investments	**112,482**	**99,223**	102,793	102,912
Fund investments	**121,810**	**155,527**	102,882	107,951
Total equity investments	**$234,292**	**$254,750**	$205,675	$210,863

We invest in funds which 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.

We have undisbursed equity investment commitments of $264.9 million for fund and direct investments (2023 - $168.6 million).

Equity investments income from our direct and fund investment portfolios of $1.5 million (2023 - $1.8 million) was recorded in the Statement of Comprehensive Income (Loss). This consisted mainly of capitalized dividends on preferred shares, coupon interest payments, equalization fees, and dividend income earned from the fund portfolio.

6. Right-of-Use Asset and Lease Liability

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 asset including the new lease for our head office, were as follows:

(in thousands of Canadian dollars)	**2024**	2023
Balance beginning of year	**1,682**	1,264
Additions	**4,962**	715
Depreciation	**(547)**	(297)
Balance end of year	**$6,097**	$1,682

Lease Liability

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

(in thousands of Canadian dollars)	**2024**	2023
Under 1 year	**696**	396
1 to 5 years	**2,387**	1,468
Over 5 years	**4,721**	119
Total undiscounted lease liabilities	**7,804**	1,983
Total lease liabilities end of year	**$6,281**	$1,795

Interest expense on the lease liability for the year ended December 31, 2024, was $155 thousand (2023 - $69 thousand). Total cash outflow for the leases was $471 thousand (2023 - $337 thousand), including $316 thousand (2023 - $268 thousand) of principal payments on the lease liability.

Future contractual commitments related to non-lease components, low value and short-term leases at the end of 2024 were $8.6 million (2023 - $2.1 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 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, 2024**	Dec. 31, 2023
Long-term payables		
Due within current year	**14,377**	33,123
Over one year	**288,249**	250,813
Total long-term payables	**302,626**	283,936
Accrued interest	**2,601**	5,365
Total	**$305,227**	$289,301

In 2024, there were foreign exchange translation losses of $24.2 million (2023 – gains of $6.1 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 consolidated foreign exchange translation (gain) loss.

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

(in thousands of Canadian dollars)	**2024**	2023
Balance beginning of year	**289,301**	302,969
Net cash flows	**(5,216)**	(11,056)
Foreign exchange translation	**24,211**	(6,133)
Change in accrued interest	**(3,069)**	3,521
Balance end of year	**$305,227**	$289,301

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, 2024**		Dec. 31, 2023
Year of maturity	**Debt issues**	**Yield* (%)**	Debt issues	Yield* (%)
Fixed rate issues				
2024	**-**	**-**	33,123	1.11
2025	**14,377**	**4.21**	13,249	4.21
2027	**28,753**	**3.39**	26,498	3.39
2028	**53,912**	**4.30**	49,684	4.30
Subtotal	**97,042**	**4.06**	122,554	3.82
Floating rate issues				
2035 and beyond	**205,584**		161,382	
Subtotal	**205,584**	**4.58**	161,382	5.72
Total	**$302,626**		$283,936	

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

At the end of 2024, 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, 2024**
Year of maturity	
Under 1 year	**27,005**
1 to 3 year	**53,937**
3 to 5 year	**75,356**
Over 5 year	**286,768**
Total	**$443,066**

The December 31, 2024 balance of floating rate loans was repaid in January 2025 after receipt of the capital injection.

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.

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 seven months) with EDC to convert funds between Canadian dollars and U.S. dollars. All of these derivatives have a remaining term to maturity under one year (2023 – all under one year). As at December 31, 2024, the notional value of the swaps was $914.1 million (2023 - $569.9 million). Interest expense on these swaps of $5.4 million (2023 - $1.3 million) was recorded in the Statement of Comprehensive Income (Loss).

In 2024, we reviewed our contracts for embedded derivatives in non-financial contracts and determined that there were no embedded derivatives (2023 – none).

9. Deferred Revenue

In 2021, FinDev Canada received a Concessional Facility (CF) of $75.9 million from Global Affairs Canada (GAC). The CF is an arrangement between GAC and FinDev Canada for the purpose of fulfilling the Government of Canada's Gender Smart COVID-19 Recovery Facility. Under the arrangement, FinDev Canada will hold, manage, administer, use and invest the funds received from GAC under the facility. The financial results related to the CF will be reported to GAC and will be consolidated with the financial statements of the Government of Canada, which are reported upon separately by the Government and audited by the Office of the Auditor General of Canada. 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, 2024**	Dec. 31, 2023
GAC CF Admin Expense	**5,831**	6,816
GAC CF Technical Assistance Facility	**125**	200
Total	**$5,956**	$7,016

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

(in thousands of Canadian dollars)	**2024**	2023
GAC CF Admin Expense	**985**	850
GAC CF Technical Assistance Facility	**75**	50
Other	**-**	220
Total	**$1,060**	$1,120

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, 2024, FinDev Canada's share capital is $950 million consisting of 9.5 million shares (December 2023 - $600 million consisting of 6 million shares). During the first quarter of 2024, FinDev Canada received a capital injection of $350 million in exchange for 3.5 million shares (2023 - $300 million in exchange for 3 million shares).

In January 2025, FinDev Canada received a capital injection of $400 million in exchange for 4.0 million shares with a par value of $100 each.

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 FinDev Canada's exposure to financial risks, FinDev Canada has the Financial Risk Management Framework ("FRMF") in place which sets out governance and oversight of financing and equity transactions as well as its treasury operations activities. The FRMF establishes procedures ensuring the effective management of financial risks. This includes Board limits as well as monitoring and reporting processes.

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 2024, 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 2024, 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. All of our cash equivalents are classified as level 1.

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, 2024**	Fair value at Dec. 31, 2023
Multiples	Multiple (Sales)	1.46	**78,298**	56,959
Discounted Cash Flow	Discount Rate	13%	**14,294**	13,173
Transaction Price	N/A	N/A	**6,631**	32,781
NAV*	N/A	N/A	**155,527**	107,950
Total			**254,750**	210,863

*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. 2024**				Dec 31. 2023			
	Level 2	**Level 3**	**Total Fair Value**	**Carrying Value**	Level 2	Level 3	Total Fair Value	Carrying Value
Assets								
Performing fixed rate loans	**55,856**	**65,520**	**121,376**	**109,118**	45,503	63,915	109,418	95,785
Performing floating rate loans	**672,317**	**169,853**	**842,170**	**802,330**	489,022	39,756	528,778	488,148
Total performing loans receivable	**728,173**	**235,373**	**963,546**	**911,448**	534,525	103,671	638,196	583,933
Impaired loans	**10,050**	**-**	**10,050**	**10,050**	-	-	-	-
Loans receivable and accrued interest and fees	**738,223**	**235,373**	**973,596**	**921,498**	534,525	103,671	638,196	583,933
Derivative instruments	**4,612**	**-**	**4,612**	**4,612**	15,449	-	15,449	15,449
Equity investments	**-**	**254,750**	**254,750**	**254,750**	-	210,863	210,863	210,863
Liabilities								
Loans payable	**306,903**	**-**	**306,903**	**305,227**	283,701	-	283,701	289,301
Derivative instruments	**40,456**	**-**	**40,456**	**40,456**	370	-	370	370

The financial instruments included in cash equivalents, 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 2024 and 2023 for equity investments:

(in thousands of Canadian dollars)	**2024**	2023
Balance at beginning of year	**210,863**	154,592
Purchases of equity investments	**47,050**	68,521
Unrealized gains (losses) included in other (income) expenses	**(4,824)**	(6,111)
Return of capital	**(17,504)**	(1,838)
Foreign exchange translation	**19,165**	(4,301)
Balance at end of year	**$254,750**	$210,863
Total gains (losses) for the year included in comprehensive income (loss) for instruments held at end of the year	**$(4,824)**	$(6,111)

In 2024, 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 $31.0 million to a favourable change of $31.0 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, 2024, purchase obligations not otherwise disclosed in the notes to our financial statements amounted to $5.9 million (2023 - $5.8 million).

15. Other (Income) Expenses

(in thousands of Canadian dollars)	**2024**	2023
Net unrealized loss on equity investments	**4,350**	5,961
Foreign exchange translation (gain) loss	**(372)**	9
Net unrealized (gain) loss on derivatives	**(4,664)**	288
Net realized and unrealized (gain) loss on marketable securities*	**(22)**	1
Net realized (gain) - Other	**(107)**	-
Total other (income) expenses	**$(815)**	$6,259

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

In 2024, there was a net unrealized loss on equity investments primarily due to net unfavourable fair market value adjustments of $4.3 million (2023 - $588 thousand). This was partially offset by a net unrealized gain on derivatives of $4.7 million (2023 - $300 thousand), mainly as a result of the positive fair market value recorded for the rate setting agreement derivative referenced in Note 8.

16. Administrative Expenses

(in thousands of Canadian dollars)	**2024**	2023
Salaries and benefits	**23,953**	16,272
Professional services	**3,182**	4,144
Administration costs	**1,929**	1,819
Occupancy	**1,593**	1,097
Travel, hospitality and conferences	**1,319**	975
Information Services	**791**	131
Systems Costs	**652**	940
Marketing and communications	**553**	593
Other	**506**	830
Total administrative expenses	**$34,478**	$26,801

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 2024 Integrated Annual Report.

We fund these benefits based on an allocation rate determined by EDC. In 2024, our allocation to fund our participation in the benefit plan was $1.6 million (2023 - $1.0 million) which was included in salaries and benefits.

18. Related Party Transactions

Global Affairs Canada Contributions

Donor contributions received by FinDev Canada include contributions from Global Affairs Canada (GAC). FinDev Canada received contributions of $75.9 million in 2021 from GAC for a Concessional Facility where FinDev Canada will hold, manage, administer, use and invest the funds under the facility, with related financial results maintained separately from our accounts and consolidated within the financial statements of the Government of Canada. The remaining balance of these contributions at December 31, 2024 is $45.1 million (2023 - $50.4 million), with the decline mainly due to disbursements for loans 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. Refer to Note 9 for further details.

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 $305.2 million as at December 31, 2024 (2023 - $289.3 million).

Owing to Export Development Canada

In 2024, FinDev Canada paid EDC $1.9 million (2023 - $1.8 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 $5.1 million as at December 31, 2024 (2023 - $3.2 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 (2023 - $3.1 million).

FinDev Canada

FinDev Canada's 2024 Climate-related Disclosure

Climate and nature action is one of FinDev Canada's three development impact goals and is central to our dual mandate: delivering meaningful development outcomes while ensuring financial sustainability. We recognize climate change as a global systemic challenge that disproportionately affects developing countries, especially women and other vulnerable populations. To meet the urgency of the climate crisis and advance the goals of the Paris Agreement, climate and nature action must be scaled.

FinDev Canada's Climate Change Strategy outlines how our Climate Change Policy is implemented across our investment activities, operations and partnerships. It guides our efforts to integrate climate considerations into decision-marking and to support climate-resilient, low-carbon development.

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]. Since 2021, FinDev Canada has been committed to progressively implement the recommendations of the TCFD and report on progress.

This 2024 report marks our fourth consecutive climate-related disclosure. It reflects our ongoing commitment to transparency, continuous improvement, and the integration of climate and nature considerations into our strategy, governance, risk management and performance metrics. Through this disclosure, we aim to provide stakeholders with clear information on how climate change is shaping our work – and how we are responding.

Governance

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

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

Climate and nature action is one of FinDev Canada's three strategic development impact goals and is central to our dual mandate: achieving meaningful development outcomes while ensuring financial sustainability. Our Development Impact Policy sets the overarching framework for how we pursue impact across all financing and investment activities. It guides our strategic objectives and informs the design and implementation of both our Climate Change Policy and Climate Change Strategy.

Since our inception in 2018, FinDev Canada's investment strategy has intentionally focused on sectors that support a climate-resilient and low-carbon economy, including renewable energy, sustainable agriculture, and forestry. In 2021, we adopted our first Climate Change Policy to promote climate mitigation and adaptation through our investments and operations. This was followed by our inaugural Climate Change Strategy, which outlines our operational priorities and areas of focus for climate action. The Policy is approved by the Board of Directors, while the Strategy is approved and implemented by FinDev Canada's Management.

The Board receives quarterly updates via FinDev Canada's portfolio and pipeline reports, which include climate-related metrics such as climate finance volumes and progress against climate finance targets.

The assessment of climate-related opportunities is fully integrated into FinDev Canada's financing and investment decision making process. An analysis of current and potential positive contribution to climate mitigation and adaptation is performed for every new financing and investment opportunity, and on an annual basis for all assets in the portfolio. FinDev Canada also assesses climate physical and transition risk for every new transaction at pre-screening and due diligence.

Climate-related risks and opportunities at the transaction level are assessed by the Climate Risk team and Development Impact team, respectively, overseen by the Chief Impact Officer (CIO), and are documented in the investment submissions to the investment committee (IC), which includes representation from FinDev Canada's CEO and executive team, and, where appropriate, to the Board of Directors.

To reinforce the alignment between climate goals and organizational performance, FinDev Canada's performance-based compensation program includes climate finance targets. These targets are approved by the Board of Directors and audited by EDC's internal audit function.

[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.

Strategy

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

Given our geographical and sectoral focus, FinDev Canada has a higher exposure to climate change physical risks than to transition risks. Our target geographies — the Indo Pacific, Latin America & the Caribbean, and Sub-Saharan Africa — are particularly vulnerable to climate hazards and often have limited adaptive capacity. At the same time, our investment strategy prioritizes low-carbon sectors with relatively lower exposure to transition risks. Many of these sectors, such as renewable energy and other sustainable infrastructure, and climate-smart agriculture and forestry, are well positioned to benefit from the transition to a low-carbon economy.

With an investment horizon of 1–25 years, FinDev Canada recognizes that climate-related physical risks may materialize across short (< 5 years), medium (5–15 years) and long term (> 15 years) timeframes. Some of our clients – especially in agriculture - are already experiencing climate-related disruptions, underscoring the urgency of building resilience.

To operationalize our Climate Change Strategy, we are advancing four priorities for action across both portfolio level and institutional levels. As part of the portfolio level initiatives, we steer capital towards low-carbon and climate-resilient transactions and aim to increase the volume of climate finance within our portfolio. As at the end of 2024, climate finance represented 38% of our total portfolio commitments. We also promote climate action with clients, including through directed lending through financial intermediaries as well as by offering technical assistance to help clients strengthen their climate resilience and transition readiness. This can include support to:

- Identify and manage climate-related physical and transition risks
- Measure and reduce greenhouse gas emissions
- Integrate climate considerations into governance, strategy and reporting

We also recognize that climate change and biodiversity loss are inextricably intertwined and mutually reinforcing and that the interconnectedness between climate and nature underscores the key role that nature-based solutions can have in addressing climate change and vice versa. We aim to embed nature and biodiversity considerations across our strategy and operations, treating them as both risks and opportunities. Our investments in sustainable agriculture, forestry, and blue lending through financial intermediaries reflect our commitment to protecting and restoring natural capital.

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. Using this approach, climate change physical risks were assessed for new direct transactions (corporates and projects) in 2022, and for all new transactions since 2023.

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 has also been assessing climate related transition risks for all new transactions. Our transition risk assessment approach is currently at a high-level, based on counterparties' portfolio concentration in high-emitting sectors.

FinDev Canada is continuing to develop its climate risk assessment approach, with the objective to enhance our risk assessment at the transaction level, develop a climate risk approach at the aggregate portfolio level, and deepen climate risk management into our investment process. This includes undertaking an analysis of current approaches to climate risk management at the transaction and portfolio levels in peer organizations.

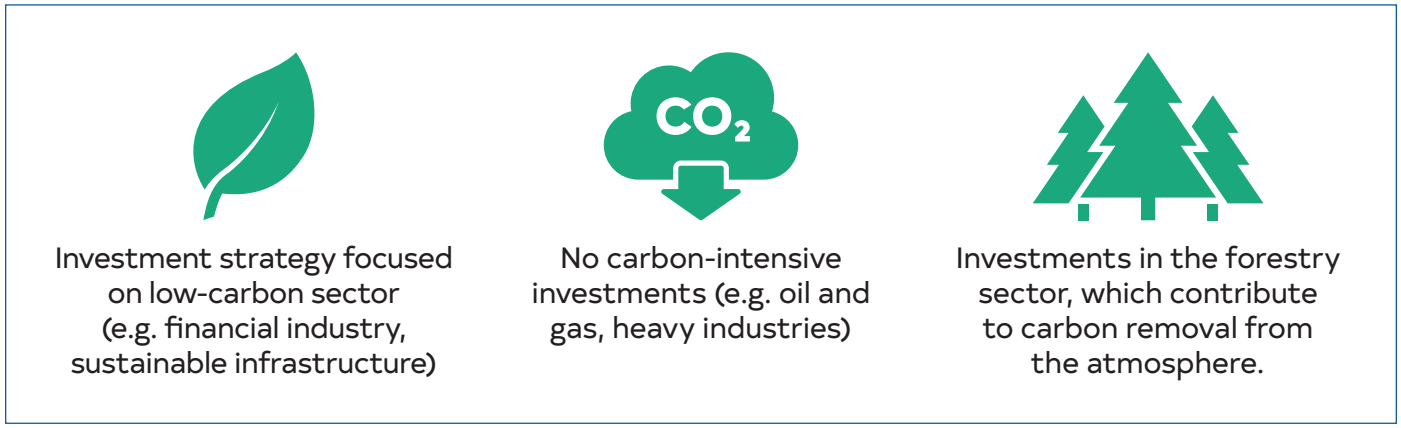
Metrics and targets

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

FinDev Canada has no direct exposure to carbon intensive assets and has a portfolio exposure to climate-related financing and investment of 35.5% as of December 31, 2024. Climate-related financing and investment ('climate finance') are measured according to the MDB/IDFC Common Principles for Climate Mitigation Finance Tracking and the Common Principles for Climate Adaptation Finance Tracking. FinDev Canada committed to increase its climate finance allocation to 35% of its total financing and investments commitments by 2025, which we are on track to achieve. To date, FinDev Canada has built a portfolio with net negative emissions for both annual GHG emissions from our 2024 portfolio and cumulative GHG emissions since inception in 2018. In other words, since FinDev Canada's inception, our investments and loans have contributed to more carbon removal from the atmosphere than generated GHG emissions (Figure 2).

Our net negative portfolio includes emissions from the real economy only, namely generated GHG emissions and carbon removal/sequestered emissions (Table 1). Since the attributed sequestered emissions are larger than the attributed generated emissions, we consider our portfolio to be net negative.

FIGURE 2: THREE MAIN FACTORS SUPPORTING FINDEV CANADA'S NET-NEGATIVE FINANCE GHG EMISSIONS



We also measure the avoided emissions of our investments in renewable energy projects, which represent emissions that would have occurred without the implementation of the projects. Although avoided emissions represent a quantifiable positive contribution to decarbonization, they are calculated and reported separately from the net negative framework, in line with international best practices[2]. Through our renewable energy projects, we generated 3,564 GWh of clean energy.

TABLE 1. FINDEV CANADA'S ATTRIBUTED FINANCED GENERATED, SEQUESTERED AND AVOIDED GHG EMISSIONS (tCO2e)

Categories	2018	2019	2020	2021	2022	2023	2024	2018–2024 total
Generated emissions	252	1,325	1,998	3,051	3,631	14,694	16,811	41,762
Sequestered emissions	0	0	10,682	26,040	36,132	40,374	61,399	174,627
Avoided emissions	15,310	25,045	22,517	32,145	46,017	30,654	23,053	194,741

Note: These calculations have been audited by EDC. *2023 generate emissions have been updated to 14,694 tCO2e from 14,324t CO2e (as reported in 2023 Climate Related Disclosure Report) to correct for a calculation error.*

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

FinDev Canada measures the generated, sequestered and avoided GHG emissions of every new investment and monitors these emissions at least 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:

- The PCAF Global GHG Accounting and Reporting Standard for the Financial Industry (business loans and unlisted equity asset class) for loan and equity investments in private companies, which represent 47% of financed generated emissions in 2024.
- Internally developed criteria in line with the PCAF Standard as detailed here for indirect investments in funds and financial intermediaries, which represent 53%of financed generated emissions in 2024.

These emissions are attributed to FinDev Canada based on our proportion of financing and cover 100% of our loans and equity investments. In terms of GHG data, 75% of emissions were reported by our clients and investees in 2024 and 25% were estimated using the Joint Impact Model, for a combined PCAF weighted data quality score of 2.6 out of 5.

Beyond our net negative portfolio, our commitment to carbon neutral operations extends to FinDev Canada's scope 1 and 2 GHG emissions, as well as scope 3 GHG emissions from business travel. Together with scope 3 GHG emissions from investments, these activities represent the most significant emission sources over which FinDev Canada has control over.