



2024 Financial Review

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FINANCIAL RESULTS OVERVIEW

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

<i>for the year ended December 31 (in thousands of Canadian dollars)</i>	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 AND CAPITAL MANAGEMENT

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

<i>(in thousands of Canadian dollars)</i>	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.

NOTES TO THE 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.

<i>(in thousands of Canadian dollars)</i>				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 carrying amount	Allowance for losses	Net carrying amount
Gross loans receivable	949,977	33,865	916,112	618,789	40,362	578,427	618,789	40,362	578,427
Loan commitments	302,396	8,089	294,307	98,360	6,411	91,949	98,360	6,411	91,949
Total	1,252,373	41,954	\$1,210,419	717,149	46,773	\$670,376	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:

<i>(in thousands of Canadian dollars)</i>	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

(in thousands of Canadian dollars)	Dec. 31, 2024		Dec. 31, 2023	
	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:

<i>(in thousands of Canadian dollars)</i>	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:

<i>(in thousands of Canadian dollars)</i>	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:

<i>(in thousands of Canadian dollars)</i>	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:

<i>(in thousands of Canadian dollars)</i>	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.

<i>(in thousands of Canadian dollars)</i>	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:

<i>(in thousands of Canadian dollars)</i>	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:

<i>(in thousands of Canadian dollars)</i>	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 $\pm 1\%$ 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:

<i>(in thousands of Canadian dollars)</i>	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

<i>(in thousands of Canadian dollars)</i>	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

<i>(in thousands of Canadian dollars)</i>	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).