



2026

Financial Report

Third Quarter

December 31, 2025



Executive Summary

Canadian economic outlook

Canada's economy continued to show resilience at the end of 2025 despite persistent challenges. Real GDP rebounded at an annualized rate of 2.6% in Q3 of calendar 2025, following a 1.8% contraction in the previous quarter. However, underlying components point to ongoing weaknesses. Household consumption declined, subtracting 0.2 percentage points from growth, while business investment continued to soften, extending the downward trend observed since early 2025.

Residential investment saw a modest recovery, partially offsetting the broader investment slowdown. Businesses also ran down accumulated inventories, which lowered GDP mechanically but signals an adjustment toward more sustainable stock levels. More importantly, businesses and households pulled back on international imports. The sharp decline in imports contributed 2.9 percentage points to real GDP growth on its own.

The labour market added 226,300 jobs in 2025, including 123,500 in the last quarter of the calendar year. Job creation was concentrated in the private sector, while self-employment declined slightly. Sectors that are most trade sensitive started to regain jobs despite new tariffs being added into the mix in October. Nonetheless, the unemployment rate rose to 6.8% in December, and confidence indicators suggest elevated concerns about job security. One in five Canadian workers still feared losing their jobs, according to the Bank of Canada, a level similar to the one reached at the beginning of the pandemic in Q2 of 2020.

A rare quarterly decline in Canada's population also contributed to sluggish consumer demand over the quarter.

Financing conditions remained tight for businesses. Although the Bank of Canada reduced its policy rate by a cumulative 100 basis points in calendar 2025—reaching 2.25%—financial institutions did not fully pass through these rate cuts to their clients. Borrowing costs for SMEs remain elevated, and funds advanced to businesses fell nearly 10% over the first ten months of calendar 2025 compared with the same period in 2024. Persistent uncertainty, including trade-related risks and soft demand for goods and services, continue to constrain investment intentions.

Following the strong pace of GDP growth in Q3, the Canadian economy likely stagnated in the last quarter of calendar 2025. Early indicators for November point to flat growth following a decline in October. Despite stronger-than-expected reports, indicators continue to point toward sub-potential growth in economic activity for calendar 2025 but fared better than expected initially at the start of trade tensions.

Real GDP growth is forecasted to reach 1.0% for calendar 2026, down from the 1.2% expected in 2025 on the back of suboptimal resource utilization and persistent headwinds. A recession is not anticipated; however, confidence remains fragile, and the economic recovery has not begun yet. Uncertainty and caution will likely continue to dominate the outlook for calendar 2026.



Lines of business

The Business Development Bank of Canada (BDC) is the bank for Canadian entrepreneurs. Our purpose is to empower a nation of dreamers and doers to build a better tomorrow for all. We help create and develop strong Canadian businesses through financing, capital and advisory services, with a focus on small and medium-sized businesses.

BDC reports on six business lines: Financing, Advisory Services, Growth & Transition Capital (GTC), Venture Capital (VC), Capital Incentive Programs (CIP) and the Credit Availability Program (CAP). Refer to Note 10, *Segmented information*, of the Consolidated Financial Statements for a description of each reportable segment's operations.

Activities

Core results are driven by the activities of the Financing, Advisory Services, GTC and VC business lines. CIP results, which had previously been included in Core results, stem from programs aimed at strengthening Canada's VC ecosystem that are managed by BDC on behalf of the Government of Canada. CIP has been separated from Core activities to better align with BDC's capital management framework. CAP results stem from BDC's initiatives delivered in collaboration with the Government of Canada and aimed at boosting capital for targeted SME needs, such as COVID-19 relief measures, the Canada Digital Adoption Program (CDAP), and tariff relief programs.

Activity level summary

| (\$ in millions) | Three months ended December 31 | | Nine months ended December 31 | |
|---|-----------------------------------|---------|----------------------------------|---------|
| | F2026 | F2025 | F2026 | F2025 |
| Financing loans acceptances | 2,709.7 | 2,325.4 | 8,245.0 | 7,879.9 |
| Advisory Services net contracts signed ⁽¹⁾ | 7.4 | 9.0 | 24.4 | 26.4 |
| Growth & Transition Capital acceptances | 120.3 | 151.2 | 429.9 | 367.7 |
| Venture Capital authorizations | 143.2 | 161.0 | 300.5 | 363.8 |
| Capital Incentive Programs authorizations | 0.0 | 21.9 | 1.4 | 47.6 |
| Credit Availability Program acceptances | 36.3 | 121.7 | 122.1 | 366.9 |

⁽¹⁾ Includes net contracts signed for Advisory Services related to the Pivot to Grow program, which have preferential pricing.

Core activities

The results of the third quarter of fiscal 2026 reflect that businesses are continuing to face an economic slowdown driven by persistent tariff pressures and trade uncertainties.

In the third quarter of fiscal 2026, clients accepted \$2.7 billion in loans through our Financing activities, up from \$2.3 billion in the same quarter last year. This growth was primarily driven by an increase in acceptances in Quebec and Ontario, as well as in syndicated loan transactions. For the first nine months of fiscal 2026, total loan acceptances reached \$8.2 billion, higher than the \$7.9 billion in acceptances for the same period last year, mainly due to an increase in acceptances of syndicated loans.

Community Banking, a Financing initiative launched by BDC during fiscal 2025, focuses on providing equal chances for underserved entrepreneurs to gain access to financial solutions and support. Its Business Accelerator Loan Program (BALP) (previously known as Accelerator Loan Guarantee (ALG)) is a tailored program directed at supporting partner organizations and offering small loans to underserved entrepreneurs. By providing a guarantee for these loans, we promote equity and inclusive growth. As at December 31, 2025, total acceptances made through BALP since the inception of the program amounted to \$102.1 million.



On June 5, 2025, First Nations Bank of Canada (FNBC) and BDC jointly announced the \$100 million Business Acquisition Loan for Indigenous Communities (BALIC) Program. This initiative is designed to help Indigenous communities and economic development agencies across Canada grow their business acquisitions. In support of economic reconciliation, the Community Banking initiative offers a loan guarantee program that improves access to capital for Indigenous communities and economic development agencies, empowering majority-owned Indigenous businesses to pursue new opportunities and growth.

On October 15, 2025, BDC announced the launch of the Business Elevation Program, a joint \$100 million initiative aimed at expanding access to financing and advisory services for 520,000 entrepreneurs in rural and remote areas. This strategic Community Banking program is expected to generate up to \$250 million in GDP over five years by leveraging the complementary strengths of both partners. The initiative aligns with BDC's development mandate and strengthens its commitment to supporting underserved communities.

Alongside BDC's Community Banking initiatives, the Inclusive Entrepreneurship team is working to ensure entrepreneurs have access to financing, connections and expertise to grow their businesses successfully. A pan-Canadian network of BDC employee champions and ambassadors supports and promotes our inclusive entrepreneurship initiatives at a regional level. Since its inception in fiscal 2025, Financing clients have accepted \$102.6 million in loans through the Inclusive Entrepreneurship initiative.

In the third quarter of fiscal 2026, net Advisory Services contracts totalled \$7.4 million, \$6.5 million from Core activities and \$0.9 million from the new Pivot to Grow program reported under CAP, down from \$9.0 million reported for the same period last year. For the first nine months of fiscal 2026, Net Advisory contracts totalled \$24.4 million, \$21.3 million from core activities and \$3.1 million from the new Pivot to Grow program reported under CAP, down from \$26.4 million reported for the same period last year. The decrease in net contracts signed for the third quarter and nine-month period ended December 31, 2025 resulted from two factors: the end of the CDAP program in February 2024, which contributed over \$0.4 million in the third quarter of fiscal 2025 but none this year, and the preferential pricing of Pivot to Grow mandates, which supports businesses facing tariff-related challenges and broader economic uncertainty.

In the third quarter of fiscal 2026, GTC clients accepted \$120.3 million in debt investments, down from the \$151.2 million accepted in the same quarter of the previous year. This decline was driven by lower deal sizes. For the first nine months of fiscal 2026, GTC clients accepted \$429.9 million in debt investments, up \$62.2 million from the \$367.7 million accepted in the same quarter of the previous year, mainly attributable to a higher volume of activities in the transition capital market.

VC authorizations for the third quarter of fiscal 2026 totalled \$143.2 million (including \$46.7 million in direct equity investments, \$99.1 million in indirect equity investments in funds, and \$2.6 million of cancellations in debt investments), down from \$161.0 million (including \$105.2 million in direct equity investments, \$54.3 million in indirect equity investments in funds, and \$1.5 million in debt investments) for the same period last year. For the first nine months of fiscal 2026, VC authorizations totalled \$300.5 million (including \$151.0 million in direct equity investments, \$156.0 million in indirect equity investments in funds, and \$6.5 million of cancellations in debt investments), which was shy of \$363.8 million (including \$228.5 million in direct equity investments, \$131.0 million in indirect equity investments in funds, and \$4.3 million in debt investments) for the same period last year. The decrease in authorizations for the third quarter and nine-month period ended December 31, 2025, was due to lower authorizations in direct equity investments partially offset by higher authorizations in indirect equity investments.

On August 20, 2025, BDC announced a new \$200 million commitment through the Industrial Innovation Venture Fund II (I2VF II) which aims to help Canadian entrepreneurs developing next-generation technologies that will drive productivity and resilience across key industrial sectors. Building on the success of its first fund launched in 2019, I2VF II will invest in early-stage, high growth companies developing transformative solutions in advanced manufacturing, ag-tech, food-tech, and extractive industries, now with an expanded focus on critical minerals, a sector increasingly recognized as vital to



Canada's economic sovereignty and national ambitions. Since its inception, \$25.5 million has been authorized through I2VF II.

Capital Incentive Programs (CIP)

BDC continued to play a pivotal role in managing CIP for the Government of Canada, which includes \$390 million for Venture Capital Action Plan (VCAP), \$372 million for Venture Capital Catalyst Initiative (VCCI) 2017, \$450 million for Venture Capital Catalyst Initiative (VCCI) 2021, \$600 million for the Cleantech Practice and \$100 million for Indigenous Growth Fund (IGF).

There were no CIP authorizations for the third quarter of fiscal 2026 compared to \$21.9 million for the same period last year, as the VCAP, VCCI and Cleantech Practice programs are now fully committed. CIP authorizations for the first nine months of fiscal 2026 totalled \$1.4 million compared to \$47.6 million for the same period last year. The lower level of authorizations for the third quarter and nine-month period ended December 31, 2025, was expected as we prepare for the transition to the next programs announced by our shareholder.

Credit Availability Program (CAP)

CAP consists of initiatives aimed at increasing capital for SME needs, such as COVID-19 relief programs, digital adoption, and tariff relief programs, including the newly announced programs for the softwood lumber and defence industries.

No new acceptances have been made through CAP's COVID-19 relief programs, as these measures ended in fiscal 2022.

Acceptances under CAP's CDAP program totalled \$35.6 million for the first nine months of fiscal 2026 compared to \$366.1 million for the same period last year. This sharp decline reflects the fact that nearly all applications submitted before the program ended have now been processed.

During the month of March 2025, the Government of Canada directed BDC to extend up to \$500 million in working capital loans to clients impacted by the trade uncertainty, as well as offering consulting mandates to affected businesses. In response, we launched new products, including the Pivot to Grow loan and prequalified postponements to eligible clients, and extended the Advisory Services Trade Resilience program. In the third quarter of fiscal 2026, CAP clients accepted \$31.4 million in Pivot to Grow loans, and 111 net advisory services contracts were signed amounting to \$0.9 million. For the first nine months of fiscal 2026, CAP clients accepted \$80.5 million in Pivot to Grow loans, and 373 net advisory services contracts were signed amounting to \$3.1 million.

At the request of the Government of Canada in October 2025, BDC launched a \$700 million liquidity support program, which was subsequently increased by \$500 million, to help softwood lumber businesses manage the financial pressures caused by U.S. tariffs. Through this initiative, BDC provides guarantees to financial institutions serving eligible softwood sawmills, lumbermills, and remanufacturers. These guarantees enable businesses to access financing and letters of credit, helping to ease the burden of collateral or bonds required for duty payments. For Canadian softwood lumber businesses without existing financing arrangements, BDC may also offer direct loans. This program complements BDC's \$500 million Pivot to Grow program and bolsters the Bank's commitment to supporting strategic sectors during periods of trade disruption.

Additionally, at the end of December 2025, BDC introduced its new Defence Platform to support Canadian companies operating in defence and national security. Through this platform, BDC will deploy up to \$4 billion in financing, advisory, and investment solutions to help businesses in the sector innovate and grow, contributing to the government's goal of reaching NATO's target of spending 5% of GDP on defence by 2035. The platform is designed to drive innovation, strengthen resilience, and expand defence partnerships. BDC has collaborated with government and industry experts to maximize the platform's impact and will continue working with the new Defence Investment Agency.



Financial results overview

Consolidated net income amounted to \$338.0 million for the third quarter of fiscal 2026, consisting of net income of \$274.5 million for the Core activities, net income of \$38.3 million for CIP and \$25.2 million for CAP. In comparison, BDC reported a consolidated net income of \$331.5 million for the same period last year, consisting of net income of \$331.7 million for the Core activities, a net income of \$21.5 million for CIP and a net loss of \$21.7 million for CAP.

| (\$ in millions) | Three months ended December 31 | | Nine months ended December 31 | |
|---|-----------------------------------|--------------|----------------------------------|----------------|
| | F2026 | F2025 | F2026 | F2025 |
| Net interest income | 537.3 | 511.9 | 1,591.6 | 1,545.1 |
| Net realized gains (losses) on investments | (13.2) | (13.2) | (43.6) | (35.6) |
| Revenue from Advisory Services | 7.7 | 8.6 | 22.5 | 29.2 |
| Fee and other income | 16.9 | 22.6 | 54.6 | 66.6 |
| Net revenue | 548.7 | 529.9 | 1,625.1 | 1,605.3 |
| Provision for expected credit losses | (40.1) | (130.5) | (301.6) | (465.6) |
| Net change in unrealized appreciation (depreciation) of investments | 71.3 | 69.6 | 108.9 | (40.4) |
| Net foreign exchange gains (losses) | (31.1) | 109.3 | (98.7) | 100.5 |
| Net gains (losses) on other financial instruments | 5.5 | (36.5) | (5.3) | (111.1) |
| Income before operating and administrative expenses | 554.3 | 541.8 | 1,328.4 | 1,088.7 |
| Operating and administrative expenses | 216.3 | 210.3 | 635.7 | 617.1 |
| Consolidated net income (loss) | 338.0 | 331.5 | 692.7 | 471.6 |
| Core net income (loss) | 274.5 | 331.7 | 643.3 | 554.0 |

BDC recorded net income of \$692.7 million for the nine months ended December 31, 2025, consisting of net income of \$643.3 million for the Core activities, net income of \$37.1 million for CIP and net income of \$12.3 million for CAP. In comparison, BDC reported consolidated net income of \$471.6 million for the same period last year, consisting of net income of \$554.0 million for the Core business, net income of \$14.4 million for CIP and a net loss of \$96.8 million for CAP.

The growth in consolidated net income for the nine months ended December 31, 2025, was mainly attributable to a lower provision for expected credit losses on Financing and CAP's loans portfolios, a higher net change in unrealized appreciation of investments in VC's investment portfolio and lower net losses on other financial instruments in CAP. These increases in consolidated net income were offset by higher net foreign exchange losses on Venture Capital's investments portfolio.



Key financial measures

| (\$ in millions unless otherwise noted) | Nine months ended December 31 | |
|---|----------------------------------|-----------|
| | F2026 | F2025 |
| Loans portfolio growth | | |
| Outstanding loans at gross carrying amount | 43,736.7 | 42,194.0 |
| Outstanding portfolio growth (%) | 3.7% | 6.8% |
| Allowance for expected credit losses | (1,677.2) | (1,451.3) |
| Investments portfolio growth | | |
| Investments at cost | 5,436.7 | 5,029.9 |
| Portfolio growth (%) | 8.1% | 11.3% |
| Investments at fair value | 6,604.4 | 6,187.6 |
| Profitability | | |
| Financing net interest income margin (%) | 4.31% | 4.18% |
| Efficiency | | |
| Efficiency ratio (%) | 36.0% | 36.1% |
| Capital management | | |
| Internal capital ratio (Core) | 112.3% | 112.1% |
| Shareholder return | | |
| Adjusted return on common equity | 7.7% | 6.9% |
| Adjusted return on common equity - 10 year moving average | 9.7% | 10.2% |
| Dividends paid based on the performance of the previous fiscal year | 50.0 | 337.0 |

A \$50.0 million dividend was paid in June 2025 to our sole shareholder, the Government of Canada.



The Business Development Bank of Canada (BDC) is a Crown corporation wholly owned by the Government of Canada.

BDC’s mission is to help Canadian entrepreneurs build strong and resilient businesses, and support a more prosperous, competitive and inclusive Canada. Our corporate values—United for Entrepreneurs, Powered by People and Courageously Impactful—are the building blocks of our DNA. They connect what we stand for to how we deliver on our mandate and corporate strategy.

We’re the only financial institution devoted entirely to Canada’s entrepreneurs. We provide them with financing and advice to build their businesses and tackle the big challenges of our time. Our investment arm, BDC Capital, offers a wide range of risk capital solutions to the country’s most innovative firms.

Our services will add an estimated \$25 billion to Canada’s GDP over the next five years, while supporting over 40,000 additional jobs. We’re also one of Canada’s Top 100 Employers and Best Diversity Employers, and the country’s first financial institution to receive B Corp certification.



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This report includes forward-looking statements regarding BDC’s financial position, results, operations, commitments, sustainability goals and risk management. These statements include but are not limited to objectives, strategies, expectations, estimates and targets, and are inherently uncertain due to numerous factors, assumptions and risks. Moreover, many of the assumptions, estimates, standards, methodologies, metrics, measurements, results and commitments described in this report continue to evolve and are based on assumptions believed to be reasonable at the time of preparation but should not be considered guarantees. As a result, actual outcomes may differ significantly from projections, expectations, estimations and forecasts. Data, metrics, standards and methodologies may not align with those used by other organizations or by BDC in the future.



Management Discussion and Analysis

Context of the Quarterly Financial Report

The Management Discussion and Analysis outlines the significant activities and initiatives, risks and financial results of the Business Development Bank of Canada (BDC) for the nine months ended December 31, 2025. This analysis should be read in conjunction with BDC's unaudited condensed quarterly Consolidated Financial Statements included in this report, which have been prepared in accordance with the Treasury Board of Canada's Directive on Accounting Standards: *GC 5200 Crown Corporations Quarterly Financial Reports*. This analysis should also be read in conjunction with BDC's 2025 Annual Report. All amounts are in Canadian dollars, unless otherwise specified.

There is no requirement for an audit or review of the financial statements included in the quarterly financial report. Therefore, the condensed quarterly Consolidated Financial Statements included in this report have not been audited or reviewed by an external auditor.

Risk Management

In order to fulfill its mandate while ensuring financial sustainability, BDC must take and manage risk. BDC's approach to risk management is based on establishing a risk governance structure, including organizational design, policies, processes and controls, to effectively manage risk in line with its risk appetite. This structure enables the establishment of a comprehensive risk management framework for risk identification, assessment and measurement, analytics, reporting and monitoring. In addition, this framework is designed to ensure that risk is considered in all business activities and that risk management is an integral part of day-to-day decision-making, as well as the annual corporate planning process.

The primary means through which the risk management function reports risk is through its quarterly Integrated Risk Management (IRM) report to senior management and the Board of Directors. This report provides a comprehensive quantitative and qualitative assessment of performance against the Risk Appetite Statement, profiles BDC's major risk categories, identifies significant existing and emerging risks, and provides in-depth portfolio monitoring.



Analysis of Financial Results

An analysis of financial results is provided to enable the reader to assess BDC's results of operations and financial condition for the three and nine months ended December 31, 2025, compared to the corresponding periods of the previous fiscal year.

BDC currently reports on six business segments: Financing, Advisory Services, Growth & Transition Capital (GTC), Venture Capital (VC), Capital Incentive Programs (CIP) and the Credit Availability Program (CAP).

Consolidated net income (loss)

| (\$ in millions) | Three months ended December 31 | | Nine months ended December 31 | |
|---|-----------------------------------|--------------|----------------------------------|--------------|
| | F2026 | F2025 | F2026 | F2025 |
| Financing | 279.5 | 196.1 | 675.4 | 532.5 |
| Advisory Services | (12.6) | (11.4) | (30.3) | (33.1) |
| Growth & Transition Capital | 17.2 | 20.6 | 40.1 | 57.7 |
| Venture Capital | (9.6) | 126.4 | (41.9) | (3.1) |
| Core net income | 274.5 | 331.7 | 643.3 | 554.0 |
| Capital Incentive Programs | 38.3 | 21.5 | 37.1 | 14.4 |
| Credit Availability Program | 25.2 | (21.7) | 12.3 | (96.8) |
| Net income (loss) | 338.0 | 331.5 | 692.7 | 471.6 |
| Net income (loss) attributable to: | | | | |
| BDC's shareholder | 338.0 | 330.0 | 691.4 | 471.0 |
| Non-controlling interests | - | 1.5 | 1.3 | 0.6 |
| Net income (loss) | 338.0 | 331.5 | 692.7 | 471.6 |

Three and nine months ended December 31

For the third quarter of fiscal 2026, BDC generated consolidated net income of \$338.0 million, entirely attributable to BDC's shareholder. For the equivalent period last year, consolidated net income of \$331.5 million included \$330.0 million in net income attributable to BDC's shareholder and \$1.5 million in net income attributable to non-controlling interests.

BDC's consolidated Core net income was \$274.5 million for the third quarter of fiscal 2026, compared to \$331.7 million reported for the same period last year. The decrease in net income was mainly attributable to higher net foreign exchange losses on VC's investments portfolio, offset by higher net interest income and a lower provision for expected credit losses on Financing's loan portfolio.

CIP reported consolidated net income of \$38.3 million for the third quarter of fiscal 2026, compared to a net income of \$21.5 million for the same period last year. The increase in CIP's net income was driven by a higher net realized gains on investments and higher net change in unrealized appreciation on investments.

CAP reported consolidated net income of \$25.2 million for the third quarter of fiscal 2026, compared to a net loss of \$21.7 million for the same period last year. The increase in CAP's net income was due to a lower provision for expected credit losses and lower net losses on other financial instruments, offset by lower net interest income.



For the nine months ended December 31, 2025, BDC reported consolidated net income of \$692.7 million, comprising net income of \$691.4 million attributable to BDC's shareholder and net income of \$1.3 million attributable to non-controlling interests. For the equivalent period last year, consolidated net income of \$471.6 million included \$471.0 million in net income attributable to BDC's shareholder and \$0.6 million in net income attributable to non-controlling interests.

BDC's consolidated Core net income was \$643.3 million for the nine months ended December 31, 2025, compared to \$554.0 million reported for the same period last year. The increase in net income resulted mainly from higher net interest income and a lower provision for expected credit losses on Financing's loan portfolio, a higher net change in unrealized appreciation of investments on VC's investment portfolio, offset by higher net foreign exchange losses from VC's U.S. dollar-denominated investments.

CIP reported consolidated net income of \$37.1 million for the nine months ended December 31, 2025, compared to a net income of \$14.4 million for the same period last year. The increase in CIP's net income was driven by higher net realized gains on investments and higher net change in unrealized appreciation of investments.

CAP reported consolidated net income of \$12.3 million for the nine months ended December 31, 2025, compared to a net loss of \$96.8 million for the same period last year, mainly due to lower net losses on other financial instruments generated by fair value losses on initial recognition of CDAP loans and a lower provision for expected credit losses, offset by lower net interest income.

Consolidated comprehensive income

| (\$ in millions) | Three months ended December 31 | | Nine months ended December 31 | |
|--|-----------------------------------|-------|----------------------------------|-------|
| | F2026 | F2025 | F2026 | F2025 |
| Net income (loss) | 338.0 | 331.5 | 692.7 | 471.6 |
| Other comprehensive income (loss) | | | | |
| Items that may be reclassified subsequently to net income(loss) | | | | |
| Net change in unrealized gains (losses) on FVOCI ⁽¹⁾ assets | (3.3) | (2.8) | (5.9) | 24.4 |
| Net change in unrealized gains (losses) on cash flow hedges | (0.9) | - | (0.8) | - |
| Total items that may be reclassified subsequently to net income(loss) | (4.2) | (2.8) | (6.7) | 24.4 |
| Items that will not be reclassified to net income(loss) | | | | |
| Remeasurements of net defined benefit asset or liability | 35.1 | 89.3 | 200.0 | 120.7 |
| Other comprehensive income (loss) | 30.9 | 86.5 | 193.3 | 145.1 |
| Total comprehensive income (loss) | 368.9 | 418.0 | 886.0 | 616.7 |
| Total comprehensive income (loss) attributable to: | | | | |
| BDC's shareholder | 368.9 | 416.5 | 884.7 | 616.1 |
| Non-controlling interests | - | 1.5 | 1.3 | 0.6 |
| Total comprehensive income (loss) | 368.9 | 418.0 | 886.0 | 616.7 |

⁽¹⁾Fair value through other comprehensive income



Three and nine months ended December 31

Consolidated total comprehensive income comprises net income and other comprehensive income. Other comprehensive income (OCI) is mostly affected by remeasurements of the net defined benefit asset or liability, which are subject to volatility as a result of market fluctuations.

BDC recorded consolidated other comprehensive income of \$30.9 million and \$193.3 million, respectively, for the three and nine months ended December 31, 2025, compared to a consolidated other comprehensive income of \$86.5 million and \$145.1 million, respectively, for the same periods last year. The increase in consolidated other comprehensive income for the nine months ended December 31, 2025, was mainly attributable to a remeasurement gain of \$200.0 million on the net defined benefit asset or liability, which was higher than the remeasurement gain of \$120.7 million on the net defined benefit asset or liability for the same period last year. This gain was mainly due to an increase in the discount rate used to measure the net defined benefit liability as well as to higher returns on pension plan assets.

Operating and administrative expenses

| | Three months ended December 31 | | Nine months ended December 31 | |
|---|-----------------------------------|-------|----------------------------------|-------|
| | F2026 | F2025 | F2026 | F2025 |
| (\$ in millions unless otherwise noted) | | | | |
| Salaries and benefits | | | | |
| Salaries and other benefits | 136.0 | 129.4 | 409.9 | 391.0 |
| Defined benefit plan expense | 13.4 | 13.3 | 38.5 | 38.7 |
| | 149.4 | 142.7 | 448.4 | 429.7 |
| Premises and equipment | 12.2 | 11.8 | 35.1 | 34.5 |
| Other expenses | | | | |
| Professional and outsourcing fees | 21.1 | 23.4 | 65.1 | 71.5 |
| Computers and software, including amortization and depreciation | 19.9 | 18.9 | 58.9 | 53.6 |
| Communications, advertising and promotion | 8.3 | 7.6 | 15.4 | 13.6 |
| Other | 5.4 | 5.9 | 12.8 | 14.2 |
| | 54.7 | 55.8 | 152.2 | 152.9 |
| Total operating and administrative expenses | 216.3 | 210.3 | 635.7 | 617.1 |
| Efficiency ratio | 36.3% | 37.5% | 36.0% | 36.1% |

Three and nine months ended December 31

For the third quarter and first nine months of fiscal 2026, BDC recorded operating and administrative expenses of \$216.3 million and \$635.7 million, respectively, compared to \$210.3 million and \$617.1 million, respectively, for the same periods last year. The increase was mainly due to higher salaries and staff benefits to support portfolio growth.

The efficiency ratio is a measure of the efficiency with which BDC incurs expenses to generate revenue from its operations. It is calculated as operating and administrative expenses as a percentage of net revenue. It excludes CIP, CDAP, Pivot to Grow, pension expenses, Venture Capital net revenue, and Venture Capital Bridge Financing Program net revenue. A lower ratio indicates improved efficiency. BDC's efficiency ratio has improved for the three and nine months ended December 31, 2025, compared to the same periods last year. The slight improvement for the nine months ended December 31, 2025, was mainly due to higher revenue from Financing offset by higher operating and administrative expenses from Financing due to higher salaries and employee benefits incurred to support portfolio growth.



Financing results

| (\$ in millions) | Three months ended December 31 | | Nine months ended December 31 | |
|--|-----------------------------------|--------------|----------------------------------|--------------|
| | F2026 | F2025 | F2026 | F2025 |
| Net interest income | 474.0 | 438.7 | 1,401.0 | 1,298.2 |
| Net realized gains (losses) on investments | - | 0.1 | (0.2) | (2.8) |
| Fee and other income | 8.3 | 9.2 | 25.5 | 25.1 |
| Provision for expected credit losses | (40.3) | (107.8) | (263.0) | (348.1) |
| Net change in unrealized appreciation (depreciation) of investments | (0.1) | (0.1) | 0.1 | 8.7 |
| Net foreign exchange gains (losses) | (6.5) | 13.4 | (21.3) | 6.9 |
| Net gains (losses) on other financial instruments | 5.5 | - | 5.2 | - |
| Income before operating and administrative expenses | 440.9 | 353.5 | 1,147.3 | 988.0 |
| Operating and administrative expenses | 161.4 | 157.4 | 471.9 | 455.5 |
| Net income (loss) from Financing | 279.5 | 196.1 | 675.4 | 532.5 |

| As a % of average portfolio | Three months ended December 31 | | Nine months ended December 31 | |
|--|-----------------------------------|------------|----------------------------------|------------|
| | F2026 | F2025 | F2026 | F2025 |
| Net interest income | 4.3 | 4.2 | 4.3 | 4.2 |
| Fee and other income | 0.1 | 0.1 | 0.1 | 0.1 |
| Provision for expected credit losses | (0.4) | (1.0) | (0.8) | (1.1) |
| Net foreign exchange gains (losses) | (0.1) | 0.1 | (0.1) | - |
| Net gains (losses) on other financial instruments | 0.1 | - | - | - |
| Income before operating and administrative expenses | 4.0 | 3.4 | 3.5 | 3.2 |
| Operating and administrative expenses | 1.5 | 1.5 | 1.5 | 1.5 |
| Net income (loss) from Financing | 2.5 | 1.9 | 2.0 | 1.7 |

Three months and nine months ended December 31

Net income from Financing was \$279.5 million for the third quarter of fiscal 2026 and \$675.4 million for the nine months ended December 31, 2025, compared to net income of \$196.1 million and \$532.5 million for the same periods last year. The increase in net income from Financing for the third quarter and first nine months of fiscal 2026 resulted primarily from higher net interest income, driven by average portfolio growth and a higher margin achieved, as well as a lower provision for expected credit losses, offset by higher net foreign exchange losses.

Lower provision for expected credit losses for the third quarter and nine-month period ended December 31, 2025, compared to the same period last year was driven by a lower provision on the impaired portfolio. The lower provision for expected credit losses on impaired loans was primarily due to fewer loans being downgraded from performing to impaired, with the downgrade rate down from 3.7% for Q3 year-to-date in fiscal 2025 to 2.0% for Q3 year-to-date in fiscal 2026.



Operating and administrative expenses increased for both the quarter and the nine-month period, driven by higher salaries and employee benefits required to support portfolio growth.

Advisory Services results

| (\$ in millions) | Three months ended December 31 | | Nine months ended December 31 | |
|---|-----------------------------------|---------------|----------------------------------|---------------|
| | F2026 | F2025 | F2026 | F2025 |
| Revenue | 6.9 | 8.6 | 21.4 | 29.2 |
| Delivery expenses ⁽¹⁾ | 3.5 | 4.5 | 11.4 | 15.6 |
| Gross operating margin | 3.4 | 4.1 | 10.0 | 13.6 |
| Operating and administrative expenses | 16.0 | 15.5 | 40.3 | 46.7 |
| Net income (loss) from Advisory Services | (12.6) | (11.4) | (30.3) | (33.1) |

⁽¹⁾ Delivery expenses are included in operating and administrative expenses in the Consolidated Statement of Income.

Three and nine months ended December 31

A net loss of \$12.6 million was recorded for the third quarter of fiscal 2026, compared to a \$11.4 million net loss for the same quarter last year. Cumulative net loss for the nine months ended December 31, 2025, was \$30.3 million, compared to a net loss of \$33.1 million for the same period last year. The gross operating margin fell by \$3.6 million for the nine months ended December 31, 2025, mainly driven by the lower delivery of CDAP mandates due to the termination of the program, while operating and administrative expenses were down by \$6.4 million, resulting primarily from higher expenses recharged to CAP segment in relation to the newly created Pivot to Grow program, which includes Advisory Services solutions.

Growth & Transition Capital results

| (\$ in millions) | Three months ended December 31 | | Nine months ended December 31 | |
|---|-----------------------------------|-------------|----------------------------------|-------------|
| | F2026 | F2025 | F2026 | F2025 |
| Net revenue on investments | 34.5 | 27.0 | 80.0 | 93.0 |
| Net change in unrealized appreciation (depreciation) of investments | (6.3) | 6.5 | (8.8) | 4.3 |
| Net foreign exchange gains (losses) | (0.3) | (2.1) | 1.8 | (6.1) |
| Income before operating and administrative expenses | 27.9 | 31.4 | 73.0 | 91.2 |
| Operating and administrative expenses | 10.7 | 10.8 | 32.9 | 33.5 |
| Net income (loss) from G&TC | 17.2 | 20.6 | 40.1 | 57.7 |
| Net income (loss) attributable to: | | | | |
| BDC's shareholder | 17.2 | 20.6 | 40.1 | 57.7 |
| Non-controlling interests | - | - | - | - |
| Net income (loss) from G&TC | 17.2 | 20.6 | 40.1 | 57.7 |



| | Three months ended December 31 | | Nine months ended December 31 | |
|--|-----------------------------------|------------|----------------------------------|------------|
| | F2026 | F2025 | F2026 | F2025 |
| As a % of average portfolio | | | | |
| Net revenue on investments | 8.8 | 7.7 | 7.0 | 9.0 |
| Net change in unrealized appreciation (depreciation) of investments | (1.6) | 1.8 | (0.8) | 0.4 |
| Net foreign exchange gains (losses) | (0.1) | (0.6) | 0.2 | (0.6) |
| Income before operating and administrative expenses | 7.1 | 8.9 | 6.4 | 8.8 |
| Operating and administrative expenses | 2.7 | 3.1 | 2.9 | 3.2 |
| Net income (loss) from G&TC | 4.4 | 5.8 | 3.5 | 5.6 |
| Net income (loss) attributable to: | | | | |
| BDC's shareholder | 4.4 | 5.8 | 3.5 | 5.6 |
| Non-controlling interests | - | - | - | - |
| Net income (loss) from G&TC | 4.4 | 5.8 | 3.5 | 5.6 |

Three and nine months ended December 31

Net income totalled \$17.2 million for the third quarter of fiscal 2026, compared to net income of \$20.6 million for the same period last year. The decrease in net income was mainly due to higher net change in unrealized depreciation of investments, partially offset by higher net realized gains on investments. For the nine months ended December 31, 2025, GTC recorded net income of \$40.1 million, compared to net income of \$57.7 million for the same period of fiscal 2025. The decline resulted primarily from higher net realized losses on investments and higher net change in unrealized depreciation of investments.

GTC recorded a net change in unrealized depreciation on investments of \$6.3 million in the third quarter of fiscal 2026, compared to a net change in unrealized appreciation on investments of \$6.5 million during the same period last year, largely driven by a net fair value depreciation of \$8.5 million, offset by a reversal of net fair value depreciation of \$2.2 million.

In the first nine months of fiscal 2026, GTC recorded a net change in unrealized depreciation of investments of \$8.8 million due to a net fair value depreciation of investments of \$29.2 million and a reversal of fair value depreciation of \$20.4 million, compared to a net change in unrealized appreciation of investments of \$4.3 million during the same period last year.

| | Three months ended December 31 | | Nine months ended December 31 | |
|---|-----------------------------------|------------|----------------------------------|------------|
| | F2026 | F2025 | F2026 | F2025 |
| (\$ in millions) | | | | |
| Net fair value appreciation (depreciation) | (8.5) | (3.7) | (29.2) | (12.8) |
| Reversal of net fair value depreciation (appreciation) due to realized income and write-offs | 2.2 | 10.2 | 20.4 | 17.1 |
| Net change in unrealized appreciation (depreciation) of investments | (6.3) | 6.5 | (8.8) | 4.3 |



Venture Capital results

| (\$ in millions) | Three months ended December 31 | | Nine months ended December 31 | |
|---|-----------------------------------|-------|----------------------------------|--------|
| | F2026 | F2025 | F2026 | F2025 |
| Net revenue on investments | (9.9) | 7.6 | (16.5) | (9.7) |
| Net change in unrealized appreciation (depreciation) of investments | 39.3 | 43.1 | 94.6 | (43.1) |
| Net foreign exchange gains (losses) | (22.8) | 90.1 | (73.5) | 92.2 |
| Income (loss) before operating and administrative expenses | 6.6 | 140.8 | 4.6 | 39.4 |
| Operating and administrative expenses | 16.2 | 14.4 | 46.5 | 42.5 |
| Net income (loss) from Venture Capital | (9.6) | 126.4 | (41.9) | (3.1) |
| Net income (loss) attributable to: | | | | |
| BDC's shareholder | (9.6) | 124.9 | (43.2) | (3.7) |
| Non-controlling interests | - | 1.5 | 1.3 | 0.6 |
| Net income (loss) from Venture Capital | (9.6) | 126.4 | (41.9) | (3.1) |

Three and nine months ended December 31

During the third quarter of fiscal 2026, VC recorded a net loss of \$9.6 million, compared to a net income of \$126.4 million for the same period last year. The unfavourable variance for the third quarter of fiscal 2026 was due to higher write-offs of investments and higher net foreign exchange losses.

For the nine months ended December 31, 2025, VC's net loss was \$41.9 million, compared to a net loss of \$3.1 million for the same period last year. The unfavourable variance resulted mainly from higher net foreign exchange losses, which were partially offset by a higher net change in unrealized appreciation of investments.

As detailed below, VC recorded a net change in unrealized appreciation of investments of \$39.3 million for the third quarter of fiscal 2026 mainly driven by a net fair value appreciation of \$30.3 million, compared to a net change in unrealized appreciation of \$43.1 million for the same period last year.

In the first nine months of fiscal 2026, VC recorded a net change in unrealized appreciation of investments of \$94.6 million owing to a net fair value appreciation of investments of \$73.6 million and a reversal of fair value depreciation of \$21.0 million, compared to a net change in unrealized depreciation of investments of \$43.1 million during the same period last year.

| (\$ in millions) | Three months ended December 31 | | Nine months ended December 31 | |
|---|-----------------------------------|-------|----------------------------------|--------|
| | F2026 | F2025 | F2026 | F2025 |
| Net fair value appreciation (depreciation) | 30.3 | 41.1 | 73.6 | (62.5) |
| Reversal of fair value depreciation (appreciation) on divested investments and write-offs | 9.0 | 2.0 | 21.0 | 19.4 |
| Net change in unrealized appreciation (depreciation) of investments | 39.3 | 43.1 | 94.6 | (43.1) |



In the third quarter and first nine months of fiscal 2026, net foreign exchange losses on investments of \$22.8 million and \$73.5 million, respectively, were recorded as a result of foreign exchange fluctuations in U.S. dollar denominated investments, compared to net foreign exchange gains on investments of \$90.1 million and \$92.2 million, respectively, recorded for the same periods last year.

Operating and administrative expenses increased in both the quarter and the nine-month period, prompted by higher salaries and employee benefits.

Capital Incentive Programs results

| (\$ in millions) | Three months ended December 31 | | Nine months ended December 31 | |
|---|-----------------------------------|-------|----------------------------------|-------|
| | F2026 | F2025 | F2026 | F2025 |
| Net revenue on investments | 6.3 | (0.6) | 24.6 | 24.0 |
| Net change in unrealized appreciation (depreciation) of investments | 34.4 | 20.0 | 20.5 | (8.3) |
| Net foreign exchange gains (losses) | (0.7) | 3.8 | (2.9) | 3.7 |
| Income (loss) before operating and administrative expenses | 40.0 | 23.2 | 42.2 | 19.4 |
| Operating and administrative expenses | 1.7 | 1.7 | 5.1 | 5.0 |
| Net income (loss) from Capital Incentive Programs | 38.3 | 21.5 | 37.1 | 14.4 |

Three and nine months ended December 31

During the third quarter of fiscal 2026, CIP recorded net income of \$38.3 million, compared to a net income of \$21.5 million for the same period last year. For the nine months ended December 31, 2025, CIP recorded net income of \$37.1 million, compared to a net income of \$14.4 million for the same period last year. The favourable variance for the third quarter and first nine months of fiscal 2026 resulted mainly from a higher net change in unrealized appreciation of investments.

As detailed below, CIP recorded a net change in unrealized appreciation of investments of \$34.4 million in the third quarter of fiscal 2026 and of \$20.5 million for the first nine months of fiscal 2026, compared to a net change in unrealized appreciation of investments of \$20.0 million and a net change in unrealized depreciation of investments of \$8.3 million, respectively, during the same periods last year. The higher net change in unrealized appreciation of investments for the third quarter and first nine months of fiscal 2026 compared to the corresponding periods last year was mainly driven by higher net fair value appreciation on investments.

| (\$ in millions) | Three months ended December 31 | | Nine months ended December 31 | |
|--|-----------------------------------|-------|----------------------------------|--------|
| | F2026 | F2025 | F2026 | F2025 |
| Net fair value appreciation (depreciation) | 35.5 | 10.8 | 27.2 | (15.1) |
| Reversal of net fair value depreciation (appreciation) due to realized income and write-offs | (1.1) | 9.2 | (6.7) | 6.8 |
| Net change in unrealized appreciation (depreciation) of investments | 34.4 | 20.0 | 20.5 | (8.3) |



Credit Availability Program results

| (\$ in millions) | Three months ended December 31 | | Nine months ended December 31 | |
|--|-----------------------------------|---------------|----------------------------------|---------------|
| | F2026 | F2025 | F2026 | F2025 |
| Net interest income | 26.9 | 33.9 | 85.4 | 131.0 |
| Net realized gains (losses) on investments | (3.7) | (0.5) | (14.6) | (4.5) |
| Fee and other income | 4.5 | 5.9 | 17.4 | 21.8 |
| Gross operating margin from Advisory Services ⁽¹⁾ | (0.6) | - | (0.9) | - |
| Provision for expected credit losses | 0.2 | (22.7) | (38.6) | (117.5) |
| Net change in unrealized appreciation (depreciation) of investments | 3.9 | 0.1 | 2.5 | (2.0) |
| Net foreign exchange gains (losses) | (0.7) | 4.1 | (2.8) | 3.8 |
| Net gains (losses) on other financial instruments | 0.1 | (36.5) | (10.5) | (111.1) |
| Income (loss) before operating and administrative expenses | 30.6 | (15.7) | 37.9 | (78.5) |
| Operating and administrative expenses | 5.4 | 6.0 | 25.6 | 18.3 |
| Net income (loss) from Credit Availability Program | 25.2 | (21.7) | 12.3 | (96.8) |

⁽¹⁾Includes delivery expenses, which are included in operating and administrative expenses in the Consolidated Statement of Income.

Three and nine months ended December 31

During the third quarter of fiscal 2026, CAP recorded net income of \$25.2 million, an improvement from the \$21.7 million net loss reported in the same quarter last year. For the nine months ended December 31, 2025, CAP recorded a net income of \$12.3 million, compared to a net loss of \$96.8 million for the corresponding period last year.

The positive variances were largely driven by a lower provision for expected credit losses and lower net losses on other financial instruments, partially offset by lower net interest income. The decrease in net losses on other financial instruments reflects the winding down of the CDAP program: because CDAP loans carry a 0% interest rate, they generate an initial-recognition loss, but fewer new loans were recorded following the program's termination. Provision for expected credit losses also declined due to reduced exposure on HASCAP loan guarantees. The positive variances were offset by lower net interest income, stemming from both a declining portfolio and reduced intersegment interest revenue from Financing. Results were further negatively impacted by increased operating and administrative expenses related to administering loans and advisory mandates under the new Pivot to Grow program, which are recharged to CAP from other segments.



Financial condition

| (\$ in millions) | December 31, 2025 | March 31, 2025 |
|---|----------------------|-------------------|
| Cash | 1,662.9 | 1,547.8 |
| Asset-backed securities | 986.7 | 1,202.6 |
| Loans, gross carrying amount | 43,736.7 | 42,405.9 |
| Allowance for expected credit losses | (1,677.2) | (1,633.6) |
| Investments | 6,604.4 | 6,306.3 |
| Net defined benefit asset | 569.8 | 417.0 |
| Other | 264.2 | 258.0 |
| Total assets | 52,147.5 | 50,504.0 |
| Borrowings | 34,899.6 | 33,935.7 |
| Net defined benefit liability | 212.9 | 236.5 |
| Expected credit losses on loan commitments and guarantees | 471.9 | 564.7 |
| Other | 397.8 | 437.8 |
| Total liabilities | 35,982.2 | 35,174.7 |
| Total equity | 16,165.3 | 15,329.3 |
| Total liabilities and equity | 52,147.5 | 50,504.0 |

As at December 31, 2025, total BDC assets amounted to \$52.1 billion, up \$1.6 billion from March 31, 2025, owing mainly to a \$1.3 billion increase in our net loans portfolio.

At \$42.0 billion, the loans portfolio represented BDC's largest asset (gross portfolio of \$43.7 billion less a \$1.7 billion allowance for expected credit losses). The gross loans portfolio grew by 3.1% over the nine months ended December 31, 2025, reflecting a higher level of activity in the Financing portfolio.

BDC's investment portfolio, which includes debt investments, direct equity investments and indirect equity investments in funds, stood at \$6.6 billion, compared to \$6.3 billion as at March 31, 2025. The increase of \$0.3 billion was mainly driven by net disbursements of \$319.2 million.

As at December 31, 2025, BDC recorded a net defined benefit asset of \$569.8 million for the registered pension plan and a net defined benefit liability of \$212.9 million for the other plans, for a total net defined benefit asset of \$356.9 million. This represented an increase of \$176.4 million, compared to the total net defined benefit asset as at March 31, 2025, primarily as a result of remeasurement gains recorded for the nine months ended December 31, 2025. Refer to page 12 of this report for further information on remeasurements of the net defined benefit asset or liability.

BDC holds cash in accordance with its Treasury Risk Policy. BDC's liquidities, which ensure funds are available to meet its cash outflows, totalled \$1,662.9 million as at December 31, 2025, compared to \$1,547.8 million as at March 31, 2025.

As at December 31, 2025, BDC funded its portfolios and liquidities with borrowings of \$34.9 billion and total equity of \$16.2 billion. Borrowings comprised \$23.6 billion in short-term notes and \$11.3 billion in long-term notes.



Cash

| (\$ in millions) | Three months ended December 31 | | Nine months ended December 31 | |
|--|-----------------------------------|---------------|----------------------------------|---------------|
| | F2026 | F2025 | F2026 | F2025 |
| Cash provided (used) by operating activities | (236.1) | (576.4) | (672.9) | (1,468.9) |
| Cash provided (used) by investing activities | (28.5) | 40.4 | (135.1) | (327.8) |
| Cash provided (used) by financing activities | 323.3 | 519.8 | 923.1 | 1,759.1 |
| Change in cash | 58.7 | (16.2) | 115.1 | (37.6) |

For the nine months ended December 31, 2025, operating activities used \$672.9 million in net cash flows, mainly to support the growth of the loan portfolio. Cash flows used by investing activities amounted to \$135.1 million, reflecting net disbursements for investments offset by net repayments on asset-backed-securities. Financing activities provided \$923.1 million in cash flows, mainly as a result of the net change of \$984.0 million in borrowings, offset by a dividend payment of \$50.0 million.

Capital adequacy

BDC's capital management framework is based on its Internal Capital Adequacy Assessment Process (ICAAP). To assess its capital adequacy, BDC monitors its capital status regularly by comparing its available capital to its capital demand. A key measure for assessing the adequacy of BDC's capital status is BDC's internal capital ratio.

| (\$ in millions) | December 31, 2025 | March 31, 2025 |
|---|----------------------|-------------------|
| Equity attributable to BDC's shareholder | 16,163 | 15,327 |
| Intangible assets, net of accumulated amortization | (45) | (49) |
| Net defined benefit asset | (570) | (417) |
| Adjustments for allowance for expected credit losses | 555 | 533 |
| Portion of equity attributable to CIP | (2,545) | (2,506) |
| Portion of equity attributable to CAP | (1,708) | (1,695) |
| Adjustments to available capital | (4,313) | (4,134) |
| Total available capital (a) | 11,850 | 11,193 |
| Required capital (b) | 10,552 | 10,128 |
| Capital status (a-b) | 1,298 | 1,065 |
| Management operating range (c) | 784 | 754 |
| Capital generated above the internal target rate (a-b-c) | 514 | 311 |
| Internal capital ratio | 112.3% | 110.5% |

BDC's internal capital ratio, excluding CIP and CAP, stood at 112.3% as at December 31, 2025, above its target capital ratio and higher than March 31, 2025. Our regulatory capital ratio is well above the minimum regulatory capital requirements, and BDC is well positioned to continue to support Canadian SMEs.



Corporate Plan discussion

Key financial measures

| | Nine months ended December 31 | |
|--|----------------------------------|---------------|
| | Actual F2026 | Plan F2026 |
| Adjusted return on equity (annual) | 7.7% | 7.3% |
| Adjusted return on equity (10-year moving average) | 9.7% | 9.7% |
| BDC efficiency ratio | 36.0% | 38.6% |
| Internal capital ratio (Core) | 112.3% | 109.1% |

Adjusted return on equity was 7.7% as at December 31, 2025, higher than the Corporate Plan of 7.3%. This was mainly due to higher-than-expected net interest income and lower provision for expected credit losses in Financing, a higher net change in unrealized appreciation of Venture Capital investments and lower operating and administrative expenses in all Core business lines. This was partially offset by higher net realized losses on Venture Capital and Growth and Transition Capital investments as well as higher net foreign exchange losses in Financing and Venture Capital. Given the significant uncertainty related to foreign exchange results, a neutral stance is adopted in Corporate Plan projections for this item.

BDC's efficiency ratio for the first nine months of fiscal 2026 was 36.0%, better than the planned 38.6%. This was primarily due to operating and administrative expenses being lower than anticipated, due to lower salaries and staff benefits resulting from a smaller-than-expected workforce, as well as lower-than-forecasted professional fees.

The internal capital ratio stands at 112.3%, above the planned 109.1% as the amount of required capital was lower than anticipated for our Financing and Venture Capital portfolios.



Consolidated net income

| (\$ in millions) | Three months ended December 31 | | Nine months ended December 31 | |
|---|-----------------------------------|---------------|----------------------------------|---------------|
| | Actuals F2026 | Plan F2026 | Actuals F2026 | Plan F2026 |
| Net interest income | 537.3 | 526.9 | 1,591.6 | 1,567.4 |
| Net realized gains (losses) on investments | (13.2) | (8.2) | (43.6) | (24.7) |
| Revenue from Advisory Services | 7.7 | 8.1 | 22.5 | 24.9 |
| Fee and other income | 16.9 | 20.8 | 54.6 | 63.1 |
| Net revenue | 548.7 | 547.6 | 1,625.1 | 1,630.7 |
| Provision for expected credit losses | (40.1) | (159.9) | (301.6) | (477.3) |
| Net change in unrealized appreciation (depreciation) of investments | 71.3 | 23.6 | 108.9 | 69.9 |
| Net foreign exchange gains (losses) | (31.1) | - | (98.7) | - |
| Net gains (losses) on other financial instruments | 5.5 | - | (5.3) | (61.0) |
| Income before operating and administrative expenses | 554.3 | 411.3 | 1,328.4 | 1,162.3 |
| Operating and administrative expenses | 216.3 | 226.6 | 635.7 | 673.5 |
| Consolidated net income (loss) | 338.0 | 184.7 | 692.7 | 488.8 |
| Core net income (loss) | 274.5 | 212.4 | 643.3 | 617.3 |

BDC's consolidated net income for the third quarter of fiscal 2026 totalled \$338.0 million, \$153.3 million higher than planned. The variance was primarily driven by lower-than-expected provision for expected credit losses, higher-than-expected net change in unrealized appreciation of Venture Capital investments and lower-than-expected operating and administrative expenses. This was partially offset by higher net foreign exchange losses.

For the nine months ended December 31, 2025, BDC recorded net income of \$692.7 million, a \$203.9 million favourable variance compared to the plan. The variance resulted primarily from higher-than-expected net interest income in Financing, lower-than-expected provision for expected credit losses, a lower-than-expected net loss on other financial instruments, higher-than-expected net change in unrealized appreciation of Venture Capital investments, and lower operating and administrative expenses. This was partially offset by higher net foreign exchange losses.



Consolidated Financial Statements

(unaudited, in thousands of Canadian dollars)

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Management's Responsibility for Financial Information

Management is responsible for the preparation and fair presentation of these condensed quarterly Consolidated Financial Statements in accordance with the Treasury Board of Canada's Directive on Accounting Standards: *GC 5200 Crown Corporations Quarterly Financial Reports*, and for such internal controls as management determines are necessary to enable the preparation of condensed quarterly Consolidated Financial Statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the quarterly Consolidated Financial Statements.

Based on our knowledge, these unaudited condensed quarterly Consolidated Financial Statements present fairly, in all material respects, the financial position, results of operations and cash flows of the corporation, as at the date of and for the periods presented in the condensed quarterly Consolidated Financial Statements.

A handwritten signature in blue ink, appearing to read 'Isabelle Hudon', positioned above a horizontal line.

Isabelle Hudon
President and Chief Executive Officer

A handwritten signature in black ink, appearing to read 'Christian Settano', positioned above a horizontal line.

Christian Settano, CPA
Chief Financial Officer

Montreal, Canada
February 11, 2026



Consolidated Statement of Financial Position

(unaudited)

| (in thousands of Canadian dollars) | Notes | December 31, 2025 | March 31, 2025 |
|---|-------|----------------------|-------------------|
| ASSETS | | | |
| Cash | | 1,662,917 | 1,547,771 |
| Derivative assets | | 808 | 454 |
| Asset-backed securities | 6 | 986,749 | 1,202,586 |
| Loans | | | |
| Loans, gross carrying amount | 7 | 43,736,749 | 42,405,851 |
| Less: allowance for expected credit losses | 7 | (1,677,227) | (1,633,600) |
| Loans, net of allowance for expected credit losses | | 42,059,522 | 40,772,251 |
| Investments | 8 | 6,604,370 | 6,306,293 |
| Property and equipment | | 61,892 | 55,341 |
| Intangible assets | | 45,119 | 49,321 |
| Right-of-use-assets | | 70,334 | 77,520 |
| Net defined benefit asset | | 569,842 | 417,040 |
| Other assets | | 85,925 | 75,436 |
| Total assets | | 52,147,478 | 50,504,013 |
| LIABILITIES AND EQUITY | | | |
| Liabilities | | | |
| Accounts payable, accrued and other liabilities | | 307,731 | 341,211 |
| Derivative liabilities | | 4,493 | 3,853 |
| Borrowings | | | |
| Short-term notes | | 23,613,740 | 21,254,049 |
| Long-term notes | | 11,285,830 | 12,681,699 |
| Total borrowings | | 34,899,570 | 33,935,748 |
| Lease liabilities | | | |
| Short-term lease liabilities | | 14,233 | 13,681 |
| Long-term lease liabilities | | 71,365 | 79,011 |
| Total lease liabilities | | 85,598 | 92,692 |
| Net defined benefit liability | | 212,911 | 236,498 |
| Expected credit losses on loan commitments and guarantees | 7,11 | 471,913 | 564,721 |
| Total liabilities | | 35,982,216 | 35,174,723 |
| Equity | | | |
| Share capital | 9 | 6,239,900 | 6,239,900 |
| Contributed surplus | | 27,778 | 27,778 |
| Retained earnings | | 9,882,616 | 9,041,178 |
| Accumulated other comprehensive income (loss) | | 12,221 | 18,977 |
| Equity attributable to BDC's shareholder | | 16,162,515 | 15,327,833 |
| Non-controlling interests | | 2,747 | 1,457 |
| Total equity | | 16,165,262 | 15,329,290 |
| Total liabilities and equity | | 52,147,478 | 50,504,013 |

Guarantees (Note 11)

Commitments (Notes 7, 8 and 10)

The accompanying notes are an integral part of these Consolidated Financial Statements.



Consolidated Statement of Income (Loss)

(unaudited)

| (in thousands of Canadian dollars) | Notes | Three months ended December 31 | | Nine months ended on December 31 | |
|---|-------|-----------------------------------|----------------|-------------------------------------|------------------|
| | | 2025 | 2024 | 2025 | 2024 |
| Interest income | | 769,403 | 810,053 | 2,324,475 | 2,482,402 |
| Interest expense | | 232,053 | 298,108 | 732,824 | 937,273 |
| Net interest income | | 537,350 | 511,945 | 1,591,651 | 1,545,129 |
| Net realized gains (losses) on investments | | (13,171) | (13,207) | (43,697) | (35,668) |
| Revenue from Advisory Services | | 7,662 | 8,577 | 22,556 | 29,248 |
| Fee and other income | | 16,913 | 22,579 | 54,691 | 66,634 |
| Net revenue | | 548,754 | 529,894 | 1,625,201 | 1,605,343 |
| Provision for expected credit losses | | (40,075) | (130,524) | (301,583) | (465,643) |
| Net change in unrealized appreciation (depreciation) of investments | | 71,275 | 69,642 | 108,897 | (40,436) |
| Net foreign exchange gains (losses) | | (31,107) | 109,317 | (98,720) | 100,534 |
| Net gains (losses) on other financial instruments | | 5,550 | (36,521) | (5,353) | (111,083) |
| Income before operating and administrative expenses | | 554,397 | 541,808 | 1,328,442 | 1,088,715 |
| Salaries and benefits | | 149,361 | 142,746 | 448,397 | 429,683 |
| Premises and equipment | | 12,267 | 11,832 | 35,127 | 34,451 |
| Other expenses | | 54,692 | 55,726 | 152,241 | 152,954 |
| Operating and administrative expenses | | 216,320 | 210,304 | 635,765 | 617,088 |
| Net income (loss) | | 338,077 | 331,504 | 692,677 | 471,627 |
| Net income (loss) attributable to: | | | | | |
| BDC's shareholder | | 338,081 | 330,016 | 691,387 | 471,076 |
| Non-controlling interests | | (4) | 1,488 | 1,290 | 551 |
| Net income (loss) | | 338,077 | 331,504 | 692,677 | 471,627 |

The accompanying notes are an integral part of these Consolidated Financial Statements. Note 10 provides additional information on segmented net income.



Consolidated Statement of Comprehensive Income (Loss)

(unaudited)

| (in thousands of Canadian dollars) | Three months ended December 31 | | Nine months ended on December 31 | |
|--|-----------------------------------|---------|-------------------------------------|---------|
| | 2025 | 2024 | 2025 | 2024 |
| Net income (loss) | 338,077 | 331,504 | 692,677 | 471,627 |
| Other comprehensive income (loss) | | | | |
| Items that may be reclassified subsequently to net income (loss) | | | | |
| Net change in unrealized gains (losses) on FVOCI ⁽¹⁾ assets | (3,386) | (2,753) | (5,981) | 24,368 |
| Net unrealized gains (losses) on cash flow hedges | (842) | - | (724) | - |
| Reclassification to net income of losses (gains) on cash flow hedges | (19) | - | (51) | - |
| Net change in unrealized gains (losses) on cash flow hedges | (861) | - | (775) | - |
| Total items that may be reclassified subsequently to net income (loss) | (4,247) | (2,753) | (6,756) | 24,368 |
| Items that will not be reclassified to net income (loss) | | | | |
| Remeasurements of net defined benefit asset or liability | 35,123 | 89,268 | 200,051 | 120,746 |
| Other comprehensive income (loss) | 30,876 | 86,515 | 193,295 | 145,114 |
| Total comprehensive income (loss) | 368,953 | 418,019 | 885,972 | 616,741 |
| Total comprehensive income (loss) attributable to: | | | | |
| BDC's shareholder | 368,957 | 416,531 | 884,682 | 616,190 |
| Non-controlling interests | (4) | 1,488 | 1,290 | 551 |
| Total comprehensive income (loss) | 368,953 | 418,019 | 885,972 | 616,741 |

⁽¹⁾ Fair value through other comprehensive income

The accompanying notes are an integral part of these Consolidated Financial Statements.



Consolidated Statement of Changes in Equity

For the three months ended December 31

(unaudited)

| (in thousands of Canadian dollars) | Share capital | Contributed surplus | Retained earnings | Accumulated other comprehensive income (loss) | | | Equity attributable to BDC's shareholder | Non-controlling interests | Total equity |
|---|---------------|---------------------|-------------------|---|------------------|---------|--|---------------------------|--------------|
| | | | | FVOCI assets ⁽¹⁾ | Cash flow hedges | Total | | | |
| Balance as at September 30, 2025 | 6,239,900 | 27,778 | 9,509,412 | 16,382 | 86 | 16,468 | 15,793,558 | 2,751 | 15,796,309 |
| Total comprehensive income (loss) | | | | | | | | | |
| Net income (loss) | | | 338,081 | | | | 338,081 | (4) | 338,077 |
| Other comprehensive income (loss) | | | | | | | | | |
| Net change in unrealized gains (losses) on FVOCI assets | | | | (3,386) | | (3,386) | (3,386) | | (3,386) |
| Net change in unrealized gains (losses) on cash flow hedges | | | | | (861) | (861) | (861) | | (861) |
| Remeasurements of net defined benefit asset or liability | | | 35,123 | | | | 35,123 | | 35,123 |
| Other comprehensive income (loss) | - | - | 35,123 | (3,386) | (861) | (4,247) | 30,876 | - | 30,876 |
| Total comprehensive income (loss) | - | - | 373,204 | (3,386) | (861) | (4,247) | 368,957 | (4) | 368,953 |
| Balance as at December 31, 2025 | 6,239,900 | 27,778 | 9,882,616 | 12,996 | (775) | 12,221 | 16,162,515 | 2,747 | 16,165,262 |

| (in thousands of Canadian dollars) | Share capital | Contributed surplus | Retained earnings | Accumulated other comprehensive income (loss) | | | Equity attributable to BDC's shareholder | Non-controlling interests | Total equity |
|--|---------------|---------------------|-------------------|---|------------------|---------|--|---------------------------|--------------|
| | | | | FVOCI assets ⁽¹⁾ | Cash flow hedges | Total | | | |
| Balance as at September 30, 2024 | 6,139,900 | 27,778 | 8,708,616 | 12,820 | - | 12,820 | 14,889,114 | 2,183 | 14,891,297 |
| Total comprehensive income (loss) | | | | | | | | | |
| Net income (loss) | | | 330,016 | | | | 330,016 | 1,488 | 331,504 |
| Other comprehensive income (loss) | | | | | | | | | |
| Net change in unrealized gains (losses) on FVOCI assets | | | | (2,753) | | (2,753) | (2,753) | | (2,753) |
| Remeasurements of net defined benefit asset or liability | | | 89,268 | | | | 89,268 | | 89,268 |
| Other comprehensive income (loss) | - | - | 89,268 | (2,753) | - | (2,753) | 86,515 | - | 86,515 |
| Total comprehensive income (loss) | - | - | 419,284 | (2,753) | - | (2,753) | 416,531 | 1,488 | 418,019 |
| Capital injections from non-controlling interests | | | | | | | | 14 | 14 |
| Issuance of common shares | 100,000 | | | | | | 100,000 | | 100,000 |
| Transactions with owner, recorded directly in equity | 100,000 | - | - | - | - | - | 100,000 | 14 | 100,014 |
| Balance as at December 31, 2024 | 6,239,900 | 27,778 | 9,127,900 | 10,067 | - | 10,067 | 15,405,645 | 3,685 | 15,409,330 |

⁽¹⁾ Fair value through other comprehensive income assets

The accompanying notes are an integral part of these Consolidated Financial Statements.



Consolidated Statement of Changes in Equity

For the nine months ended December 31

(unaudited)

| (in thousands of Canadian dollars) | Share capital | Contributed surplus | Retained earnings | Accumulated other comprehensive income (loss) | | | Equity attributable to BDC's shareholder | Non-controlling interests | Total equity |
|---|---------------|---------------------|-------------------|---|------------------|----------|--|---------------------------|--------------|
| | | | | FVOCI assets ⁽¹⁾ | Cash flow hedges | Total | | | |
| Balance as at March 31, 2025 | 6,239,900 | 27,778 | 9,041,178 | 18,977 | - | 18,977 | 15,327,833 | 1,457 | 15,329,290 |
| Total comprehensive income (loss) | | | | | | | | | |
| Net income (loss) | | | 691,387 | | | | 691,387 | 1,290 | 692,677 |
| Other comprehensive income (loss) | | | | | | | | | |
| Net change in unrealized gains (losses) on FVOCI assets | | | | (5,981) | | (5,981) | (5,981) | | (5,981) |
| Net change in unrealized gains (losses) on cash flow hedges | | | | | (775) | (775) | (775) | | (775) |
| Remeasurements of net defined benefit asset or liability | | | 200,051 | | | | 200,051 | | 200,051 |
| Other comprehensive income (loss) | - | - | 200,051 | (5,981) | (775) | (6,756) | 193,295 | - | 193,295 |
| Total comprehensive income (loss) | - | - | 891,438 | (5,981) | (775) | (6,756) | 884,682 | 1,290 | 885,972 |
| Dividends on common shares | | | (50,000) | | | | (50,000) | | (50,000) |
| Transactions with owner, recorded directly in equity | - | - | (50,000) | - | - | - | (50,000) | - | (50,000) |
| Balance as at December 31, 2025 | 6,239,900 | 27,778 | 9,882,616 | 12,996 | (775) | 12,221 | 16,162,515 | 2,747 | 16,165,262 |
| | | | | | | | | | |
| (in thousands of Canadian dollars) | Share capital | Contributed surplus | Retained earnings | Accumulated other comprehensive income (loss) | | | Equity attributable to BDC's shareholder | Non-controlling interests | Total equity |
| | | | | FVOCI assets ⁽¹⁾ | Cash flow hedges | Total | | | |
| Balance as at March 31, 2024 | 7,639,900 | 27,778 | 8,873,078 | (14,301) | - | (14,301) | 16,526,455 | 3,120 | 16,529,575 |
| Total comprehensive income (loss) | | | | | | | | | |
| Net income (loss) | | | 471,076 | | | | 471,076 | 551 | 471,627 |
| Other comprehensive income (loss) | | | | | | | | | |
| Net change in unrealized gains (losses) on FVOCI assets | | | | 24,368 | | 24,368 | 24,368 | | 24,368 |
| Remeasurements of net defined benefit asset or liability | | | 120,746 | | | | 120,746 | | 120,746 |
| Other comprehensive income (loss) | - | - | 120,746 | 24,368 | - | 24,368 | 145,114 | - | 145,114 |
| Total comprehensive income (loss) | - | - | 591,822 | 24,368 | - | 24,368 | 616,190 | 551 | 616,741 |
| Dividends on common shares | | | (337,000) | | | | (337,000) | | (337,000) |
| Capital injections from non-controlling interests | | | | | | | | 14 | 14 |
| Issuance of common shares | 100,000 | | | | | | 100,000 | | 100,000 |
| Repurchase of common shares | (1,500,000) | | | | | | (1,500,000) | | (1,500,000) |
| Transactions with owner, recorded directly in equity | (1,400,000) | - | (337,000) | - | - | - | (1,737,000) | 14 | (1,736,986) |
| Balance as at December 31, 2024 | 6,239,900 | 27,778 | 9,127,900 | 10,067 | - | 10,067 | 15,405,645 | 3,685 | 15,409,330 |

⁽¹⁾ Fair value through other comprehensive income assets

The accompanying notes are an integral part of these Consolidated Financial Statements.



Consolidated Statement of Cash Flows

(unaudited)

| (in thousands of Canadian dollars) | Notes | Three months ended December 31 | | Nine months ended December 31 | |
|---|-------|-----------------------------------|------------------|----------------------------------|--------------------|
| | | 2025 | 2024 | 2025 | 2024 |
| Operating activities | | | | | |
| Net income (loss) | | 338,077 | 331,504 | 692,677 | 471,627 |
| Adjustments to determine net cash flows | | | | | |
| Interest income | | (769,403) | (810,053) | (2,324,475) | (2,482,402) |
| Interest expense | | 231,525 | 297,590 | 731,209 | 935,686 |
| Interest on lease liabilities | | 528 | 518 | 1,615 | 1,587 |
| Net realized losses (gains) on investments | | 13,171 | 13,207 | 43,697 | 35,668 |
| Provision for expected credit losses | | 40,075 | 130,524 | 301,583 | 465,643 |
| Net change in unrealized depreciation (appreciation) of investments | | (71,275) | (69,642) | (108,897) | 40,436 |
| Net unrealized foreign exchange losses (gains) | | 29,990 | (166,331) | 132,105 | (163,129) |
| Net unrealized losses (gains) on other financial instruments | | (292) | - | (170) | - |
| Defined benefits funding below (in excess of) amounts expensed | | 11,612 | 10,847 | 23,663 | 17,114 |
| Depreciation of property and equipment, and amortization of intangible assets | | 6,386 | 6,171 | 18,671 | 18,211 |
| Depreciation of right-of-use assets | | 3,131 | 3,033 | 9,390 | 9,182 |
| Other | | 13,101 | (4,879) | 10,750 | (22,071) |
| Interest expense paid | | (244,933) | (307,713) | (749,367) | (920,706) |
| Interest income received | | 769,112 | 833,135 | 2,281,067 | 2,477,831 |
| Claims paid on loan guarantees | | (38,541) | (47,765) | (152,266) | (180,351) |
| Changes in operating assets and liabilities | | | | | |
| Net change in loans | | (600,515) | (820,726) | (1,560,365) | (2,138,605) |
| Net change in accounts payable, accrued and other liabilities | | 31,326 | 25,670 | (13,267) | (13,408) |
| Net change in other assets | | 812 | (1,484) | (10,488) | (21,213) |
| Net cash flows provided (used) by operating activities | | (236,113) | (576,394) | (672,868) | (1,468,900) |
| Investing activities | | | | | |
| Disbursements for asset-backed securities | | (80,626) | (48,139) | (204,347) | (364,544) |
| Repayments and proceeds on sale of asset-backed securities | | 132,380 | 176,864 | 409,447 | 461,630 |
| Disbursements for investments | | (216,593) | (256,410) | (716,365) | (814,142) |
| Repayments of investments | | 84,620 | 100,127 | 232,372 | 270,901 |
| Proceeds on sale of investments | | 59,031 | 72,521 | 164,842 | 131,563 |
| Acquisition of property and equipment | | (5,769) | (1,584) | (15,591) | (5,561) |
| Acquisition of intangible assets | | (1,561) | (2,989) | (5,430) | (7,655) |
| Net cash flows provided (used) by investing activities | | (28,518) | 40,390 | (135,072) | (327,808) |
| Financing activities | | | | | |
| Net change in short-term notes | | 1,059,000 | 359,500 | 2,365,000 | 2,361,500 |
| Issue of long-term notes | | 100,000 | 774,000 | 906,000 | 3,186,000 |
| Repayment of long-term notes | | (832,000) | (710,000) | (2,287,000) | (2,040,000) |
| Capital injections from non-controlling interests | | - | 14 | - | 14 |
| Issuance of common shares | | - | 100,000 | - | 100,000 |
| Repurchase of common shares | | - | - | - | (1,500,000) |
| Dividends paid on common shares | | - | - | (50,000) | (337,000) |
| Payment of lease liabilities | | (3,714) | (3,680) | (10,914) | (11,383) |
| Net cash flows provided (used) by financing activities | | 323,286 | 519,834 | 923,086 | 1,759,131 |
| Net increase (decrease) in cash | | 58,655 | (16,170) | 115,146 | (37,577) |
| Cash at beginning of period | | 1,604,262 | 897,871 | 1,547,771 | 919,278 |
| Cash at end of period | | 1,662,917 | 881,701 | 1,662,917 | 881,701 |

The accompanying notes are an integral part of these Consolidated Financial Statements.



Notes to the Consolidated Financial Statements

(unaudited, in thousands of Canadian dollars)

1.

BDC general description

The Business Development Bank of Canada is a Crown corporation that was established by an Act of Parliament on December 20, 1974, as the Federal Business Development Bank and continued under its current name by an Act of Parliament that was enacted on July 13, 1995. The Business Development Bank of Canada is incorporated in Canada and wholly owned by the Government of Canada.

The objectives of the Business Development Bank of Canada and its subsidiaries (together, BDC) are to promote and assist in the establishment and development of business enterprises in Canada, with a focus on small and medium-sized enterprises, by providing a range of complementary lending, investment and advisory services. BDC offers Canadian companies services tailored to meet their current needs while earning an appropriate return on equity, which is used to further BDC's activities. BDC does not receive appropriations from the Government of Canada.

BDC is accountable for its affairs to Parliament through the Minister of Industry.

2.

Basis of preparation

Statement of compliance

BDC's condensed quarterly Consolidated Financial Statements are in compliance with the Treasury Board of Canada's Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Reports.

BDC's condensed quarterly Consolidated Financial Statements follow the same basis of preparation as our audited Consolidated Financial Statements for the year ended March 31, 2025. They should be read in conjunction with the audited Consolidated Financial Statements for the year ended March 31, 2025, and the accompanying notes as set out on pages 71 to 133 of BDC's 2025 Annual Report.

The condensed quarterly Consolidated Financial Statements have also been prepared in accordance with the accounting policies BDC expects to use in its annual Consolidated Financial Statements for the year ending March 31, 2026. If BDC changes the application of these policies, it may result in a restatement of these condensed quarterly Consolidated Financial Statements.

The condensed quarterly Consolidated Financial Statements were approved for issue by the Board of Directors on February 11, 2026.



3.

Material accounting policies

BDC's condensed quarterly Consolidated Financial Statements follow the same accounting policies as our audited Consolidated Financial Statements for the year ended March 31, 2025, except for hedge accounting as detailed below. These policies have been consistently applied to all periods presented in these condensed quarterly Consolidated Financial Statements and have been applied consistently by all entities consolidated by BDC.

During the second quarter of fiscal 2026, BDC began applying hedge accounting in accordance with IFRS 9, for cash flow hedges used to manage interest rate risk exposure. At the inception of each hedge, BDC formally designates and documents the hedging relationship, including the risk management objective and method for assessing effectiveness. Hedge effectiveness is evaluated on a quarterly basis; the effective portion of changes in the fair value of the hedging instrument is recognized in other comprehensive income and reclassified to profit or loss when the hedged cash flows affect earnings, and any ineffective portion is recognized immediately in profit or loss.

These condensed quarterly Consolidated Financial Statements must be read in conjunction with BDC's 2025 Annual Report and the accompanying notes, as set out on pages 71 to 133 of our 2025 Annual Report.

4.

Significant accounting judgements, estimates and assumptions

The preparation of the condensed quarterly Consolidated Financial Statements in accordance with IFRS requires management to make judgements and use estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Significant changes in the underlying assumptions could result in significant changes to these estimates. Consequently, management reviews these assumptions regularly. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.

For information about the significant judgements, estimates and assumptions that have the most significant effect on the amounts recognized in the condensed quarterly Consolidated Financial Statements, refer to page 83 of our 2025 Annual Report.

The ongoing uncertainty surrounding tariff policy, particularly the lack of clarity on future implementation, continues to weigh on business confidence, already dampening investment. These dynamics pose risks to trade flows, elevate input costs, and may dampen economic growth, contributing to increased volatility, which could materially impact expected credit losses (ECL) under IFRS 9. See Note 7- *Loans* for more information on the assumptions regarding the forward-looking information included in the assessment of allowance for expected credit losses.

Notes to the Consolidated Financial Statements

(unaudited, in thousands of Canadian dollars)



5.

Fair value of financial instruments

All financial instruments measured at fair value must be categorized into one of three hierarchy levels for disclosure purposes. Each level is based on the observability of the inputs used to measure the fair value of assets and liabilities, and is defined below:

- Level 1—fair values based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities
- Level 2—fair values based on inputs other than quoted prices in active markets that are either directly or indirectly observable
- Level 3—fair values based on valuation techniques with one or more significant unobservable market inputs

There have been no transfers between Level 1 and Level 2 or between Level 2 and Level 3 in the reporting periods. BDC's policy is to recognize transfers between Level 1 and Level 3 when private investments become publicly traded or public investments become private investments during the reporting periods.

The following tables present financial instruments carried at fair value categorized by hierarchy levels.

| | Fair value measurements using | | | December 31, 2025 |
|-------------------------|-------------------------------|-----------|-----------|----------------------|
| | Level 1 | Level 2 | Level 3 | Total fair value |
| Assets | | | | |
| Derivative assets | | 808 | | 808 |
| Asset-backed securities | | 986,749 | | 986,749 |
| Investments | 45,349 | | 6,559,021 | 6,604,370 |
| | 45,349 | 987,557 | 6,559,021 | 7,591,927 |
| Liabilities | | | | |
| Derivative liabilities | | 4,493 | | 4,493 |
| | - | 4,493 | - | 4,493 |
| March 31, 2025 | | | | |
| | Fair value measurements using | | | Total fair value |
| | Level 1 | Level 2 | Level 3 | |
| Assets | | | | |
| Derivative assets | - | 454 | - | 454 |
| Asset-backed securities | - | 1,202,586 | - | 1,202,586 |
| Investments | 43,632 | - | 6,262,661 | 6,306,293 |
| | 43,632 | 1,203,040 | 6,262,661 | 7,509,333 |
| Liabilities | | | | |
| Derivative liabilities | - | 3,853 | - | 3,853 |
| | - | 3,853 | - | 3,853 |

Notes to the Consolidated Financial Statements

(unaudited, in thousands of Canadian dollars)



The following tables present the changes in fair value measurement for financial instruments included in Level 3 of the fair value hierarchy.

| | December 31, 2025 |
|---|----------------------|
| | Total |
| Fair value as at April 1, 2025 | 6,262,661 |
| Net realized gains (losses) on investments | (14,532) |
| Net change in unrealized appreciation (depreciation) of investments | 72,011 |
| Net unrealized foreign exchange gains (losses) on investments | (72,632) |
| Disbursements for investments | 716,364 |
| Repayments of investments and other | (404,851) |
| Fair value as at December 31, 2025 | 6,559,021 |
| | March 31, 2025 |
| | Total |
| Fair value as at April 1, 2024 | 5,652,600 |
| Net realized gains (losses) on investments | (42,313) |
| Net change in unrealized appreciation (depreciation) of investments | (64,857) |
| Net unrealized foreign exchange gains (losses) on investments | 91,579 |
| Disbursements for investments | 1,107,385 |
| Repayments of investments and other | (480,559) |
| Transfers from Level 3 to Level 1 | (1,174) |
| Fair value as at March 31, 2025 | 6,262,661 |

6.

Asset-backed securities

The following table summarizes ABS by classification of financial instruments.

| | December 31, 2025 | March 31, 2025 |
|--|----------------------|-------------------|
| Fair value through other comprehensive income | | |
| Principal amount | 1,008,779 | 1,212,445 |
| Cumulative fair value appreciation (depreciation) | (37,178) | (26,896) |
| Carrying value | 971,601 | 1,185,549 |
| Yield | 4.34% | 4.40% |
| Fair value through profit or loss | | |
| Principal amount | 20,171 | 21,987 |
| Cumulative fair value appreciation (depreciation) | (5,023) | (4,950) |
| Carrying value | 15,148 | 17,037 |
| Yield | 8.71% | 8.88% |
| Asset-backed securities | 986,749 | 1,202,586 |

An allowance for expected credit losses of \$17.7 million, resulting from a significant increase in credit risk, was recorded on a portion of the ABS portfolio classified at fair value through other comprehensive income for the year ended March 31, 2025. An additional provision of \$4.3 million was recorded for the nine months ended December 31, 2025. The allowance for expected credit losses was recognized in the Consolidated Statement of Income in provision for expected credit losses with the corresponding loss recorded in net change in unrealized gains (losses) on FVOCI assets in the Consolidated Statement of Comprehensive Income.

Notes to the Consolidated Financial Statements

(unaudited, in thousands of Canadian dollars)



7.

Loans

The following tables summarize loans outstanding by contractual maturity date.

| | Within 1 year | 1 to 5 years | Over 5 years | Total gross carrying amount | Allowance for expected credit losses | Total net carrying amount |
|--------------------------------------|----------------|------------------|-------------------|-----------------------------|--------------------------------------|---------------------------|
| Performing | 515,199 | 5,357,339 | 36,299,002 | 42,171,540 | (924,145) | 41,247,395 |
| Impaired | 57,751 | 256,480 | 1,250,978 | 1,565,209 | (753,082) | 812,127 |
| Loans as at December 31, 2025 | 572,950 | 5,613,819 | 37,549,980 | 43,736,749 | (1,677,227) | 42,059,522 |

| | Within 1 year | 1 to 5 years | Over 5 years | Total gross carrying amount | Allowance for expected credit losses | Total net carrying amount |
|-----------------------------------|----------------|------------------|-------------------|-----------------------------|--------------------------------------|---------------------------|
| Performing | 439,756 | 5,064,267 | 35,274,915 | 40,778,938 | (907,196) | 39,871,742 |
| Impaired | 73,307 | 246,809 | 1,306,797 | 1,626,913 | (726,404) | 900,509 |
| Loans as at March 31, 2025 | 513,063 | 5,311,076 | 36,581,712 | 42,405,851 | (1,633,600) | 40,772,251 |

The following table shows the reconciliation of the opening and closing balances of the allowance for expected credit losses.

| | Allowance for expected credit losses | | | |
|--|--------------------------------------|----------------|----------------|------------------|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Balance as at April 1, 2025 | 388,039 | 519,157 | 726,404 | 1,633,600 |
| Provision for expected credit losses | | | | |
| Transfer to Stage 1 ⁽¹⁾ | 182,198 | (180,851) | (1,347) | - |
| Transfer to Stage 2 ⁽¹⁾ | (150,153) | 199,034 | (48,881) | - |
| Transfer to Stage 3 ⁽¹⁾ | (1,757) | (54,059) | 55,816 | - |
| Net remeasurement of allowance for expected credit losses ⁽²⁾ | (185,730) | 86,947 | 247,181 | 148,398 |
| Financial assets that have been fully repaid | (28,212) | (43,210) | (32,189) | (103,611) |
| New financial assets originated | 168,558 | 24,609 | - | 193,167 |
| Write-offs | - | - | (227,843) | (227,843) |
| Recoveries | - | - | 35,365 | 35,365 |
| Foreign exchange and other movements | (161) | (264) | (1,424) | (1,849) |
| Balance as at December 31, 2025 | 372,782 | 551,363 | 753,082 | 1,677,227 |

| | Allowance for expected credit losses | | | |
|--|--------------------------------------|----------------|----------------|------------------|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Balance as at April 1, 2024 | 405,580 | 410,732 | 455,538 | 1,271,850 |
| Provision for expected credit losses | | | | |
| Transfer to Stage 1 ⁽¹⁾ | 163,511 | (159,893) | (3,618) | - |
| Transfer to Stage 2 ⁽¹⁾ | (181,216) | 219,883 | (38,667) | - |
| Transfer to Stage 3 ⁽¹⁾ | (4,261) | (99,708) | 103,969 | - |
| Net remeasurement of allowance for expected credit losses ⁽²⁾ | (194,570) | 181,787 | 489,117 | 476,334 |
| Financial assets that have been fully repaid | (39,818) | (48,231) | (35,240) | (123,289) |
| New financial assets originated | 238,523 | 18,165 | - | 256,688 |
| Write-offs | - | - | (286,482) | (286,482) |
| Recoveries | - | - | 40,470 | 40,470 |
| Foreign exchange and other movements | 290 | (3,578) | 1,317 | (1,971) |
| Balance as at March 31, 2025 | 388,039 | 519,157 | 726,404 | 1,633,600 |

⁽¹⁾ Provides the cumulative movement from the previous month's allowance for expected credit losses due to changes in stages prior to remeasurements.

⁽²⁾ Includes the net remeasurement of the allowance following a transfer between stages, changes in gross carrying amounts, changes in credit risk of existing loans and changes in model inputs and assumptions, including forward-looking macroeconomic variables.

Concentrations of the total loans outstanding and undisbursed amounts of authorized loans, by province and territory and by industry sector, are set out in the tables below.

Notes to the Consolidated Financial Statements

(unaudited, in thousands of Canadian dollars)



Undisbursed amounts of authorized loans were \$4,479,795 as at December 31, 2025 (\$959,484 at fixed rates; \$3,520,308 at floating rates, and \$3 at zero interest rate) (\$4,157,102 as at March 31, 2025; \$1,188,121 at fixed rates; \$2,963,131 at floating rates; \$5,850 at zero interest rate). The weighted average effective interest rate on interest-bearing loan commitments was 5.74% (6.3% as at March 31, 2025).

| Geographic distribution | December 31, 2025 | | March 31, 2025 | |
|-----------------------------------|----------------------|------------------|-------------------|------------------|
| | Outstanding | Commitments | Outstanding | Commitments |
| Newfoundland and Labrador | 824,025 | 53,291 | 766,785 | 56,435 |
| Prince Edward Island | 103,424 | 6,383 | 75,021 | 3,140 |
| Nova Scotia | 789,409 | 70,038 | 771,378 | 57,827 |
| New Brunswick | 576,453 | 58,037 | 557,583 | 72,894 |
| Quebec | 14,466,998 | 1,602,581 | 13,766,233 | 1,481,673 |
| Ontario | 11,595,541 | 1,174,201 | 11,570,304 | 995,837 |
| Manitoba | 1,233,643 | 66,456 | 1,165,354 | 94,802 |
| Saskatchewan | 1,085,122 | 56,100 | 1,086,457 | 66,400 |
| Alberta | 5,895,143 | 804,604 | 5,720,037 | 801,672 |
| British Columbia | 6,971,393 | 564,794 | 6,721,409 | 511,619 |
| Yukon | 105,783 | 17,126 | 116,428 | 11,235 |
| Northwest Territories and Nunavut | 89,815 | 6,184 | 88,862 | 3,568 |
| Total loans outstanding | 43,736,749 | 4,479,795 | 42,405,851 | 4,157,102 |

| Industry sector | December 31, 2025 | | March 31, 2025 | |
|--------------------------------|----------------------|------------------|-------------------|------------------|
| | Outstanding | Commitments | Outstanding | Commitments |
| Wholesale and retail trade | 9,149,345 | 837,778 | 8,841,017 | 720,497 |
| Manufacturing | 8,672,254 | 1,213,470 | 8,550,289 | 1,052,862 |
| Service industries | 6,921,628 | 490,640 | 6,757,912 | 472,854 |
| Commercial properties | 4,674,946 | 261,284 | 4,374,271 | 275,433 |
| Construction | 4,319,908 | 483,245 | 4,169,422 | 369,495 |
| Tourism | 3,975,024 | 337,842 | 3,871,740 | 303,350 |
| Transportation and storage | 3,005,011 | 239,515 | 2,935,030 | 272,278 |
| Resources | 1,690,086 | 446,803 | 1,561,973 | 510,093 |
| Other | 1,328,547 | 169,218 | 1,344,197 | 180,240 |
| Total loans outstanding | 43,736,749 | 4,479,795 | 42,405,851 | 4,157,102 |

The following table shows the reconciliation of the opening and closing balances of the allowance for expected credit losses on commitments, which is included in Expected credit losses on loan commitments and guarantees in the Consolidated Statement of Financial Position.

| | Allowance for expected credit losses on commitments | | | |
|--|---|---------------|----------|---------------|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Balance as at April 1, 2025 | 48,056 | 16,410 | - | 64,466 |
| Provision for expected credit losses | | | | |
| Transfer to Stage 1 ⁽¹⁾ | 6,256 | (6,256) | - | - |
| Transfer to Stage 2 ⁽¹⁾ | (10,728) | 10,728 | - | - |
| Net remeasurement of allowance for expected credit losses ⁽²⁾ | (480) | 15,920 | - | 15,440 |
| Net increase (decrease) in commitments | 11,294 | (23,553) | - | (12,259) |
| Foreign exchange and other movements | (104) | (37) | - | (141) |
| Balance as at December 31, 2025 | 54,294 | 13,212 | - | 67,506 |

Notes to the Consolidated Financial Statements

(unaudited, in thousands of Canadian dollars)



| | Allowance for expected credit losses on commitments | | | Total |
|--|---|----------|---------|----------|
| | Stage 1 | Stage 2 | Stage 3 | |
| Balance as at April 1, 2024 | 55,504 | 10,781 | - | 66,285 |
| Provision for expected credit losses | | | | |
| Transfer to Stage 1 ⁽¹⁾ | 2,707 | (2,707) | - | - |
| Transfer to Stage 2 ⁽¹⁾ | (11,788) | 11,788 | - | - |
| Net remeasurement of allowance for expected credit losses ⁽²⁾ | 2,536 | 15,374 | - | 17,910 |
| Net increase (decrease) in commitments | (660) | (18,032) | - | (18,692) |
| Foreign exchange and other movements | (243) | (794) | - | (1,037) |
| Balance as at March 31, 2025 | 48,056 | 16,410 | - | 64,466 |

⁽¹⁾ Provides the cumulative movement from the previous month's allowance for expected credit losses on commitments due to changes in stages prior to remeasurements.

⁽²⁾ Includes the net remeasurement of the allowance following a transfer between stages, changes in commitment amounts, changes in credit risk and changes in model inputs and assumptions, including forward-looking macroeconomic variables.

8.

Investments

BDC maintains a medium- to high-risk portfolio of debt investments and a high-risk portfolio of direct and indirect equity investments. All investments, which are held for a longer term, are non-current assets.

The following table provides a summary of the investment portfolio, and undisbursed amounts of authorized investments, by type of investment.

| Investment type | December 31, 2025 | | | March 31, 2025 | | |
|--------------------------------------|-------------------|------------------|------------------|------------------|------------------|------------------|
| | Fair value | Cost | Commitments | Fair value | Cost | Commitments |
| Direct investments | | | | | | |
| Debt | 1,520,507 | 1,625,145 | 210,475 | 1,413,542 | 1,504,391 | 195,437 |
| Equity | 2,496,150 | 2,113,923 | 50,210 | 2,460,847 | 2,100,757 | 61,971 |
| | 4,016,657 | 3,739,068 | 260,685 | 3,874,389 | 3,605,148 | 257,408 |
| Indirect equity investments in funds | 2,587,713 | 1,697,652 | 1,167,560 | 2,431,904 | 1,569,259 | 1,218,499 |
| Investments | 6,604,370 | 5,436,720 | 1,428,245 | 6,306,293 | 5,174,407 | 1,475,907 |

The following table summarizes outstanding debt investments by their contractual maturity date.

| | December 31, 2025 | | | March 31, 2025 | |
|-------------------------|-------------------|--------------|--------------|----------------|------------------|
| | Within 1 year | 1 to 5 years | Over 5 years | Total cost | Total fair value |
| As at December 31, 2025 | 219,386 | 1,146,879 | 258,880 | 1,625,145 | 1,520,507 |
| As at March 31, 2025 | 134,112 | 1,091,904 | 278,375 | 1,504,391 | 1,413,542 |

Debt investments have subordinate status in relationship to the other debt issued by a company.

The following tables summarize debt investments outstanding and commitments, classified by geographic distribution and by industry sector. Debt investment commitments include \$32,626 at fixed rates and \$177,849 at floating rates (\$81,551 and \$113,886, respectively, as at March 31, 2025) and their weighted-average effective interest rate was 8.9% (9.3% on debt commitments as at March 31, 2025), excluding non-interest returns.

Notes to the Consolidated Financial Statements

(unaudited, in thousands of Canadian dollars)



| Geographic distribution | December 31, 2025 | | | March 31, 2025 | | |
|-----------------------------------|-------------------|------------------|----------------|------------------|------------------|----------------|
| | Fair value | Cost | Commitments | Fair value | Cost | Commitments |
| Newfoundland and Labrador | 23,350 | 22,325 | 6,700 | 20,335 | 21,236 | 2,000 |
| Prince Edward Island | 2,302 | 2,249 | - | 2,551 | 2,482 | - |
| Nova Scotia | 16,118 | 19,266 | - | 21,695 | 24,774 | 2,043 |
| New Brunswick | 13,521 | 15,237 | 1,500 | 13,505 | 14,454 | 2,550 |
| Quebec | 576,256 | 597,404 | 51,686 | 481,098 | 502,335 | 87,412 |
| Ontario | 588,625 | 644,024 | 87,568 | 581,953 | 613,250 | 64,630 |
| Manitoba | 32,814 | 32,270 | 13,300 | 34,996 | 34,599 | 1,800 |
| Saskatchewan | 32,270 | 34,482 | 1,000 | 30,697 | 33,341 | 1,000 |
| Alberta | 103,703 | 120,035 | 27,000 | 103,854 | 128,107 | 18,040 |
| British Columbia | 128,270 | 134,691 | 21,721 | 121,007 | 128,104 | 15,962 |
| Yukon | 1,316 | 1,200 | - | 1,851 | 1,709 | - |
| Northwest Territories and Nunavut | 1,962 | 1,962 | - | - | - | - |
| Debt investments | 1,520,507 | 1,625,145 | 210,475 | 1,413,542 | 1,504,391 | 195,437 |

| Industry sector | December 31, 2025 | | | March 31, 2025 | | |
|----------------------------|-------------------|------------------|----------------|------------------|------------------|----------------|
| | Fair value | Cost | Commitments | Fair value | Cost | Commitments |
| Service industries | 519,622 | 548,731 | 61,906 | 462,329 | 479,196 | 87,955 |
| Manufacturing | 363,584 | 388,602 | 43,277 | 326,100 | 345,790 | 40,141 |
| Wholesale and retail trade | 247,352 | 273,269 | 23,920 | 239,305 | 260,899 | 13,541 |
| Information industries | 183,016 | 192,919 | 35,122 | 185,788 | 196,434 | 27,940 |
| Construction | 116,440 | 118,191 | 14,800 | 115,775 | 118,492 | 10,710 |
| Transportation and storage | 27,791 | 27,731 | 6,000 | 20,040 | 19,758 | 7,550 |
| Resources | 27,566 | 41,319 | 9,250 | 30,059 | 50,248 | 4,000 |
| Tourism | 14,839 | 14,726 | 6,200 | 14,976 | 14,933 | 1,800 |
| Educational services | 13,027 | 12,403 | - | 15,175 | 14,672 | - |
| Other | 7,270 | 7,254 | 10,000 | 3,995 | 3,969 | 1,800 |
| Debt investments | 1,520,507 | 1,625,145 | 210,475 | 1,413,542 | 1,504,391 | 195,437 |

The largest concentration of debt investments in one individual or closely related group of clients as at December 31, 2025, was 1.9% of total debt investments at cost (1.8% as at March 31, 2025). The debt investments portfolio is composed primarily of debentures.

Concentrations by industry sector for direct equity investments are listed below. For direct equity investments, the largest single investment represented 2.3% of the total direct equity investments at cost (2.1% as at March 31, 2025).

| Industry sector | December 31, 2025 | | | March 31, 2025 | | |
|----------------------------------|-------------------|------------------|---------------|------------------|------------------|---------------|
| | Fair value | Cost | Commitments | Fair value | Cost | Commitments |
| Information technology | 817,242 | 774,539 | 9,923 | 782,657 | 710,754 | 22,224 |
| Manufacturing | 389,600 | 244,762 | 8,052 | 411,089 | 251,189 | 8,200 |
| Service industries | 383,874 | 288,123 | 1,938 | 370,494 | 291,273 | 5,000 |
| Communications | 264,517 | 166,925 | 686 | 242,677 | 155,896 | 882 |
| Resources | 129,013 | 154,771 | 1,676 | 139,399 | 160,281 | 1,676 |
| Electronics | 101,794 | 106,253 | 13,747 | 110,766 | 110,002 | 3,358 |
| Industrial | 83,253 | 89,417 | 4,257 | 88,464 | 118,005 | 3,443 |
| Wholesale and retail trade | 75,552 | 59,841 | 2 | 71,107 | 60,692 | - |
| Medical and health | 63,949 | 67,399 | 3,956 | 68,888 | 74,849 | 250 |
| Transportation and storage | 56,895 | 31,283 | - | 62,718 | 31,283 | - |
| Energy | 32,218 | 35,888 | 482 | 25,245 | 31,754 | 481 |
| Construction | 30,197 | 30,197 | - | 23,019 | 23,019 | - |
| Biotechnology and pharmacology | 20,600 | 28,075 | 4,830 | 21,318 | 33,156 | 4,230 |
| Educational services | 7,456 | 2,400 | 661 | 7,726 | 2,400 | 661 |
| Other | 39,990 | 34,050 | - | 35,280 | 46,204 | 11,566 |
| Direct equity investments | 2,496,150 | 2,113,923 | 50,210 | 2,460,847 | 2,100,757 | 61,971 |



9.

Share capital

An unlimited number of common shares, having a par value of \$100 each, is authorized. As at December 31, 2025, there were 62,399,000 common shares outstanding (62,399,000 as at March 31, 2025).

As per BDC's Capital Management and Dividend Policy, on the date of approval of the fiscal 2025 Consolidated Financial Statements, a \$50.0 million dividend was declared, representing \$0.8 per share, based on fiscal 2025 performance.

Statutory limitations

As per the *BDC Act*, the debt-to-equity ratio of BDC may not exceed 12:1. This ratio is defined as the aggregate of borrowings recognized in the Consolidated Statement of Financial Position and contingent liabilities that exist in the form of financial guarantees issued by BDC over equity attributable to BDC's shareholder excluding accumulated other comprehensive income.

The amount of paid-in-capital, together with any contributed surplus and any proceeds that have been prescribed as equity, must not at any time exceed \$20.0 billion per the *Business Development Bank of Canada Act, 1995* amended in March 2020.

During the nine months ended December 31, 2025 and the year ended March 31, 2025, BDC met both of these statutory limitations.

Capital adequacy

BDC's capital management framework is based on its Internal Capital Adequacy Assessment Process (ICAAP). To assess its capital adequacy, BDC monitors its capital status regularly by comparing its available capital to its capital demand. A key measure for assessing the adequacy of BDC's capital status is its internal capital ratio.

Available capital

Available capital is composed of equity attributable to BDC's shareholder (share capital, contributed surplus and retained earnings) and adjustments aligned with industry best practices.

Required capital

BDC employs rigorous models to assess demand for capital arising from credit and investments, and operational, business and market risk. Economic capital is a measure of risk used to determine the amount of capital required to ensure a financial institution's solvency given its risk profile.

10.

Segmented information

BDC reports on six business lines: Financing, Advisory Services, Growth & Transition Capital, Venture Capital (VC), Capital Incentive Programs (CIP) and Credit Availability Program (CAP). Each business line offers different products and services and is managed separately based on BDC's management and internal reporting structure.

Notes to the Consolidated Financial Statements

(unaudited, in thousands of Canadian dollars)



The following summary describes the operations in each of the Bank's reportable segments.

- **Financing:** provides secured, partially secured and unsecured loans and loan guarantees with a focus on small and medium-sized enterprises across Canada. It also purchases investments in asset-backed securities through the Funding Platform for Independent Lenders (F-PIL). These securities are backed by vehicle and equipment loans and leases, as well as dealer floor plan loans. BDC's Community Banking initiatives are also included in this segment.
- **Advisory Services:** provides advisory services, supports high-impact firms, and provides group programs and other services related to business activities, such as free online and educational content.
- **Growth & Transition Capital:** includes debt investments by way of flexible subordinated debt, with or without convertible features, and quasi-equity financing, which offer flexible repayment terms with limited collateral, to support the growth and transition projects of SMEs.
- **Venture Capital:** includes investments in Venture Capital (VC), Growth Equity (GE) and Intellectual Property (IP) and the new Climate Tech Fund II. The Venture capital segment provides equity and debt investments to cover every stage of a technology-based company's development cycle, from seed funding to expansion. Equity investments in VC are focused on fast-growing companies having promising positions in their respective marketplaces and strong growth potential. BDC also makes indirect equity investments via venture capital investment funds. GE are equity investments to support the growth of high-potential companies across Canada with a focus on mid-size businesses. The IP Fund provides debt and equity investments targeted to companies that are rich in intellectual property. The Climate Tech Fund II comprises equity investments made in Canadian cleantech companies to contribute to Canada's transition to a sustainable, low-carbon economy.
- **Capital Incentive Programs:** includes direct and indirect equity investments in Venture Capital Action Plan (VCAP), Venture Capital Catalyst Initiative (VCCI), Cleantech Practice and Indigenous Growth Fund (IGF), all of which are government-sponsored initiatives. VCAP's objective is to increase private sector venture capital financing for high potential, innovative Canadian businesses. VCAP invests primarily in early-stage and mid-stage venture capital funds, and directly in companies across Canada. It supports the creation of large private sector-led funds of funds and also assists existing high-performing funds in partnership with institutional investors, corporate strategic investors and interested provinces. VCCI is an initiative whereby capital is made available through BDC over three years to provide late-stage venture capital to support the growth of innovative start-ups, Cleantech Practice provides equity investments to promising clean technology firms to help build globally competitive and commercially sustainable Canadian cleantech firms. Lastly, IGF is an investment fund that will provide access to capital to Indigenous entrepreneurs across all industries via business loans from a network of Aboriginal Financial Institutions throughout the country.
- **Credit Availability Program:** includes initiatives put in place at the request of our sole shareholder, the Government of Canada, to increase capital availability for specific SME needs, such as COVID-19 related support, digital adoption projects, and tariff relief programs. During the COVID-19 crisis, BDC launched a series of measures to help Canadian businesses survive the challenges brought on by this pandemic. These measures include the Business Credit Availability Program, delivered in collaboration with private sector lenders, and the Highly Affected Sectors Credit Availability Program (HASCAP) under which, financial institutions provide loans 100% guaranteed by BDC as well as measures delivered directly by BDC. As small businesses adapted to the lasting impacts of the COVID-19 pandemic, our shareholder launched the Canada Digital Adoption Program (CDAP), to help small and medium-sized enterprises adopt digital technologies and stay competitive by providing access to expertise and funding with interest free loans from BDC. CAP's COVID-19 relief measures ended in fiscal 2022, and the CDAP program no longer accepted applications as of the end of fiscal 2024. At the end of fiscal 2025, the Government of Canada requested BDC's help in extending up to \$500 million in working capital loans to clients impacted by the new U.S. tariffs, as well as offering consulting mandates to affected businesses; this initiative was later expanded to support clients suffering from the uncertainty related to tariffs or the broader economic slowdown.

Notes to the Consolidated Financial Statements

(unaudited, in thousands of Canadian dollars)



The assumptions and methodologies used in BDC's reporting framework are periodically reviewed by management to ensure they remain valid. The main allocation methods used by BDC are described below.

Interest expense is allocated to each operating segment based on its business portfolio and the capital attributed to the segment. The attribution of capital to BDC's business segments is maintained in accordance with BDC's ICAAP and is consistently aligned with the economic risks of each specific business segment.

Operating and administrative expenses include costs that were incurred directly by the business segments. Indirect costs incurred at the enterprise level are attributed to each segment using management's internal reporting framework.

Loan and investment portfolios are managed separately based on BDC's business segments. None of the other assets or liabilities are managed by segment.

The following tables provide financial information on the results of each reportable segment.

| | Three months ended December 31, 2025 | | | | | | |
|---|---|----------------|----------------------|-----------------------------------|-----------------|-------------------------------|-----------------------------------|
| | BDC | Financing | Advisory Services | Growth & Transition Capital | Venture Capital | Capital Incentive Programs | Credit Availability Program |
| Interest income | 769,403 | 709,090 | - | 38,334 | 271 | 124 | 21,584 |
| Interest expense | 232,053 | 235,110 | - | 7,156 | 101 | (5,046) | (5,268) |
| Net interest income | 537,350 | 473,980 | - | 31,178 | 170 | 5,170 | 26,852 |
| Net realized gains (losses) on investments | (13,171) | - | - | 74 | (10,703) | 1,136 | (3,678) |
| Revenue from Advisory Services | 7,662 | - | 6,893 | - | - | - | 769 |
| Fee and other income | 16,913 | 8,398 | - | 3,298 | 642 | 40 | 4,535 |
| Net revenue | 548,754 | 482,378 | 6,893 | 34,550 | (9,891) | 6,346 | 28,478 |
| Provision for expected credit losses | (40,075) | (40,282) | - | - | - | - | 207 |
| Net change in unrealized appreciation (depreciation) of investments | 71,275 | (87) | - | (6,338) | 39,355 | 34,425 | 3,920 |
| Net foreign exchange gains (losses) | (31,107) | (6,517) | - | (254) | (22,849) | (796) | (691) |
| Net gains (losses) on other financial instruments | 5,550 | 5,452 | - | - | - | - | 98 |
| Income (loss) before operating and administrative expenses | 554,397 | 440,944 | 6,893 | 27,958 | 6,615 | 39,975 | 32,012 |
| Salaries and benefits | 149,361 | 109,392 | 13,620 | 8,928 | 13,157 | 1,333 | 2,931 |
| Premises and equipment | 12,267 | 9,569 | 890 | 515 | 852 | 178 | 263 |
| Other expenses | 54,692 | 42,439 | 5,028 | 1,263 | 2,208 | 166 | 3,588 |
| Operating and administrative expenses | 216,320 | 161,400 | 19,538 | 10,706 | 16,217 | 1,677 | 6,782 |
| Net income (loss) | 338,077 | 279,544 | (12,645) | 17,252 | (9,602) | 38,298 | 25,230 |
| Net income (loss) attributable to: | | | | | | | |
| BDC's shareholder | 338,081 | 279,544 | (12,645) | 17,252 | (9,598) | 38,298 | 25,230 |
| Non-controlling interests | (4) | - | - | - | (4) | - | - |
| Net income (loss) | 338,077 | 279,544 | (12,645) | 17,252 | (9,602) | 38,298 | 25,230 |

| | Three months ended December 31, 2024 | | | | | | |
|---|---|----------------|----------------------|-----------------------------------|-----------------|-------------------------------|-----------------------------------|
| Notes | BDC | Financing | Advisory Services | Growth & Transition Capital | Venture Capital | Capital Incentive Programs | Credit Availability Program |
| Interest income | 810,053 | 745,440 | - | 38,569 | 418 | 362 | 25,264 |
| Interest expense | 298,108 | 306,743 | - | 8,124 | 150 | (8,177) | (8,732) |
| Net interest income (expense) | 511,945 | 438,697 | - | 30,445 | 268 | 8,539 | 33,996 |
| Net realized gains (losses) on investments | (13,207) | 85 | - | (10,564) | 7,004 | (9,188) | (544) |
| Revenue from Advisory Services | 8,577 | - | 8,577 | - | - | - | - |
| Fee and other income | 22,579 | 9,208 | - | 7,138 | 280 | 15 | 5,938 |
| Net revenue | 529,894 | 447,990 | 8,577 | 27,019 | 7,552 | (634) | 39,390 |
| Provision for expected credit losses | (130,524) | (107,751) | - | - | - | - | (22,773) |
| Net change in unrealized appreciation (depreciation) of investments | 69,642 | (48) | - | 6,563 | 43,121 | 19,990 | 16 |
| Net foreign exchange gains (losses) | 109,317 | 13,381 | - | (2,149) | 90,174 | 3,843 | 4,068 |
| Net gains (losses) on other financial instruments | (36,521) | (52) | - | - | - | - | (36,469) |
| Income (loss) before operating and administrative expenses | 541,808 | 353,520 | 8,577 | 31,433 | 140,847 | 23,199 | (15,768) |
| Salaries and benefits | 142,746 | 104,262 | 12,866 | 9,028 | 11,033 | 1,251 | 4,306 |
| Premises and equipment | 11,832 | 9,207 | 816 | 485 | 894 | 126 | 304 |
| Other expenses | 55,726 | 43,923 | 6,405 | 1,283 | 2,487 | 287 | 1,341 |
| Operating and administrative expenses | 210,304 | 157,392 | 20,087 | 10,796 | 14,414 | 1,664 | 5,951 |
| Net income (loss) | 331,504 | 196,128 | (11,510) | 20,637 | 126,433 | 21,535 | (21,719) |
| Net income (loss) attributable to: | | | | | | | |
| BDC's shareholder | 330,016 | 196,128 | (11,510) | 20,622 | 124,960 | 21,535 | (21,719) |
| Non-controlling interests | 1,488 | - | - | 15 | 1,473 | - | - |
| Net income (loss) | 331,504 | 196,128 | (11,510) | 20,637 | 126,433 | 21,535 | (21,719) |

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(unaudited, in thousands of Canadian dollars)



Nine months ended
December 31, 2025

| | BDC | Financing | Advisory Services | Growth & Transition Capital | Venture Capital | Capital Incentive Programs | Credit Availability Program |
|--|-------------------|-------------------|-------------------|-----------------------------|------------------|----------------------------|-----------------------------|
| Interest income | 2,324,475 | 2,145,610 | - | 109,230 | 949 | 784 | 67,902 |
| Interest expenses | 732,824 | 744,580 | - | 22,303 | 363 | (16,918) | (17,504) |
| Net interest income | 1,591,651 | 1,401,030 | - | 86,927 | 586 | 17,702 | 85,406 |
| Net realized gains (losses) on investments | (43,697) | (255) | - | (17,062) | (18,587) | 6,772 | (14,565) |
| Revenue from Advisory Services | 22,556 | - | 21,435 | - | - | - | 1,121 |
| Fee and other income | 54,691 | 25,511 | - | 10,211 | 1,435 | 112 | 17,422 |
| Net revenue | 1,625,201 | 1,426,286 | 21,435 | 80,076 | (16,566) | 24,586 | 89,384 |
| Provision for expected credit losses | (301,583) | (262,965) | - | - | - | - | (38,618) |
| Net change in unrealized appreciation (depreciation) of investments | 108,897 | 8 | - | (8,764) | 94,634 | 20,539 | 2,480 |
| Net foreign exchange gains (losses) | (98,720) | (21,278) | - | 1,768 | (73,493) | (2,936) | (2,781) |
| Net gains (losses) on other financial instruments | (5,353) | 5,241 | - | - | - | - | (10,594) |
| Income (loss) before operating and administrative expenses | 1,328,442 | 1,147,292 | 21,435 | 73,080 | 4,575 | 42,189 | 39,871 |
| Salaries and benefits | 448,397 | 329,398 | 33,820 | 27,936 | 37,334 | 4,030 | 15,879 |
| Premises and equipment | 35,127 | 27,070 | 2,209 | 1,542 | 2,464 | 541 | 1,301 |
| Other expenses | 152,241 | 115,452 | 15,720 | 3,429 | 6,689 | 533 | 10,418 |
| Operating and administrative expenses | 635,765 | 471,920 | 51,749 | 32,907 | 46,487 | 5,104 | 27,598 |
| Net income (loss) | 692,677 | 675,372 | (30,314) | 40,173 | (41,912) | 37,085 | 12,273 |
| Net income (loss) attributable to: | | | | | | | |
| BDC's shareholder | 691,387 | 675,372 | (30,314) | 40,178 | (43,207) | 37,085 | 12,273 |
| Non-controlling interests | 1,290 | - | - | (5) | 1,295 | - | - |
| Net income (loss) | 692,677 | 675,372 | (30,314) | 40,173 | (41,912) | 37,085 | 12,273 |
| Business segment portfolio as at December 31, 2025 | | | | | | | |
| Asset-backed securities | 986,749 | 986,749 | - | - | - | - | - |
| Loans, gross carrying amount | 43,736,749 | 42,791,118 | - | - | - | - | 945,631 |
| Less: Allowance for expected credit losses | (1,677,227) | (1,609,441) | - | - | - | - | (67,786) |
| Loans, net of allowance for expected credit losses | 42,059,522 | 41,181,677 | - | - | - | - | 877,845 |
| Debt investments | 1,520,507 | 6,921 | - | 1,481,844 | 28,653 | - | 3,089 |
| Direct equity investments | 2,496,150 | - | - | - | 2,038,361 | 392,900 | 64,889 |
| Indirect equity investments in Funds | 2,587,713 | - | - | - | 1,309,211 | 1,278,502 | - |
| Investments | 6,604,370 | 6,921 | - | 1,481,844 | 3,376,225 | 1,671,402 | 67,978 |
| Total portfolio | 49,650,641 | 42,175,347 | - | 1,481,844 | 3,376,225 | 1,671,402 | 945,823 |
| Business segment commitments and guarantees as at December 31, 2025 | | | | | | | |
| Asset-backed securities | 567,785 | 567,785 | - | - | - | - | - |
| Loans | 4,479,795 | 4,439,819 | - | - | - | - | 39,976 |
| Debt investments | 210,475 | 500 | - | 209,598 | 377 | - | - |
| Direct equity investments | 50,210 | - | - | - | 44,881 | 5,079 | 250 |
| Indirect equity investments in Funds | 1,167,560 | - | - | - | 730,834 | 436,726 | - |
| Commitments | 6,475,825 | 5,008,104 | - | 209,598 | 776,092 | 441,805 | 40,226 |
| Guarantees | 1,777,435 | 72,999 | - | - | - | - | 1,704,436 |
| Total commitments and guarantees | 8,253,260 | 5,081,103 | - | 209,598 | 776,092 | 441,805 | 1,744,662 |

Notes to the Consolidated Financial Statements

(unaudited, in thousands of Canadian dollars)



Nine months ended
December 31, 2024

| Notes | BDC | Financing | Advisory Services | Growth & Transition Capital | Venture Capital | Capital Incentive Programs | Credit Availability Program |
|--|-------------------|-------------------|-------------------|-----------------------------|------------------|----------------------------|-----------------------------|
| Interest income | 2,482,402 | 2,284,916 | - | 111,769 | 1,154 | 1,265 | 83,298 |
| Interest expenses | 937,273 | 986,707 | - | 26,306 | 409 | (28,491) | (47,658) |
| Net interest income | 1,545,129 | 1,298,209 | - | 85,463 | 745 | 29,756 | 130,956 |
| Net realized gains (losses) on investments | (35,668) | (2,809) | - | (7,622) | (13,922) | (6,782) | (4,533) |
| Revenue from Advisory Services | 29,248 | - | 29,248 | - | - | - | - |
| Fee and other income | 66,634 | 25,103 | - | 15,228 | 3,448 | 1,065 | 21,790 |
| Net revenue | 1,605,343 | 1,320,503 | 29,248 | 93,069 | (9,729) | 24,039 | 148,213 |
| Provision for expected credit losses | (465,643) | (348,093) | - | - | - | - | (117,550) |
| Net change in unrealized appreciation (depreciation) of investments | (40,436) | 8,714 | - | 4,295 | (43,175) | (8,282) | (1,988) |
| Net foreign exchange gains (losses) | 100,534 | 6,853 | - | (6,114) | 92,300 | 3,653 | 3,842 |
| Net gains (losses) on other financial instruments | (111,083) | 35 | - | - | - | - | (111,118) |
| Income (loss) before operating and administrative expenses | 1,088,715 | 988,012 | 29,248 | 91,250 | 39,396 | 19,410 | (78,601) |
| Salaries and benefits | 429,683 | 313,002 | 38,934 | 28,292 | 32,507 | 3,823 | 13,125 |
| Premises and equipment | 34,451 | 26,942 | 2,366 | 1,365 | 2,489 | 358 | 931 |
| Other expenses | 152,954 | 115,494 | 21,146 | 3,890 | 7,536 | 786 | 4,102 |
| Operating and administrative expenses | 617,088 | 455,438 | 62,446 | 33,547 | 42,532 | 4,967 | 18,158 |
| Net income (loss) | 471,627 | 532,574 | (33,198) | 57,703 | (3,136) | 14,443 | (96,759) |
| Net income (loss) attributable to: | | | | | | | |
| BDC's shareholder | 471,076 | 532,574 | (33,198) | 57,715 | (3,699) | 14,443 | (96,759) |
| Non-controlling interests | 551 | - | - | (12) | 563 | - | - |
| Net income (loss) | 471,627 | 532,574 | (33,198) | 57,703 | (3,136) | 14,443 | (96,759) |
| Business segment portfolio as at December 31, 2024 | | | | | | | |
| Asset-backed securities | 1,204,432 | 1,204,432 | - | - | - | - | - |
| Loans, gross carrying amount | 42,194,024 | 40,915,977 | - | - | - | - | 1,278,047 |
| Less: Allowance for expected credit losses | (1,451,292) | (1,363,990) | - | - | - | - | (87,302) |
| Loans, net of allowance for expected credit losses | 40,742,732 | 39,551,987 | - | - | - | - | 1,190,745 |
| Debt investments | 1,396,859 | 10,706 | - | 1,346,209 | 36,604 | - | 3,340 |
| Direct equity investments | 2,441,196 | - | - | 26 | 1,941,841 | 402,048 | 97,281 |
| Indirect equity investments in funds | 2,349,584 | - | - | - | 1,191,882 | 1,157,702 | - |
| Investments | 6,187,639 | 10,706 | - | 1,346,235 | 3,170,327 | 1,559,750 | 100,621 |
| Total portfolio | 48,134,803 | 40,767,125 | - | 1,346,235 | 3,170,327 | 1,559,750 | 1,291,366 |
| Business segment commitments and guarantees as at December 31, 2024 | | | | | | | |
| Asset-backed securities | 693,365 | 693,365 | - | - | - | - | - |
| Loans | 4,210,145 | 4,198,397 | - | - | - | - | 11,748 |
| Debt investments | 225,508 | - | - | 218,050 | 7,458 | - | - |
| Direct equity investments | 54,809 | - | - | - | 47,061 | 7,460 | 288 |
| Indirect equity investments in Funds | 1,221,814 | - | - | - | 694,321 | 527,493 | - |
| Commitments | 6,405,641 | 4,891,762 | - | 218,050 | 748,840 | 534,953 | 12,036 |
| Guarantees | 2,301,869 | 40,329 | - | - | - | - | 2,261,540 |
| Total commitments and guarantees | 8,707,510 | 4,932,091 | - | 218,050 | 748,840 | 534,953 | 2,273,576 |

Notes to the Consolidated Financial Statements

(unaudited, in thousands of Canadian dollars)



11.

Guarantees

BDC issues “letters of credit, loan guarantees and portfolio guarantees” (guarantees) to support businesses. Those guarantees represent BDC’s obligation to make payments to third parties if clients are unable to meet their contractual commitments. Collateral requirements for guarantees are consistent with BDC collateral requirements for loans. The maximum contractual obligation and actual exposure under the guarantees amounted to \$1,777.4 million as at December 31, 2025 (\$2,097.2 million as at March 31, 2025) and the existing terms expire within an average of 59 months (within an average of 68 months as at March 31, 2025).

As at December 31, 2025, an amount of \$36.8 million of claims payable under these guarantees was recognized in BDC’s Consolidated Statement of Financial Position (\$57.0 million as at March 31, 2025).

The following table shows a reconciliation of the opening balance to the closing balance of the allowance for expected credit losses on loan guarantees, which is included in Expected credit losses on loan commitments and guarantees in the Consolidated Statement of Financial Position.

| | December 31, 2025 | | | |
|--|----------------------|----------------|----------------|----------------|
| Allowance for expected credit losses on loan guarantees | Stage 1 | Stage 2 | Stage 3 | Total |
| Balance as at April 1, 2025 | 18,854 | 218,295 | 263,106 | 500,255 |
| Provision for expected credit losses | | | | |
| Transfer to Stage 1 ⁽¹⁾ | 46,487 | (46,411) | (76) | - |
| Transfer to Stage 2 ⁽¹⁾ | (13,783) | 26,952 | (13,169) | - |
| Transfer to Stage 3 ⁽¹⁾ | (35) | (48,415) | 48,450 | - |
| Net remeasurement of allowance for expected credit losses ⁽²⁾ | (36,422) | 11,831 | (45,986) | (70,577) |
| Net increase (decrease) in guarantees | 573 | (17,554) | (8,290) | (25,271) |
| Balance as at December 31, 2025 | 15,674 | 144,698 | 244,035 | 404,407 |

| | March 31, 2025 | | | |
|--|-------------------|----------------|----------------|----------------|
| Allowance for expected credit losses on loan guarantees | Stage 1 | Stage 2 | Stage 3 | Total |
| Balance as at April 1, 2024 | 35,877 | 251,154 | 284,541 | 571,572 |
| Provision for expected credit losses | | | | |
| Transfer to Stage 1 ⁽¹⁾ | 83,508 | (79,129) | (4,379) | - |
| Transfer to Stage 2 ⁽¹⁾ | (37,345) | 58,285 | (20,940) | - |
| Transfer to Stage 3 ⁽¹⁾ | (248) | (111,406) | 111,654 | - |
| Net remeasurement of allowance for expected credit losses ⁽²⁾ | (61,487) | 128,452 | (98,313) | (31,348) |
| Net increase (decrease) in guarantees | (1,451) | (29,061) | (9,457) | (39,969) |
| Balance as at March 31, 2025 | 18,854 | 218,295 | 263,106 | 500,255 |

⁽¹⁾ Provides the cumulative movement from the previous month’s allowance for expected credit losses on loan guarantees due to changes in stages prior to remeasurements.

⁽²⁾ Includes the net remeasurement of the allowance following a transfer between stages, changes in guarantee amounts, changes in credit risk and changes in model inputs and assumptions, including forward-looking macroeconomic variables.



12.

Related party transactions

As at December 31, 2025, BDC had \$23,613.7 million in short-term notes and \$11,285.8 million in long-term notes outstanding with His Majesty the King in Right of Canada acting through the Minister of Finance (\$21,254.0 million in short-term notes and \$12,681.7 million in long-term notes as at March 31, 2025).

BDC recorded \$231.4 million in interest expense, related to the borrowings from the Minister of Finance for the quarter and \$731.0 million for the nine months ended December 31, 2025. Last year's comparative figures for the same periods were \$297.6 million and \$935.5 million, respectively.

In addition, \$420.0 million in borrowings with the Minister of Finance were repurchased in the first nine months of fiscal 2026. These transactions resulted in gains of \$5.1 million (\$360.0 million were repurchased during the same period last year, resulting in gains of \$35.3 thousand).

BDC is also related to all Government of Canada-created departments, agencies and Crown corporations. BDC enters into transactions with these entities in the normal course of business, under terms and conditions similar to those that apply to unrelated parties.



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