

Credit Rating Report

First Nations Finance Authority

Morningstar DBRS

October 6, 2025

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Credit Ratings

Debt	Credit Rating	Credit Rating Action	Trend
Issuer Rating	AA (low)	Confirmed	Stable
Long-Term Debt	AA (low)	Confirmed	Stable
Commercial Paper	R-1 (middle)	Confirmed	Stable

Credit Rating Rationale

We confirmed both the Issuer Rating of First Nations Finance Authority (FNFA or the Authority) Issuer Rating and the credit rating on the Authority's Long-Term Debt at AA (low) with Stable trends. Concurrently, we confirmed the Authority's Commercial Paper (CP) rating at R-1 (middle) with a Stable trend.

FNFA is a not-for-profit, nonshare capital corporation with a mandate to provide cost-effective financing, capital planning, and investment management services to First Nations communities in Canada. The credit ratings are predicated on the strength of the legislative framework that provides FNFA with (1) the ability to intercept generally high-quality revenues provided as security through the establishment of secured revenue trust accounts, (2) the ability to replenish debt reserves through a joint and several obligation of borrowers with outstanding loans, (3) the right to require third-party intervention in a borrowing member's finances, and (4) credit characteristics of the underlying borrowers. Constraining the credit ratings, however, are the untested nature of the FNFA's intervention and debt reserve fund (DRF) replenishment mechanisms, as well as uncertainty regarding the future composition of an expanding portfolio. We note that FNFA's growing track record of no payments missed by borrowing members demonstrates that the underwriting criteria remain sound.

FNFA's portfolio is diversified, with borrowing members located across nine Canadian provinces and one territory. Expanded eligibility under the First Nations Fiscal Management Act (FNFMA or the Act) will now allow Indigenous groups party to self-government agreements/treaties and Indigenous non-profit organizations to access FNFA financing.

As of August 2025, FNFA's loan portfolio totalled more than \$3.9 billion (up from \$2.5 billion in the prior year period). Loan sizes range from \$0.5 million to \$323.5 million, with an average loan size of approximately \$32.8 million. The largest concentration in a single borrower is manageable at roughly 10.3% of total loan value. In 2024-25, FNFA's debt grew by more than 55.0% to \$3.7 billion, reflecting the ongoing demand for loans, and the DRF was \$178.2 million (up from \$118.9 million in the prior year).

We note that the majority of approved borrowers currently exhibit credit characteristics consistent with credit ratings in the BB to BBB-range, similar to the prior year. In addition, sound underwriting practices are intended to ensure that the quality of the borrowing pool is not materially diluted over time. For each loan financed by the Authority to a First Nation, 5% of the gross loan value is withheld in the DRF, subject to replenishment. This replenishment mechanism creates a joint and several obligation among borrowing members with outstanding loan amounts. We note that the joint and several nature of membership promotes discipline in the future expansion of the pool as existing members will be mindful of not tying themselves to unduly weak borrowers.

The loan portfolio is growing quickly, in part supported by strong loan demand as First Nations are seeing increased opportunities for equity participation in major projects such as Haisla First Nation's majority equity ownership of the Cedar LNG project. This provides the pool with greater fiscal capacity to support the joint and several obligation to replenish the DRF. There is no evidence of deterioration in the quality of its borrowing pool so far. However, there exists the risk that new borrowing members may meet only the minimum established underwriting criteria, which could potentially lead to a gradual dilution in the quality of the loan pool over time. Conversely, intercepted revenue streams arising from federal revenues or provincial contracts have the potential to improve the quality of FNFA's loan portfolio.

The credit profile also benefits from a \$53.2 million credit enhancement fund provided by the federal government to supply immediate, temporary liquidity to the DRF.

An upgrade could result from improvement in the quality of the underlying borrowing pool or improvement in available credit enhancement relative to the overall portfolio size. A downgrade could arise from (1) a material deterioration in the quality of the underlying loan portfolio; (2) a material reduction in funds available for credit enhancement relative to the overall portfolio size; and/or (3) evidence that structural features, such as the DRF replenishment mechanisms, oversight, and intervention of borrowers, do not work as intended.

Issuer Description

FNFA is a not-for-profit, nonshare capital corporation established through federal legislation and is wholly owned by First Nation governments. However, it does not act as a Crown agent or benefit from a federal guarantee. FNFA's mandate is to provide cost-effective loans, capital planning advice, and investment options to First Nation communities within Canada. The FNFA is governed by borrowing members.

Rating Considerations

Strengths

1. Joint and Several Obligation of Borrowing Members to Replenish the DRF

For each loan financed by FNFA to a First Nation, 5% of the gross loan value is withheld in the DRF. In the event that the balance of the DRF falls below the total amount contributed by 50% or more, the Authority must direct all members with outstanding loans to pay amounts sufficient to replenish the funds (as required under the Act), thus creating a joint and several obligation among borrowing members.

2. Revenue Intercept Mechanism

To secure a loan, FNFA requires the payor to deposit pledged revenues—in excess of FNFA-prescribed debt service coverage ratio (DSCR), in segregated local revenue accounts (property tax revenues) or the Secured Revenues Trust Account (SRTA) for other sources of revenue lasting through the life of the loan.

3. Sound Underwriting Practices and Oversight

To become a borrowing member, a First Nation must meet at least the minimum underwriting criteria established by the First Nations Financial Management Board (FMB) and FNFA. After meeting these requirements, unanimous consent of the FNFA board of directors is required to admit a new member, and another one prior to issuing a loan based on a review of the borrowing member's credit metrics. Similarly, unanimous consent of all borrowing members and full repayment of loans are required before a First Nation can cease to be a borrowing member and thus end its joint and several obligation to replenish the DRF. This creates an incentive among members to ensure credit quality of the pool is maintained. In addition, both the FMB and FNFA perform annual reviews of all borrowing members.

4. Direct Intervention Mechanism

The Act affords FNFA the right to direct the FMB to intervene in the financial management of any borrowing member and assume control of treasury functions if a First Nation defaults on a payment obligation or if the Authority judges there to be a serious risk of default. Intervention requests made by the Authority must be carried out by the FMB and may take the form of either a co-management or third-party management arrangement. During an intervention, the FMB or its delegates have the authority to act in place of Chief and Council to manage all property tax revenues or other revenues, even beyond those pledged against loans, to satisfy payment obligations to the Authority. We note that some revenues are not available for intervention, including Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC) health or housing-related transfers.

5. Credit Enhancement Fund

The credit enhancement fund (CEF), established through contributions from the federal government, can be used to temporarily offset any shortfalls in the DRF and/or strengthen FNFA's credit profile. We note that, while the federal government continues to make ad hoc contributions to the CEF, there is no requirement for the CEF to grow in line with the portfolio and, therefore, this liquidity support may be diluted as the loan portfolio grows.

Challenges

1. Potential Changes in Portfolio Composition

The loan portfolio is secured predominantly by revenue streams other than property tax revenues. Both its member base and loan portfolio are quickly growing, with total loans to members rising to approximately \$3.0 billion in F2025 from \$1.9 billion in F2024. Although considered unlikely at this time, there exists the risk that new borrowing members may meet only the minimum level of creditworthiness under the Authority's underwriting criteria, which could potentially lead to a gradual dilution in the quality of the pool.

2. Untested Legal Framework and Limitations in Financial Transparency

To date, no FNFA member has experienced late or insufficient loan payment, although that means the debt reserve replenishment and intervention mechanisms contemplated under the Act remain untested from a practical and legal standpoint. FNFA and FMB oversight and underwriting standards contribute to a minimum level of financial competency; however, transparency and reporting among individual First Nation communities vary, making external validation and due diligence more challenging.

3. Potential Erosion From Existing Members' Growing Appetite for Debt

Most approved borrowing members exhibit a meaningful amount of unused borrowing capacity as calculated by FNFA. We believe that this may lead existing members to increase leverage, especially in light of the increased availability of cost-effective financing provided through FNFA. As a result, the credit metrics of individual borrowers may experience erosion, weakening the overall quality of the pool.

4. Asset and Liability Mismatches

Given the range of loan terms made available to First Nation borrowers, there is the likelihood of a mismatch between the term to maturity of FNFA's assets and its liabilities. While borrowing members are able to hedge interest rate risk by locking in longer-term fixed rates through a swap contract, the Authority itself may be exposed to potential refinancing risk should it lose market access. FNFA ensures the revenue streams pledged for the loans will flow for the entire term of the loan or longer and it has the authority to intercept revenues for the life of the loan.

Operating Performance

FNFA has steadily posted positive results over the last several years. For the year ended March 31, 2025, FNFA recorded a surplus from operations (excluding \$0.8 million contribution to the contingency fund) of \$8.4 million, or 6.8% of revenues, compared with a surplus of \$9.0 million (10.1% of revenues) for the previous year. Interest from loan programs is the primary source of revenue, accounting for around 84.5% of total revenues in 2024–25 (up from 78.4% in the prior year).

In 2024–25, total revenues grew by 39.6% to \$125.0 million, mainly driven by growth in interest from members (up 50.4% year over year), reflecting increased lending activity and a swiftly growing portfolio. Growth in the lending portfolio has allowed FNFA's operations to be self-sustaining, in turn reducing the Authority's reliance on federal operating grants. The Authority receives operating funding provided by the federal government through Crown Indigenous and Northern Affairs Canada. This includes two

agreements that are reviewed annually: the Grant Agreement (set at \$1.0 million for core operations), and the Comprehensive Funding Arrangement (based on FNFA's financial performance and funding needs to deliver specific programs and services outside of normal operations). To date, no funding requests to the federal government were unmet.

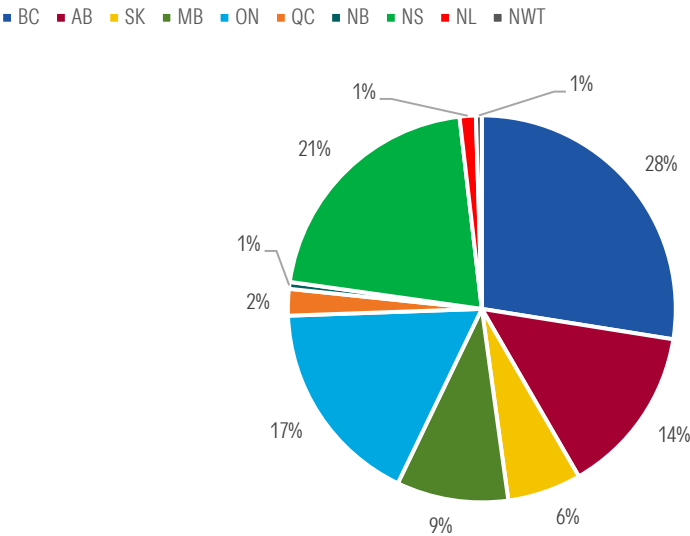
FNFA also maintains a contingency fund to facilitate repayable financial support to its members that may be facing difficulties repaying FNFA loans. In F2025, FNFA made a nonrecurring \$0.8 million contribution to this fund, and earned interest income of \$1.7 million from these funds that it can use for operations. Total expenditures rose 43.9%, largely stemming from an increase in interest expenses on financing (up 48.3%).

Outlook

FNFA's 2025–26 operating budget projects a surplus of \$6.2 million. We anticipate healthy operating results to continue over the medium term, benefitting from growth in FNFA's lending activity, investment income, and, to a lesser extent, ongoing support through federal grants, given the funding agreements in place.

Loan Portfolio

Exhibit 1 Geographic Distribution of Loan Values (As a Percentage of Total Loan Portfolio)



Sources: FNFA and Morningstar DBRS.

There are more than 630 recognized First Nations across Canada, of which 348 First Nations/self-governing communities are included or scheduled to be included in the FNFMA schedule, operating under the requirements of the Act, which is the first step to becoming an approved borrowing member.

As of August 2025, FNFA's loan portfolio totalled more than \$3.9 billion. Loan sizes range from \$0.5 million to \$323.5 million, with an average loan size of approximately \$32.8 million and a weighted-average remaining term of approximately 23.0 years for the portfolio.

FNFA's portfolio is diversified, with borrowing members located across nine Canadian provinces and one territory. The loans are concentrated in British Columbia (28%), Nova Scotia (21%), Ontario (17%), Alberta (14%), Manitoba (9%), and Saskatchewan (6%), with the remainder spread across Québec, New Brunswick, Newfoundland and Labrador, and the Northwest Territories. The largest concentration in a single borrower is manageable at roughly 10.3% of total loan value.

The location of the borrowing communities has been factored into our assessment of the loan portfolio, with communities in considerably smaller, more remote locations being scored lower on that factor compared with those that are closer to large urban centres. This approach reflects our view that First Nations communities that are more centrally located are likely to exhibit relatively greater economic resilience and have access to a wider, more diverse set of revenue sources.

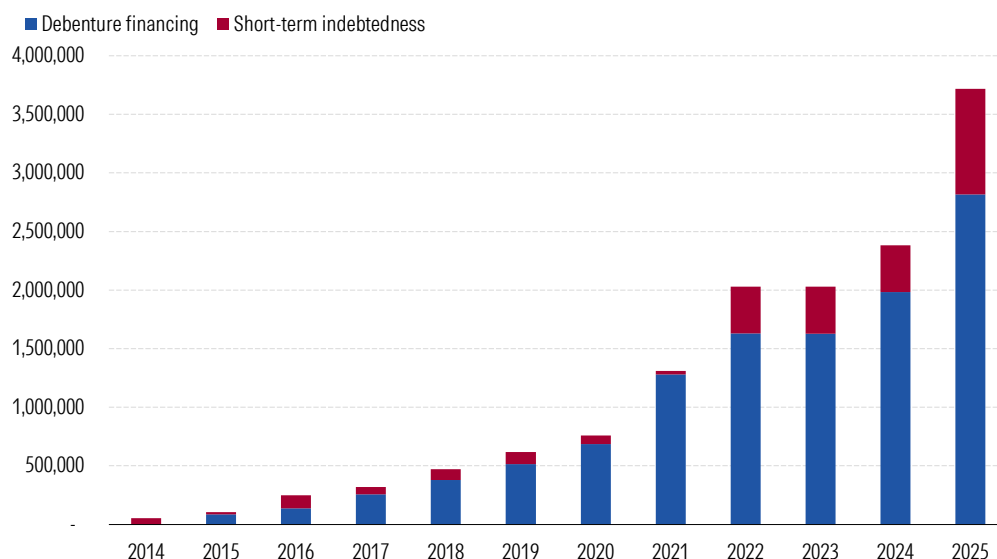
An assessment of the approved borrowing members reveals that most demonstrate credit characteristics consistent with local governments in the BB to BBB range, followed by some members on par with the A (low) range. A large proportion of the portfolio exhibits reasonable fiscal performances and moderate debt burdens and debt servicing requirements in relation to revenues available for interception. An extensive certification process is required for a borrower to be approved as a member by the FNFA, and the oversight and intervention framework facilitated through the Act further influences this view on the credit profiles of participating entities. Furthermore, our assessment of the individual revenue streams being pledged and the quality of the corresponding payors suggest most to be from investment-grade sources.

Outlook

We believe that the requirements established under the Act to qualify to become a borrowing member are sufficiently comprehensive, such that acceptance of additional First Nations members will not necessarily dilute the creditworthiness of the pool. Furthermore, we take comfort in the continual monitoring and oversight by FNFA and the FMB to ensure First Nation governments remain compliant with all requirements of the program. An expanded list of eligible communities and a growing loan portfolio should help accelerate capital financing to borrowers in the coming years.

Debt and Liquidity

Exhibit 2 FNFA Debt (CAD Thousands; Year Ended March 31)



Sources: FNFA and Morningstar DBRS.

The Authority's total debt increased to \$3.7 billion at March 31, 2025 (up from \$2.4 billion at prior fiscal year-end). Total debt comprises \$2.8 billion in secured debenture financing and a combined total of \$900 million CP and credit facility (used to backstop the CP program). FNFA maintains CP outstanding at the program limit, with any unused proceeds being invested in high-quality, short-term assets. Since fiscal year-end March 31, 2025, FNFA issued \$350 million 30-year Series 2025-2 senior secured bonds.

CP Program

FNFA has a \$900 million CP program used for interim financing. The CP program complies with requirements set out in the *Morningstar DBRS Global Corporate Criteria: Commercial Paper Liquidity Support for Nonbank Issuers* because the program is backstopped by the secured credit facility with a syndicate of seven chartered banks and provides for same-day availability in the event that the Authority is required to repay CP. We note there is healthy investor demand for FNFA's CP program, largely coming from pension funds, asset managers, and money market funds with some demand from corporate, government, and other investors.

Debt Reserve Fund

The Authority is required to withhold 5% of the amount of any loan secured by borrowing members and deposit it into a DRF. The DRF is intended to be sufficient to cover approximately 24 months' of interest obligations of the FNFA. DRF member contributions are repaid only at the later of (1) when a member has fully repaid its loan or (2) when the Authority's debenture matures. The DRF replenishment mechanism is the primary means by which the benefit of the joint and several obligation of borrowers is transmitted to the credit. While in theory one could assume replenishment calls could be made

repeatedly following defaults by members, we believe that the limited fiscal capacity of each individual borrower limits the number of times this mechanism can reasonably be expected to be applied successfully. To mitigate this risk, FNFA strives to maintain a diversified loan portfolio, so that no one member would be required to contribute a material amount. Further, the FNFA has the authority to intercept the SRTA revenues for replenishment needs before releasing net revenues to borrowing communities. The DRF balance was \$178.2 million as at March 31, 2025.

Credit Enhancement Fund

In addition to liquidity available through the SRTA and the DRF, the Authority is required to maintain the CEF at \$53.2 million to be used as temporary liquidity support to the DRF should it fall below the total amounts contributed by borrowing members. The CEF can be used to meet bondholder obligations or to make sinking fund contributions in the event of nonpayment by one or more borrowing members. It must be topped up within 18 months of the first drawdown of funds, using the same replenishment and intervention mechanisms described for the DRF.

Sinking Funds

All long-term financing provided by FNFA to approved borrowing members will be in the form of amortizing loans with repayment terms ranging from five to 30 years. All borrowing members in receipt of long-term loans are required to make principal repayments that will be deposited into a sinking fund maintained by the Authority to satisfy the Authority's own repayment obligations upon debt maturity. At March 31, 2025, sinking fund assets totalled \$219.4 million.

Contingency Fund

Established in F2022 following an agreement with CIRNAC, the \$38.0 million contingency fund is meant to provide short-term relief to borrowing members in the event of widespread economic shocks arising because of federal mandates (such as pandemic-related restrictions) or similar senior government guidelines that adversely affect pledged revenues to FNFA. Funds are held in a deposit account and can be requested by affected borrowing members semi-annually to cover existing loan interest payments up to a maximum period of 24 months.

Outlook

Over the medium term, the Authority anticipates that the demand for loans will continue to grow. FNFA provided \$102.0 million loans in the first quarter of fiscal year 2025–26, with a total loan growth potential forecast at \$1.7 billion for the year. Based on portfolio details that the Authority shared with us, identified revenue streams appear sufficient for debt servicing, with no material concerns highlighted for borrowing members.

Underwriting/Loan Approval Process

There have been no changes to FNFA's underwriting and loan approval process. Requirements to qualify as a borrowing member include being a band named in the schedule to the Act; obtaining a Financial Performance Certificate from the FMB; implementing a Financial Administration Law compliant with FMB standards; and, if leveraging property taxes, adopting a law compliant with First Nations Tax Commission standards. Further, each First Nation seeking financing through FNFA is required to demonstrate a reasonable track record of financial performance and a minimum degree of management sophistication.

Once a First Nation becomes a borrowing member, the First Nation must identify the revenue streams it intends to leverage and provide all the supporting documentation to FNFA to determine potential borrowing capacity. An eligible revenue stream can be leveraged only up to 75% of the potential borrowing capacity. Moreover, for loans supported by other revenues, FNFA applies minimum DSCR thresholds, resulting in the SRTA collecting a greater amount than is required to fulfill an individual borrowing member's loan obligations. The extent of excess coverage varies depending on FNFA's perceived risk of the revenue stream. FNFA intercepts the full amount of the revenue stream from the payor; therefore, actual revenues received into the SRTA are much greater than the minimum requirement. For loans backed by property tax revenues, SRTAs are not used, and funds are collected in segregated property tax revenue accounts by each First Nation as prescribed by the First Nations Tax Commission (FNTC). Property tax revenue payments are then made directly to the Authority. Monies owed by individual members to a property tax revenue account will be collected at least seven days in advance of any corresponding liabilities to FNFA bondholders.

At March 31, 2025, board-approved SRTA intercepted revenues (pledged revenues) were \$327 million, while actual revenues received were \$364 million. The difference between pledged and actual revenues is due to certain annual per capita and population adjustments outlined in the revenue agreements. FNFA capital (including DRF, sinking fund, CEF, contingency fund, and FNFA accumulated surplus) totalling \$522.3 million as at March 31, 2025, is sufficient to cover approximately five times (x) the \$114.0 million interest liability. As on June 30, 2025, actual DSCR for the portfolio was 1.90x, relative to the 1.39x required by the board's DSCR policy.

Approval of a loan then requires the unanimous approval of the FNFA board of directors, with an emphasis on the preservation of FNFA's credit rating in all its decisions.

The FNFA is a not-for-profit, nonshare capital corporation established under the FNFMA, whose purpose is to provide low-cost loan financing, investment management, and capital planning advisory services to First Nations communities in Canada. The Authority is not a Crown Agent or Crown Corporation, nor does it benefit from any guarantees from the Government of Canada. The FNFA is independently governed by a board of directors comprising at least five and up to 11 members who are elected to one-year terms by representatives of First Nations that are borrowing members. The board is responsible for approving all new members and loans, and approval requires unanimous agreement, given the joint and several nature of member obligations. This ultimately mitigates potential erosion in the FNFA's credit profile.

The flowchart illustrates the financial structure and operations of the First Nations Finance Authority (FNFA). Key components and flows include:

- Capital Markets:** Provides CP/Bond Proceeds to the FNFA and receives Interest Payments and Debt Retirement from it.
- First Nations Finance Authority (FNFA):** The central entity managing funds and debt.
- Debt Sinking Fund(s):** Receives Principal Installment from the FNFA and provides Debt Retirement back to it.
- Other Revenues Debt Reserve Fund:** Provides 5% Loan Holdback to the FNFA and receives Debt Service from it.
- Property Tax Debt Reserve Fund:** Provides DRF Replacement to the FNFA and receives Debt Service from it.
- Secured Revenue Trust Accounts:** Hold funds (Principal + Interest + DSCR) and provide DRF Replacement to the FNFA. They also receive Other Revenues Intercept from the Other Revenues Stream Payor.
- First Nations Financial Management Board:** Receives an Intervention Request from the FNFA and provides Certification/Oversight to the Borrowing Members.
- Borrowing Members:** Provide Property Tax Revenue Account to the FNFA and receive Excess Funds Back to Members from the Secured Revenue Trust Accounts.
- Other Revenues Stream Payor:** Provides Other Revenues Intercept to the Secured Revenue Trust Accounts.
- Joint and Several Liability:** A dashed box indicating a shared liability between the Other Revenues Stream Payor and the Borrowing Members.
- Surplus to Replenish DRFs or Distribute to Members:** A dashed box indicating a surplus from the Debt Sinking Fund(s) used for DRF replenishment or distribution.

The Act creates a forceful, though untested, intervention mechanism that can be activated by any of the three entities—FNFA, FMB, or FNTC—if there is a serious risk of default by a borrowing member or if default occurs. The FMB would intervene to assume control of treasury functions, via either a co-management or a third-party management arrangement, to ensure financial obligations are met and

financial viability is restored. This provides an incentive to borrowing members to remain current on their obligations or risk loss of autonomy and additional protection to bondholders. FNFA has confirmed that we will be notified in the event of default or risk of default requiring FMB intervention.

In the event of an insolvency of a borrowing member, the Act grants the Authority priority over those creditors of the First Nation whose claim was created after the date on which the First Nation requested financing from the Authority for loans secured by other revenues. Loans backed by property tax revenues may be secured only through the FNFA, ensuring there are no other creditors with a claim on these revenues.

Rating Approach

The complete rating approach is described in more detail in Morningstar DBRS' [*Rating Canadian Municipal Governments—Appendix 3: Canadian Government Pooled Lending Vehicles*](#). Below is a summary of the approach.

We assesses each borrowing member's fiscal position, debt burden, and debt service requirements (as a share of revenues that FNFA can access to service the loan obligations) to arrive at a band rating for each borrowing member.

We evaluate the quality of the existing revenue streams that are pledged for FNFA loans. In cases where a revenue stream comes from a highly rated entity, we may provide one rating category of uplift to the individual borrowing member's score.

We use the Morningstar DBRS CLO Insight Model, which is available on our website and is more fully described in the [*Global Methodology for Rating CLOs and Corporate CDOs*](#), to arrive at a long-term rating. This rating incorporates the available credit enhancement (including replenishable funds in a debt service reserve) and other qualitative considerations.

The CP program is then assessed using the [*Morningstar DBRS Global Corporate Criteria: Commercial Paper Liquidity Support for Nonbank Issuers*](#). FNFA's CP program is backstopped by the secured bank facility and provides for same-day availability in the event that the Authority is required to repay CP.

ESG Credit Risk Considerations**Environmental**

There were no environmental factors that had a significant or relevant effect on the credit analysis. FNFA does not have a specific mandate relating to environmental or climate objectives but operates in accordance with government policy objectives.

Social

There were no social factors that had a significant or relevant effect on the credit analysis. Under the Act, FNFA was established to provide cost-effective financing, capital planning, and investment management services to First Nations communities in Canada.

Governance

There were no governance factors that had a significant or relevant effect on the credit analysis. The FNFA is governed by borrowing members, with sound governance and oversight practices. Canada scores highly in the Worldwide Governance Indicators for both rule of law and control of corruption.

ESG Factor		ESG Credit Consideration Applicable to the Credit Analysis: Y/N		Extent of the Effect on the ESG Factor on the Credit Analysis: Relevant (R) or Significant (S)*	
Environmental		Overall:	N	N	
Emissions, Effluents, and Waste	Do the costs or risks result in changes to a government's financial standing or relationship with other governments, and does this affect the assessment of credit risk?	N		N	
Carbon and GHG Costs	Does a government face coordinated pressure from a higher-tier government or from numerous foreign governments as a result of its GHG emissions policies, and does this affect the assessment of credit risk?	N		N	
	Will recent regulatory changes have an impact on economic resilience or public finances?	N		N	
	Carbon and GHG Costs	N		N	
Resource and Energy Management	Does the scarcity of key resources impose high costs on the public sector or make the private sector less competitive?	N		N	
	Is the economy reliant on industries that are vulnerable to import or export price shocks?	N		N	
	Resource and Energy Management	N		N	
Land Impact and Biodiversity	Is there a risk to a government's economic or tax base for failing to effectively regulate land impact and biodiversity activities?	N		N	
Climate and Weather Risks	Under key IPCC climate scenarios will climate change and adverse weather events potentially destroy a material portion of national wealth, weaken the financial system, or disrupt the economy?	N		N	
Passed-through Environmental credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by environmental factors (see respective ESG checklist for such issuer)?	N		N	
Social		Overall:	N	N	
Human Capital and Human Rights	Compared with regional or global peers, is the domestic labour force more or less competitive, flexible and productive?	N		N	
	Are labour or social conflicts a key source of economic volatility?	N		N	
	Are individual and human rights insufficiently respected or failing to meet the population's expectations?	N		N	
	Is the government exposed to heavy, coordinated international pressure as a result of its respect for fundamental human rights?	N		N	
	Human Capital and Human Rights	N		N	
Access to Basic Services	Does a failure to provide adequate basic services deter investment, migration, and income growth within the economy?	N		N	
Passed-through Social credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by social factors (see respective ESG checklist for such issuer)?	N		N	
Governance		Overall:	N	N	
Bribery, Corruption, and Political Risks	Does widespread evidence of official corruption and other weaknesses in the rule of law deter investment and contribute to fiscal or financial challenges?	N		N	
Institutional Strength, Governance, and Transparency	Compared with other governments, do institutional arrangements provide a higher or lesser degree of accountability, transparency, and effectiveness?	N		N	
	Are regulatory and oversight bodies insufficiently protected from inappropriate political influence?	N		N	
	Are government officials insufficiently exposed to public scrutiny or held to insufficiently high ethical standards of conduct?	N		N	
	Institutional Strength, Governance, and Transparency	N		N	
Peace and Security	Is the government likely to initiate or respond to hostilities with neighbouring governments?	N		N	
	Is the government's authority over certain regions contested by domestic or foreign militias?	N		N	
	Is the risk of terrorism or violence sufficient to deter investment or to create contingent liabilities for the government?	N		N	
	Peace and Security	N		N	
Passed-through Governance credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by governance factors (see respective ESG checklist for such issuer)?	N		N	
Consolidated ESG Criteria Output:		N		N	

* A Relevant Effect means that the impact of the applicable ESG Factors has not changed the rating or rating trend on the issuer.

A Significant Effect means that the impact of the applicable ESG Factors has changed the rating or trend on the issuer.

		For the Year Ended March 31			
Statement of Operations (CAD Thousands)	2025	2024	2023	2022	2021
Revenue					
Grants and Contributions (From CIRNAC)	2,531	2,999	2,248	4,810	3,939
Interest From Members	105,636	70,230	58,899	38,796	28,672
Debenture Issuance Premium Amortization	1,986	2,864	2,872	2,888	2,351
Investment Income	12,872	12,789	7,549	2,981	1,276
Management Fees ¹	1,015	636	2,279	811	381
Other	189	43	178	132	23
Subtotal	124,229	89,561	74,025	50,418	36,642
Nonrecurring Items ²	800	-	-	40,838	(983)
Total Revenues	125,029	89,561	74,025	91,256	35,659
Expenses					
Interest Expenses	95,917	64,692	54,092	34,397	26,891
Discount or Premium Amortization	981	401	395	357	353
Debenture Issuance Costs Amortization	1,558	1,432	1,391	1,177	924
Interim Financing Fees Amortization	-	-	-	-	110
Financing Fees	2,089	1,508	1,532	1,220	820
Professional Fees	2,482	1,477	564	840	496
Travel and Workshops	810	858	969	211	100
Salaries and Benefits	4,453	3,650	3,149	3,084	2,302
Operation and Management	1,436	744	710	524	475
Investment Income due to Members	5,743	5,560	4,261	2,312	1,535
Amortization and Depreciation	363	198	520	166	104
Total Expenses	115,832	80,520	67,583	44,288	34,111
Surplus (Deficit) From Operations	8,397	9,041	6,442	6,130	2,531
Nonrecurring Items ²	800	-	-	40,838	(983)
Surplus (Deficit) as Reported	9,197	9,041	6,442	46,968	1,549

1. Related to fees earned for the management of pooled investment funds.

2. In 2023-24, 2022-23, 2021-22, 2020-21, and 2019-20, includes \$1.9 million, \$1.1 million, \$7.7 million, \$3 million, and \$12 million contribution from CIRNAC to credit enhancement fund, respectively. 2024-25 and 2021-22 also include a one-time Contingency Fund contribution amounting to \$0.8 million and \$32.6 million, respectively.

2. Also included in 2021-22, 2020-21, and 2019-20 are net realized remeasurement gains and losses of \$0.7 million, (\$4.0) million, and \$0.4 million, respectively.

		As at March 31			
Balance Sheet (CAD thousands)	2025	2024	2023	2022	2021
Assets					
Cash and Cash Equivalents	597,889	304,628	224,730	405,117	20,555
Credit Enhancement Fund	53,163	53,163	53,163	53,163	45,500
Contingency Fund	38,029	35,540	33,665	32,550	
Accounts Receivable		-	-	-	-
Prepaid Expenses	1,334	1,045	1,332	494	342
Sinking Fund Investments	219,360	213,503	160,313	110,870	73,179
Debt Reserve Fund Investments	178,170	118,936	101,096	86,795	68,535
Loans to Members	2,963,139	1,908,323	1,676,518	1,540,542	1,234,793
Restricted Cash and Cash Equivalents ¹	153,848	135,316	82,167	60,204	30,779
Tangible Capital Assets	2,822	2,702	1,645	1,986	1,047
Total Assets	4,207,754	2,773,156	2,334,629	2,291,721	1,474,729
Liabilities					
Accounts Payable and Accrued Liabilities	979	696	895	878	380
Accrued Interest Payable	30,603	17,613	12,728	12,728	9,411
Deferred Contributions	805	1,397	1,095	-	115
Due to Members (Debt Reserve Fund)	178,170	118,936	101,096	86,795	68,535
Funds Held due to Members	129,912	114,545	62,686	19,834	16,589
Short-Term Indebtedness	900,000	400,000	400,000	400,000	31,239
Debenture Financing	2,817,053	1,981,920	1,628,566	1,629,652	1,279,793
Principal & Interest Payments Received in Advance	23,612	20,447	19,157	40,046	13,866
Total Liabilities	4,081,134	2,655,554	2,226,223	2,189,933	1,419,928
Accumulated Surplus (Deficit)	126,620	117,602	108,406	101,788	54,801
Total Liabilities & Equity	4,207,754	2,773,156	2,334,629	2,291,721	1,474,729

1. Includes members' capital of \$324,000 for all years contributed by a predecessor organization, FNFA Inc., on April 1, 2006. Upon dissolution of the FNFA, contributions shall be first distributed to public bodies having an interest in members' capital. Also includes principal and interest payments received in advance and funds held due to members.

Debt & Liquidity (CAD Thousands)	
Debt Maturity Profile	Year Ended March 31, 2025
Commercial Paper	500,000
Debentures:	
2029	427,000
2031	594,000
2033	354,000
2035	809,000
2036	650,000
Total debt	3,734,000

		As at March 31, 2025
Liquidity (CAD Thousands)	Available	
Cash and Cash Equivalents	597,889	
Sinking Fund Investments	219,360	
CEF	53,163	
DRF	178,170	
Total	1,048,582	

Rating History

	Current	2024	2023	2022	2021	2020
Issuer Rating	AA (low)	AA (low)	AA (low)	–	–	–
Senior Secured Debt	AA (low)	AA (low)	AA (low)	–	–	–
Commercial Paper	R-1 (middle)	R-1 (middle)	R-1 (middle)	R-1 (middle)	R-1 (middle)	–

Previous Report

- First Nations Finance Authority: Rating Report, October 3, 2025.

Related Research

- [Morningstar DBRS' Takeaway From Its Lunch and Learn Event on Indigenous Financing: Bringing Economic Reconciliation to Bay Street](#), July 22, 2025.
- "Morningstar DBRS Assigns a Credit Rating of AA (low) With Stable Trends to First Nations Finance Authority's \$350 Million Senior Secured Bonds," July 3, 2025.
- "Morningstar DBRS Assigns Credit Rating of AA (low) With Stable Trends to First Nations Finance Authority's \$650 Million Senior Secured Bonds," January 14, 2025.
- "Morningstar DBRS Comments on First Nations Finance Authority's Commercial Paper Program Limit Increase; Credit Rating Unchanged at R-1 (middle)," November 27, 2025.
- [Rating Canadian Municipal Governments—Appendix 3: Canadian Government Pooled Lending Vehicles](#), April 25, 2025.
- [Morningstar DBRS Global Corporate Criteria: Commercial Paper Liquidity Support for Nonbank Issuers](#), February 3, 2025.
- [Morningstar DBRS Criteria: Approach to Environmental, Social, and Governance Factors in Credit Ratings](#), May 16, 2025.

Notes:

All figures are in Canadian dollars, unless otherwise noted.

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