Farm Credit
Canada

2023-24 Annual Report

Dream. Grow. Thrive.

FCC builds strong relationships and shares knowledge and expertise with thousands of customers across the country. When they succeed, we succeed. We're here to support entrepreneurs and believe in the future of agriculture and agri-food. We're a partner, a catalyst and a champion of our industry.

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Message from the President and CEO

It’s incredible to reflect on what has been a busy year for all of us here at FCC. While this is my second official annual report, this report marks my first full year as President and CEO. It’s been an honour to lead the organization through a tremendous year of support for Canada’s agriculture and food industry, which is evolving at a rapid pace.

I continue to be amazed by this industry’s response to a changing global dynamic, external pressures and new demands from their customers. The sector is innovating, growing and adapting quicker than ever, and, according to Agriculture and Agri-Food Canada (AAFC), delivering more for Canada by way of gross domestic product (GDP) and exports than ever. This sector is pivotal to Canada’s prosperity.

We’re committed to the vitality and resilience of the Canadian agriculture and food industry. This year, our lending and program support grew to $7.8 billion for producers and $4.0 billion for agri-food and agribusinesses. We provide creative and innovative products that help customers seize the opportunities in front of them.

The 2023 growing season wasn’t for the faint of heart. With droughts, fires, flooding and port disruptions impacting the industry, we knew we needed to respond quickly. I was proud of our Operations team who stood up five new customer support programs to ease financial pressure on producers impacted by adverse weather and supply chain disruptions. And while addressing present challenges, we remained focused on preparing for the future.

Sustainable food production and farm transition continue to be key areas of concern for Canada’s agriculture and food industry and there is no one-size-fits-all solution. To support our customers, FCC provided advisory services through 900 engagements with the industry and 813 specifically targeted to farm transition. To encourage sustainable production, we introduced new incentive programs that include Ducks Unlimited Canada, Dairy Farmers of Canada and Lactanet, and 4R Nutrient Stewardship practices for crops. These partnerships allow FCC to pass cost savings to our customers who are setting an industry standard for sustainability.

I’m especially pleased with the work FCC has been doing around reconciliation and partnerships with Indigenous producers. For example, this year, we committed a founding donation of $1 million per year for five years to the newly formed National Circle for Indigenous Agriculture and Food. The Circle is an Indigenous-led, non-profit organization that serves to bridge the gap for Indigenous participation in agriculture and food and is an important step towards economic reconciliation.

Beyond our financing and advisory services, Drive Away Hunger is one of FCC’s most important contributions to Canadian communities. The 2023 campaign marked the 20th anniversary of this program and I was so pleased to announce that the program donated 143 million meals to Canadians experiencing food insecurity this year. The campaign brought in corporate partnerships from the entire food value chain including Canadian producers, processors, distributors and grocers. Donors increased from 90 last fiscal to 109 in 2023-24 – a great example of the role FCC plays in connecting dots across the industry and the impact we have when we come together for a collective goal.

Finally, I'd be remiss if I didn't share a little insight into the significant work we did to develop a refreshed corporate strategy. When I accepted the role of President and CEO at FCC, I knew I was joining an organization that's deeply appreciated by its customers and the financing backbone for much of Canada's agriculture and food production. To honour FCC's reputation, I committed to spending my first year meeting as many customers, industry players and stakeholders as possible to learn from them and hear about pain points and opportunities. During each of those meetings, I heard over and over that FCC was doing good work, but customers and the industry believed we could be doing **more**. More financing, more investment, more outreach, more flexibility, more innovation and more adaptability.

So we set about developing a new corporate strategy that will do just that. We'll invest more in our core capabilities to ensure they continue to be industry-leading in their convenience, accessibility and relevance to Canadian agriculture and food producers. The strategy will also deliver new products and services to ensure that this industry remains world leading, by investing in key innovative technologies and financing sustainable food production. The strategy includes forming new partnerships across the food value chain to ensure that FCC continues to connect the right people to the right customers to help them scale, innovate and grow. I'm already looking forward to providing an update on the implementation of our new corporate strategy in next year's annual report. In the meantime, I hope you'll take my word for it that FCC is building something remarkable.

Agriculture and food needs **all of us** and FCC has an ambitious outlook. We'll help this incredible industry seize the generational opportunity in front of us – and that begins with the commitment of our team.

I'm proud of our work in 2023-24 and couldn't be more excited for the year ahead!

Sincerely,

Justine Hendricks
President and Chief Executive Officer
Farm Credit Canada

Message from the Board Chairperson

Throughout the year, FCC provided unwavering support for Canadian producers and agri-food businesses as they provided a safe and reliable food source for both Canadian and international markets. Despite facing challenges such as weather extremes, natural disasters and global situations beyond their control, the resilience of the industry is incredibly inspiring, year after year. Thank you to the dedicated FCC employees across Canada, whose tireless efforts support customers every step of the way.

The fiscal year 2023-24 marked the start of a transformative journey at FCC, laying the foundation for increasing industry support to unprecedented levels. The organization embraced a new winning aspiration – a call to be bold, act as an industry catalyst, build resilience and leverage partnerships to enhance Canada's food ecosystem. Aligned strategically, FCC is ready to continue making impactful strides across key areas crucial for the industry's long-term success and growth.

FCC's leadership team is also evolving in support of its winning aspiration. Corinna Mitchell-Beaudin transitioned to the role of Chief Financial Officer from Chief Risk Officer. Corinna's background and substantial experience make her the ideal leader to drive FCC's ongoing financial excellence. In January, Sameer Madhok joined FCC as Chief Risk Officer. He brings extensive expertise in export development, international business, capital markets and regulatory compliance.

FCC is embarking on a new and exciting chapter in support of the Canadian agriculture and food industry. The past year has positioned the company to embrace new challenges, and we know that together we can create possibilities in Canada and beyond.

Thank you to the Board and the entire team at FCC for their dedication and hard work. Together, we are poised for an even brighter and impactful future.

Sincerely,

Jane Halford
Board Chairperson

Message from the Minister of Agriculture and Agri-Food

Congratulations to Farm Credit Canada on another great year of driving success for Canadian farmers and the entire agri-food value chain. In 2023-24, FCC continued to be there for the sector in the face of significant challenges, including extreme weather, higher production costs, financial pressures and start-up challenges for our young farmers. FCC supported 431 farm businesses facing weather and economic challenges while partnering with farmers and the food and beverage sector to grow the industry. This has helped the sector reach a new record of nearly $100 billion in agriculture and food exports.

To help all Canadians struggling with high food costs, FCC's Drive Away Hunger program has also been successful in contributing to food security, including recovering and redistributing surplus food and reducing food waste. Working with communities and partners, Drive Away Hunger provided 143 million meals throughout the year.

Trade is vitally important to the success of Canada's agriculture sector, and I'm always working to expand export markets for Canadian producers and processors in key markets around the world. While in Manila earlier this year, we opened Canada's first-ever Indo-Pacific Agriculture and Agri-Food Office, which will strengthen our ties throughout the region, help Canadian exporters capture new business opportunities in this fast-growing market, and position Canada as the supplier of choice in the region.

FCC has also made efforts to serve under-represented groups in agriculture by tailoring products to their needs and sharing knowledge while providing $4.84 billion in credit to Indigenous communities and Peoples, women and young farmers.

Under the leadership of President and CEO Justine Hendricks, FCC is focused on the sector's potential for growth and innovation, and is committed to working with agriculture producers and other stakeholders to drive the sector forward.

The future is bright for Canadian agriculture. Global demand for food is growing, and our farmers and food processors have what it takes to meet their customers' demand for sustainably produced, high-quality food. Together, our Government and FCC will give them the tools they need to boost their resilience to climate change and make Canada a global leader in sustainable agricultural production.

I want to express my heartfelt thanks and congratulations to all FCC employees for their work over the past year. Your dedication is making a real difference for Canada's agriculture and food sector and the Canadian economy.

Lawrence MacAulay

The Honourable Lawrence MacAulay, P.C., M.P.
Minister of Agriculture and Agri-Food

Corporate profile

Farm Credit Canada (FCC) is Canada's largest lender to agriculture and agri-food. We provide financing and non-financing services to 103,032 customers across the country. We're passionate and dedicated to what we do, and our team of more than 2,500 employees has professional expertise across the breadth of our portfolio and organization.

We serve the entire agriculture and agri-food value chain. In addition to financing, we share business management knowledge and training with our customers and the industry. Our AgExpert business management and accounting software was designed to help Canadian farmers in every province, across every sector of agriculture and agri-food production.

Beyond our own products and services, we support partners who provide programs, mentorship and resources that lead to innovation and ag technology opportunities. Through venture capital, we provide an alternative source of capital to the growing number of innovative agriculture and agri-food businesses.

For more than 60 years, we've listened to our customers and continually adapted our products and services to fit their unique and evolving needs. The agriculture and agri-food sector is increasingly complex, international, diverse, and capital intensive. As such, our team is committed to matching that pace of change through continuous improvement. With a healthy portfolio of $51 billion, FCC is a strong, stable partner serving the Canadian agriculture and food industry through all economic cycles. Primary production is FCC's core business and represents 83.3% of our loan portfolio.

History

FCC is a federal Crown corporation reporting to Canadians and Parliament through the Minister of Agriculture and Agri-Food. The Farm Credit Canada Act directs that the head office is in Regina, Saskatchewan, and we have 104 offices located primarily in rural Canada.

Our roots date back to 1929, when the Canadian Farm Loan Board (CFLB) was established to provide long-term mortgage credit to farmers. In 1959, the Farm Credit Act established FCC as an agent Crown corporation and successor to the CFLB.

In 1993, the Farm Credit Corporation Act expanded our mandate. We began providing financing to larger farming operations and farming corporations, as well as to individual farmers.

The adoption of the Farm Credit Canada Act in 2001 allowed us to offer an even broader range of financial and business management services to producers and agribusiness and agri-food operators, including venture capital financing, learning events and information services.

Vision

Our vision guides our business practices, how we serve our customers and support the Canadian agriculture and agri-food industry.

The full agriculture and agri-food value chain believes FCC is advancing the business of agriculture by providing financial products, services and knowledge tailored to producers and agribusiness operators.

Our customers are advocates of FCC and can't imagine doing business without us. We're a socially and environmentally responsible company that is financially strong and stable. We make it easy for both customers and employees to conduct business with us and we invest significantly in the agriculture and agri-food industry.

Corporate values

Our corporate values describe how we'll work to benefit customers and help employees achieve their potential.

We act with integrity

We are ethical and honest and treat customers, colleagues and stakeholders with respect.

We focus on the customer

We provide customers an extraordinary experience using relationships, flexibility and knowledge.

We work together

We work as one team to deliver services tailored to customer needs and design solutions to benefit the industry.

We achieve excellence

We share a commitment to high performance, accountability and efficiency to ourselves and for our customers.

We give back

Corporate Social Responsibility is in everything we do. We serve our industry, communities and planet for generations to come.

ADDITIONAL INFORMATION

For more information about FCC, visit:

- Corporate history
- Corporate profile

Public policy role

"The purpose of the corporation [Farm Credit Canada] is to enhance rural Canada by providing specialized and personalized business and financial services and products to farming operations, including family farms, and to those businesses in rural Canada, including small and medium-sized businesses, that are businesses related to farming. The primary focus of the activities of the corporation shall be on farming operations, including family farms."

– *Farm Credit Canada Act*

FCC's mandate is to support agriculture and agri-food and our aspiration is to help the industry succeed as a global leader in food security and sustainable food production by driving innovation and being a catalyst for value creation in the ecosystem. In addition to delivering on our core business, we fulfil our mandate by:

- advancing innovation and opportunities for under-represented groups in Canadian agriculture and agri-food
- delivering products to make intergenerational transfers easier and help young and new farmers entering the industry
- partnering with customers and industry to work toward achieving climate and sustainability goals

FCC is evolving and adapting to support our customers' needs through sustainable financing products and the expansion of our advisory services offerings. We're sharing new insights through benchmarking and AgExpert, and we're investing in smart farms to set the industry up for the future. By expanding our venture capital investment, we're helping more businesses and entrepreneurs develop innovative solutions and technology that improve sustainability and productivity for the industry.

FCC is committed. We continue to dedicate every day to serving the agriculture and agri-food industry. We work, ideate and problem solve alongside our customers in times of prosperity and adversity, continuously providing tailored support, solutions and programs that meet the industry's evolving needs. For example, we supported customers impacted by adverse weather and those experiencing economic challenges due to rising costs. We also launched a program in October 2023 to support the well-being and longevity of Canadian cattle herds through heifer financing. The program is used to purchase heifers or to support the retention of replacement heifers.

Our digital offerings have been enhanced so customers can manage more transactions remotely. We're working with customers and partners to develop new and enhanced digital processes that are simple and secure. We're also simplifying internal processes so we can deliver services to our customers faster and more efficiently.

We continue to work alongside the Government of Canada through Agriculture and Agri-Food Canada to deliver the Government of Canada's priorities and the diverse needs of the agriculture and agri-food industry.

We provide access to capital

Access to capital allows primary producers, agribusinesses and agri-food operators to adopt innovative practices and business models that help them:

- expand their operations
- lower their production costs
- develop new products
- compete in global markets
- take advantage of trade opportunities

Canadian producers and agribusinesses benefit from a choice of financing options. We partner with Canadian financial institutions and credit unions to provide financing for larger agriculture operations and agribusinesses. This year, we increased our investments in new external venture capital funds and provided program support to agriculture- and agri-food-focused accelerator programs. These investments ensure alternative financing products and business expertise, mentorship and ecosystem support are available to Canadian businesses and the agri-food industry.

We help customers dream, grow and thrive

We continue to invest in supporting our customers through increased lending to customers and by developing knowledge, products and services to meet our customers' needs.

Business management

Sound financial management is key to successful agriculture and agri-food operations. To help producers improve their business management capabilities, we offer them virtual learning events, multimedia tools, publications and other resources. Producers of all ages and in all sectors can access our resources free of charge.

Events and tools

Our events feature speakers who inspire, inform and introduce new ways of thinking about agriculture and food. Throughout the year, we hosted several events including the Young Farmer Summit, Ag Outlook, Women in Ag, Transition guidance and an Indigenous Peoples business event.

AgExpert, our accounting and business management software, includes cloud-based tools that allow customers to manage their businesses, meet consumer demands and digitize their farm records. This is important to FCC as we know that those who digitize their farm records become better farm managers, contributing to increased profitability.

We supported a mental health help line and offered other resources through our website to help customers and employees care for their families and themselves. Since 2018, the FCC Advisory Services team has been helping farm families gain clarity, identify goals and determine the next steps in their transition journey. Over the years, our business advisors have heard from customers that will and estate planning can be overwhelming. To ease this burden, FCC launched a new will and estate pre-planning tool this year to help producers successfully plan for the future of their operation. In addition to this tool, we offered a series of virtual webinars with an intergenerational wealth expert who addressed will and estate planning issues that are unique to farmers.

Next generation

The next generation of farmers, entrepreneurs, innovators and business leaders are important to the ongoing growth and success of Canada's agriculture and agri-food industry. FCC proudly supports these enthusiastic, hard-working people by offering products and services such as the Starter Loan, Transition Loan, Young Farmer Loan and Young Entrepreneur Loan.

Our aim is to help the next generation:

- enter the industry, particularly young farmers, women, Indigenous Peoples and other under-represented groups
- work through intergenerational transfers of operations
- gain access to valuable knowledge
- grow their businesses

We support public policy goals through collaboration with other government agencies and align our priorities with the Government of Canada

To support innovation, policy objectives, foreign direct investment and access to international markets for Canadian agribusiness and agri-food operators, FCC works with a variety of partners, including:

- Agriculture and Agri-Food Canada
- Export Development Canada (EDC)
- Business Development Bank of Canada (BDC)
- Global Affairs Canada
- Environment and Climate Change Canada
- Innovation, Science and Economic Development Canada

Our employees connect with their peers at Agriculture and Agri-Food Canada on a range of topics important to the agriculture industry, including farmland values, commodity prices, interest rates and farm data collection to support sustainability.

We're dedicated to long-term agriculture success, innovation and inclusive growth

Our strong financial position enables us to provide innovative, industry-focused products and services. We're here through all economic cycles and dedicated to ensuring producers and agribusiness and agri-food operators have choice in the marketplace.

FCC supports events and meetings hosted by industry, stakeholder and producer groups, and we share knowledge and ask for input on issues facing the industry today and in the future. We lead a large agriculture-focused research panel, FCC Vision, where members share their ideas and opinions about Canadian agriculture and how FCC can best serve this exciting, growing industry. This panel is a critical tool for helping FCC stay relevant and impactful in the market.

We operate our business in a sustainable manner

FCC is committed to providing customers with innovative knowledge, tools and financing to help them adopt sustainable practices. Our environmental, social and governance (ESG) program aligns with our corporate strategy to guide how we operate. As environmental and societal conditions change, we assess and manage risks and opportunities. FCC has built a strong ESG foundation that prioritizes material topics under four pillars to transform for greater impact on the Canadian agriculture and agri-food industry:

- **Protect the environment** – FCC can be a catalyst for the industry by using science-based tools to calculate our operational footprint and the financed emissions of our portfolio, setting emission reduction targets, managing climate risks, and identifying opportunities for the industry and our customers to reduce carbon dioxide output. Agriculture is also well-positioned to deploy strategies that combat climate change by improving ecosystems, nature and biodiversity – often referred to as nature-based solutions. We're committed to finding new ways to help our customers with climate mitigation, adaptation and resilience, as well as reducing biodiversity loss and promoting conservation.
- **Build a resilient Canadian food industry** – FCC will support and showcase Canada as a global leader of food security by offering financial and non-financial products that support increased sustainable food production. To enhance industry resilience, we're committed to partnering with the ecosystem to support mental health initiatives.
- **Enhance financial and social inclusion** – FCC will help the industry and our customers thrive by addressing the needs of under-represented groups such as Indigenous Peoples, women entrepreneurs, young farmers and new entrants. This includes:
  - considering gender-based analysis plus (GBA+) principles when developing programs and lending that support the participation of under-represented groups
  - becoming certified in Progressive Aboriginal Relations (PAR)
  - supporting Indigenous economic development in all aspects of our business, including the procurement of goods and services

- **Our responsible business fundamentals** – FCC believes in strong ethical and responsible business practices. Our commitment is to act with integrity, maintain high ethical standards and protect data. This includes, but isn't limited to:
  - ensuring our supplier ecosystem is assessed and held to a high standard of conduct through our Supplier Code of Conduct
  - taking diligent steps to reduce the risks of forced and child labour in our supply chain
  - unlocking the full potential of our employees by creating an environment that is inclusive and equitable and by increasing engagement through our purpose and value-driven culture
  - deploying employee resource groups to enhance equity, engagement and inclusivity

We'll continue to explore new opportunities to fulfil our mandate while addressing the unique and diverse needs of the industry we serve.

Results and delivery

As a federal Crown corporation, we're committed to making a difference in the lives of Canadians by supporting a strong, vibrant and sustainable Canadian agriculture and agri-food industry. This, in turn, supports a strong, food-secure and sustainable Canada.

We deliver on our mandate by providing specialized products, advisory services, knowledge and support to Canadian producers and agribusiness and agri-food operators. As a result, FCC is recognized as a dedicated and trusted partner. We help the industry create jobs and opportunities in rural communities across the country.

ADDITIONAL INFORMATION

For more information about FCC's programs, products and publications, visit:

- AgExpert
- Farmland Values Report
- FCC Vision
- Learning events
- Mental health publication
- Starter Loan
- Venture capital
- Young Farmer Loan

For a summary of the results delivered this year along with expected outcomes, key performance indicators and targets, refer to:

- 2023-24 corporate strategy overview and planned results

2023-24 **CORPORATE HIGHLIGHTS**

$585.6M
in committed capital to venture funds

Over
2,500
employees in **104 offices** across Canada

316
companies supported through venture capital accelerator support programs

23,519
customers subscribed to AgExpert software, one of Canada's largest agriculture software companies

$2.2M
invested in smart farm technology to promote innovation

Delivering exceptional customer experience
Net Promoter Score®
69

Working with communities and partners, **143** million meals raised through Drive Away Hunger

A founding partner of the **National Circle for Indigenous Agriculture and Food**

506
payments to customers rewarded with **$824.6 K** for sustainable and biodiversity practices

18,955
participants across Canada took part in online learning events

900 Advisory Services engagements and **46** learning events

2.16%
of customers self-declare as Indigenous

490
net new agribusiness and agri-food customers

Lent
$4.63B
to **customers** under the age of 40

Completed Phase 3 of the "Committed" level of **Progressive Aboriginal Relations (PAR) certification**

$794 K
invested in mental health resources for customers, including the first national Farmer Wellness Program

Offset operational greenhouse gas emissions by **307 tonnes**, in line with our 2025 target to reduce emissions by
40%

5 new customer support programs for a total of **431 customers** facing weather and economic challenges

97.7%
of agribusiness and agri-food customers were small and medium-sized operators

Corporate governance

FCC is governed by the Farm Credit Canada Act and the Financial Administration Act. Like other Crown corporations, FCC is also subject to laws such as the:

- Privacy Act
- Access to Information Act
- Canada Labour Code
- Employment Equity Act
- Official Languages Act

FCC is accountable to Parliament through the Minister of Agriculture and Agri-Food. We report to Parliament and Canadians on our operations through our annual report, corporate plan summary and quarterly financial reports. Our Board of Directors provides oversight to ensure FCC is serving the industry and Canadians.

Board of Directors

The FCC Board of Directors has a maximum of 12 members, including the President and CEO and the Chairperson. Board members are recommended by the Minister of Agriculture and Agri-Food and appointed by the Governor in Council. We comply with the government's process regarding appointments.

The Board ensures FCC remains focused on our corporate strategy and fulfils our public policy role for the industry and Canada, as outlined in the December 2022 mandate letter to Chairperson Jane Halford.

The Board provides independent oversight of management and the operations of the corporation in seven major areas:

- integrity – legal and ethical conduct
- strategic planning and risk management
- environmental, social and governance (ESG)
- financial reporting and public disclosure
- leadership development and succession planning
- government relations and communications
- corporate governance

FCC's senior management supports the Board of Directors to provide oversight, insight and foresight to the corporation. The Enterprise Management Team attends all Board meetings. Other senior leaders attend and engage with the Board regularly to strengthen the relationship between the Board and management. Time is set aside at each meeting for the Board and its committees to meet without management present.

The Board follows a formal approach to the President and CEO's goal setting and performance review. This approach is consistent with the Performance Management Program established by the Privy Council Office.

The Board hosts an annual public meeting to report on FCC's activities and financial results. The August 2023 meeting was delivered virtually and a recording is available on FCC's public website.

Code of conduct, ethics and values

Maintaining the highest ethical standards is a vital priority for FCC. On appointment and every year during their tenure, each director signs a declaration committing to act in accordance with the FCC Code of Conduct and our Board Integrity policy.

The Board has established a process to directly disclose any potential violations of the code by the President and CEO or their direct reports.

Board subcommittees

The Board has four subcommittees: Audit, Corporate Governance, Human Resources and Risk. The members of each committee and their responsibilities as of January 2024 are noted on the following page.

Audit Committee	Corporate Governance Committee	Human Resources Committee	Risk Committee
Govert Verstralen	Sylvie Chagnon	Sylvie Cloutier	Michele Hengen
Bertha Campbell	Laura Donaldson	Rita Achrekar	Rita Achrekar
Laura Donaldson	James Laws	Bertha Campbell	Sylvie Chagnon
James Laws	Michael Tees	Michele Hengen	Sylvie Cloutier
Michael Tees			Govert Verstralen

Audit Committee

The Audit Committee oversees the integrity, accuracy and timeliness of FCC's:

- financial performance and audit functions
- internal controls over financial reporting
- regulatory compliance

The committee assists the Board in fulfilling its oversight responsibilities with respect to the financial affairs of FCC. Among its responsibilities, the committee oversees and approves FCC's quarterly and annual financial statements and reporting and provides oversight of capital and key administrative expenditures through the annual financial plan. In addition to meeting with management, the committee regularly meets with representatives of the Office of the Auditor General (OAG) of Canada and FCC's internal auditors without management present. The Board is committed to financial transparency. The OAG audits FCC's financial statements every year and attends all Audit Committee meetings. The OAG also performs a special examination at least every 10 years, with the most recent examination completed in 2021. The purpose of the special examination is to ensure FCC's systems and practices provide reasonable assurance that assets are safeguarded, resources are managed economically and efficiently, and operations are carried out effectively.

Corporate Governance Committee

The Corporate Governance Committee reviews and makes recommendations to the Board with respect to sound governance practices. It is responsible for overseeing the Board's and CEO's relationship with government, industry and other stakeholders and the appropriate allocation of environmental, social and governance (ESG)-related responsibilities across committees, reviewing structure and composition annually to enable committees to provide appropriate ESG oversight. It also tracks the skills and experience of all directors to support input to the government on desired areas of competency for new director appointments.

The committee regularly reviews the number, structure and mandate of Board committees, and is responsible for designing a process to regularly evaluate the Board's performance and continuing education. The committee also oversees the Code of Conduct and ethics-related policies for employees and Board members.

Human Resources Committee

The Human Resources Committee reviews all major human resources programs. The committee is responsible for advising the Board of the skills and characteristics essential to the President and CEO position and how to assess their performance. It also works with the President and CEO to create their annual goals.

The committee is responsible for reviewing the corporation's compensation structure, pension plans, succession plan, corporate learning programs for employees and executive perquisites program.

Risk Committee

The Risk Committee helps the Board fulfil its oversight responsibilities of risk management. It is responsible for overseeing the enterprise risk management framework and risk appetite framework that foster a culture of integrity and shared risk management throughout the corporation.

The committee monitors the corporation's significant risks, including credit, market, liquidity, strategic, reputational and operational risks. It reviews and discusses management's stress testing results, analysis of emerging trends, and risk assessment processes relative to new strategies, products and services.

The committee reviews the reports of examinations by regulatory agencies. It oversees compliance to risk management policies and monitors the effectiveness of systems and programs related to capital measurement, financial crime risk management and operational risk management. The committee also oversees FCC's risk management function and ensures risk management activities are independent from operational management.

Compensation

Directors are paid an annual retainer and per diem amounts established and set out by the Governor in Council in Remuneration Guidelines.

Directors are also reimbursed for out-of-pocket expenses, including travel and accommodation, while performing their duties. Board members are subject to a travel expense policy, which is substantially the same as the expense policy applicable to FCC employees.

2023-24 Board remuneration, expenses and attendance

Director	Board retainer (A)	Per diems (B)	Total remuneration (A & B)	Board meeting attendance	Committee meeting attendance	Board travel and related expenses
Rita Achrekar	$ 6,200	$ 25,948	$ 32,148	6/6	10/10	$ 10,170
Bertha Campbell	6,200	25,705	31,905	6/6	10/10	13,772
Sylvie Chagnon	6,804	29,828	36,632	6/6	10/10	7,432
Sylvie Cloutier	7,200	23,038	30,238	6/6	9/10	7,868
Laura Donaldson	6,596	26,433	33,028	6/6	9/9	9,805
Jane Halford	12,400	43,408	55,808	6/6	17/19	13,845
Michele Hengen	7,200	27,888	35,088	6/6	10/10	6,285
James Laws	6,200	29,100	35,300	6/6	9/9	11,093
Michael Tees	6,200	24,978	31,178	6/6	9/9	18,784
Govert Verstralen	7,200	39,043	46,243	6/6	10/10	9,420
Total	**$ 72,200**	**$ 295,365**	**$ 367,565**			**$ 108,473***

There were six Board, five Audit, four Corporate Governance, five Human Resources and five Risk meetings.

* Carbon offsets purchased for all air travel.

Enterprise Management Team

FCC has attracted a senior team of professionals with diverse talents and experience who are responsible for managing FCC effectively. Our Enterprise Management Team members are recognized leaders in their professions, and they actively volunteer in their communities. Each member of the team believes that a culture characterized by open communication and trust results in engaged employees who forge great relationships with customers.

The Enterprise Management Team consists of:

- President and Chief Executive Officer
- EVP and Chief Operating Officer
- EVP and Chief Risk Officer
- EVP and Chief Financial Officer
- EVP and Chief Information Officer
- EVP and Chief Human Resources Officer
- EVP and Chief Marketing Officer
- Managing Director, Venture Capital

The Enterprise Management Team is responsible for business results and corporate decision-making, including the strategic vision, investment strategy, allocation of enterprise resources and resolution of major strategic issues. All executives, with the exception of the President and CEO, are paid within salary ranges and compensation policies approved by the FCC Board of Directors.

The Governor in Council establishes the President and CEO's compensation. In 2023-24, the base salary range for the position was $369,300 to $433,400 and there is an additional pay-at-risk component that ranges from 6.5% to 26% of base salary.

The performance-based, total cash compensation framework for the Enterprise Management Team includes a base salary range and a significant pay-at-risk component. This framework aligns with the philosophy of pay for performance. Position in the salary range and pay-at-risk payments are dependent upon the performance of the corporation, the individual executive and the executive's division.

In 2023-24, the base salary for Executive Vice-Presidents ranged from $223,669 to $427,047. The pay-at-risk component ranges from 46% to 66% of base salary. The pay-at-risk amount paid is discretionary within a range of zero and one-and-a-half times the pay-at-risk percentages. Members of the Enterprise Management Team receive an amount equal to 12% of base pay as perquisites, which is applied first to their individual pension contributions and thereafter to other approved purposes.

ADDITIONAL INFORMATION

For information about FCC's Board of Directors, committee charters and remuneration, visit:

Board Charters

Remuneration Guidelines

For more information on our ESG and climate governance, visit:

2023-24 FCC Climate-Related Disclosure Report

For information about FCC's most recent OAG special examination, visit:

2021 Special Examination Report

For information on the performance measures for the corporation, refer to:

2023-24 corporate strategy overview and planned results

For additional financial information related to compensation, see the Notes to the Consolidated Financial Statements:

Note 19: Related party transactions

Board of Directors

Jane Halford
Board Chairperson
Edmonton, Alberta

Justine Hendricks
President and CEO
Ottawa, Ontario

Rita Achrekar
Toronto, Ontario

Bertha Campbell
Grahams Road,
Prince Edward Island

Sylvie Chagnon
Montreal, Quebec

Sylvie Cloutier
Bromont, Quebec

Laura Donaldson
Qualicum Beach,
British Columbia

Michele Hengen
Regina, Saskatchewan

James Laws
Ottawa, Ontario

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Scarborough, Ontario

Enterprise Management Team

Justine Hendricks
President and Chief Executive Officer

Travis Asmundson
Executive VP and Chief Information Officer

Darren Baccus
Managing Director, Venture Capital

Greg Honey
Executive VP and Chief Human Resources Officer

Todd Klink
Executive VP and Chief Marketing Officer

Sameer Madhok
Executive VP and Chief Risk Officer

Corinna Mitchell-Beaudin
Executive VP and Chief Financial Officer

Sophie Perreault
Executive VP and Chief Operations Officer

ADDITIONAL INFORMATION

To see biographies of the members of FCC's Board of Directors and Enterprise Management Team, visit fcc.ca/Leadership.

Management's discussion and analysis

Basis of preparation of financial information

The following management's discussion and analysis (MD&A) is a summary of the financial position and results of operations of FCC for the year ended March 31, 2024, and as compared to the year ended March 31, 2023. This MD&A was reviewed and approved for issue by FCC's Board of Directors at the June 12, 2024 Board meeting.

This MD&A is based on FCC's financial results prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. This MD&A should be read in conjunction with our audited annual Consolidated Financial Statements and accompanying notes for the year ended March 31, 2024, and our corporate plan documents.(1) All financial information is expressed in millions of Canadian dollars, unless otherwise stated.

Caution regarding forward-looking statements

This MD&A includes forward-looking financial information based on certain assumptions that reflect management's planned course of action with the most probable set of economic conditions. By nature, assumptions are subject to inherent risks and uncertainties. There is significant risk that actual results may vary and that the differences may be material. Some factors that could cause differences include changes in general economic and market conditions, which could include, but are not limited to, inflationary pressure, interest rates and supply chain challenges.

(1) These documents are available at www.fcc-fac.ca/en/about-fcc/governance/reports.

2023-24 corporate strategy overview and planned results

We fulfil our mandate and enhance rural Canada by providing products, services and customer solutions that help producers, agribusiness and agri-food operators grow their operations, access new market opportunities and innovate. We ensure operations of all sizes have access to capital and we're a strong financial partner through all business cycles. We support the long-term success of Canadian agriculture by focusing on the needs of under-represented entrepreneurs, including young producers, women, and Indigenous Peoples and work to ensure the industry is sustainable and adaptable regardless of the challenges it may face.

Outcome: FCC customers will get financing through simple, effective processes and channels

FCC performance measure	2023-24 target	2023-24 results	2027-28 target
Net Promoter Score®	72	69	Within range: 69-73

Although below target, a Net Promoter Score® of 69 remains a strong score relative to comparators. Based on our analysis, the result is a reflection of the impact of the current economic environment with higher interest rates and profitability pressures.

This fiscal, we continued to enhance the customer experience, enable employee experience and mitigate risks. We automated the process for input lending, allowing customers to complete their applications online or over the phone via the Customer Service Centre. Qualified applicants received near-instant approval, with turnaround time reduced to minutes.

Outcome: Canadian producers look to FCC for our business management offering and consistently receive value beyond the lending transaction

FCC performance measure	2023-24 target	2023-24 results	2027-28 target
Customer value measure	Establish baseline	Baseline established	TBD
Total views or interactions with FCC's online business management learning offering	1,200,000	1,458,000	1,400,000

In 2023-24, we developed a customer value measure and established a baseline. It was determined this measure is more appropriate for internal use and has been discontinued in future corporate plans.

The total views or interactions with FCC's online business management learning offering reflects the number of views each year to all content that resides under our knowledge offering on our website. In 2023-24, we exceeded our overall target and identified there were 43,490 views to new business templates and 85,709 views to content on the food and beverage sectors. This is an indicator that individuals are utilizing our content to improve their business management skills.

Outcome: FCC's finance offering leads the Canadian food and agriculture industry to innovate, grow and thrive

FCC performance measure	2023-24 target	2023-24 results	2027-28 target
Loans receivable growth rate	6.9%	6.5%	5.8%
Percentage of FCC customer count in small- and medium-sized segments: • Primary production • Agribusiness and agri-food	Primary production: Greater than 90% Agribusiness and agri-food: Greater than 90%	89.4% 97.7%	Primary production: Greater than 90% Agribusiness and agri-food: Greater than 90%
Percentage growth in net new agribusiness and agri-food customers	10%	18.85%	Measure change in 2024-25

The overall loans receivable change was lower than the year-end target due to lower disbursements within primary production as customers delayed non-essential investments due to high-interest-rate environment.

The percentage of primary production customers continues to slowly decline due to the inflationary impacts to farm production revenue.

Net new agribusiness and agri-food customer acquisition was strong this fiscal, following a slow prior year. Acquisitions were diversified across many industries, but customers within the industries of food manufacturing, bakeries, breweries/wineries/distilleries, freight, and those that provide support activities for crop and animal production made up the majority.

FCC's venture capital program addresses the need for alternative financing for businesses at all stages of their operations in Canada's agriculture and agri-food industry. This year, we expanded our investment in venture capital funds, grew our support of accelerator partners and built foundational capabilities to enable FCC to provide expanded capital solutions in future years.

Outcome: Canada's next generation and new producers seek out FCC to support their dreams of building thriving enterprises

FCC performance measure	2023-24 target	2023-24 results	2027-28 target
Lending to borrowers under the age of 40: • Primary production: • Agribusiness and agri-food:	 $4.47 billion $259 million	 $4.36 billion $271 million	 $4.75 billion $292 million
Number of current FCC lending customers under age 40	21,300	20,634	22,100
Percentage of self-declared Indigenous customers	2.25%	2.16%	Measure change in 2024-25

The prevailing interest rate landscape continues to pose difficulties for young entrepreneurs in capital-intensive sectors such as agriculture and agri-food. Although the number of customers under the age of 40 has continued to trend below our target, our lending amounts to this demographic have remained relatively stable.

The FCC farm transition advisory program continued to provide free support to farm families for intergenerational transfers. Additionally, we committed $1 million per year for five years to the National Circle for Indigenous Agriculture and Food, which is preparing for an official launch in June 2024.

Since implementing a self-declaration process in April 2022, 845 customers self-declared as Indigenous and have active lending with FCC, which is representative of 2.16% of our total active lending customer base. When looking within the 2023-24 fiscal year, 2.63% of customers self-declared as Indigenous. FCC continues to remain agile in our efforts to grow our ability to lend to Indigenous projects on-reserve and has introduced a new function and focus on specialized credit to deliver consistency in assessing lending opportunities with Indigenous customers.

We have successfully completed all three phases of Progressive Aboriginal Relations (PAR) Program Committed level. We have received approval to proceed with our application for certification on April 1, 2025, and we will remain at the Committed level as we work towards certification. Our focus for the 2024-25 year will be on advancing our action plans, setting targets and implementing data tracking processes to position our organization for achieving Gold-level certification. The PAR program, administered by the Canadian Council for Aboriginal Business, aims to assist companies in promoting the social and economic inclusion of Indigenous Peoples.

Outcome: Customers look to FCC as a trusted partner in sustainable opportunities and adaptation

FCC performance measure	2023-24 target	2023-24 results	2027-28 target
Reduction in FCC's greenhouse gas footprint by 40% by 2025 based on 2012 levels	36.4% reduction in tonnes/CO_2e from 2012 baseline	36.4% reduction in tonnes/CO_2e from 2012 baseline	Measure change in 2024-25
Sustainability program adoption measure	Establish baseline	30%	15% increase in program adoption from previous year for programs in market

At an operational level, FCC remains on track to reduce the corporation's greenhouse gas (GHG) emissions, also known as the operational carbon footprint (OCF) emissions, by 40% by 2025 based on 2012 levels, which is in line with the Federal Sustainable Development Strategy. Our GHG reduction approach includes reducing paper use and employee travel where possible, using less on-site energy and purchasing renewable energy certificates (when needed) to increase renewable energy on Canada's power grid.

This year, we advanced in setting environmental, social and governance (ESG) targets and maturing our climate-related reporting. Science-based (net-zero aligned) targets (SBTs) are an expectation for any credible ESG program. We explored various recognized standards to determine the proper methodology to set SBTs for FCC's operational carbon footprint and financed emissions, which extends the target to our customers' emissions. To enable customers' transitions to a low-carbon environment, we reviewed GHG emission estimates and commitments throughout the Canadian agriculture and agri-food system and started applying financial industry guidance for setting baselines and SBTs on agriculture and agri-food portfolios. These targets will become the pathway forward to how we work with customers to take advantage of sustainable opportunities and lower emissions.

Two new Sustainability Incentive Programs were fully launched in the market this fiscal. A program was launched focusing on the dairy sector and another was launched that focuses on marginal areas. The year-over-year increase in participants of the programs already in market exceeded expectations with an increase of 30%.

We continued to expand our AgExpert partner ecosystem, including the addition of HOLOS, a whole-farm sustainability calculator developed by Agriculture and Agri-Food Canada. The first data integration with HOLOS, released this year, focused on calculating a carbon sequestration footprint. This enables AgExpert Field users to share their data with the HOLOS tool to better understand their sustainability footprint.

In the past year, we initiated a new collaboration with IC Canada, leveraging their expertise to provide our customers with fresh insights and a broader perspective on their businesses through an ESG lens, which has enabled them to take proactive measures to ensure their success and sustainability. Feedback from clients who have participated in the program has been positive, indicating its effectiveness.

Outcome: Top talent chooses FCC for our intentional culture and strength of leadership, rising to serve the needs of the industry

FCC performance measure	2023-24 target	2023-24 results	2027-28 target
Percentage of total hired are members of employment equity groups	24%	29%	28%
Employee engagement	Equal to or greater than the Canadian Top Quartile benchmark	N/A	N/A

FCC recruits employees through a multi-channel process that aims to attract qualified and diverse talent, including members of four designated groups: women; Indigenous Peoples, racialized or people of colour; people experiencing disability; and other equity-deserving talent. In 2023-24, FCC hired 262 new employees, of which 76 (29%) self-declared as members of an equity group. To attract diverse talent, FCC collaborated with 25 diversity-serving organizations, including Indigenous career centres, newcomer centres and organizations that serve people experiencing disability. Our focus was on helping our leaders find qualified talent from equity-deserving groups. We are also exploring ways to further retain diverse talent and have established employee resource groups to help with this initiative.

This fiscal, we did not conduct our annual engagement survey due to ongoing organizational change, and as a result, no data is available. Furthermore, employee engagement has been removed as a performance measure in the 2024-25 to 2028-29 Corporate Plan. Instead, we explored the use of pulse surveys as a real-time method of measurement to allow us to address employee feedback in a timelier manner.

We understand the importance of an effective organizational culture in attracting, retaining and developing top talent. As part of our overall transformation, we are refreshing our organizational culture, including reviewing values and cultural attributes that are being embedded into the organization.

Operating capabilities to support outcomes

As we embark on re-invigorating the simplification of our lending processes and enhancing our risk management practices as part of our updated strategy, our lending processes will be reviewed and redesigned, focusing on automation. We have continued to improve our ability to generate risk analytics and insights to monitor our portfolio and evolving risk and to maintain resilient operations.

Our environmental, social and governance focus

Supporting Canada to be a leader in food security and sustainable food production is at the heart of what FCC does. Environmental, social and governance (ESG) considerations guide our operations so we can support our customers on their sustainability journeys.

In 2023-24, FCC built an ESG framework, aligned with the new winning aspiration and corporate strategy, to support a sustainable agriculture and agri-food ecosystem. Our framework focuses on topics that are significant to our key stakeholders and mandate, based on four pillars: protecting the environment, building a resilient Canadian food industry, enhancing financial and social inclusion and strengthening responsible business fundamentals. For each topic, we are creating targets and initiatives to drive the industry forward. Our ESG framework is being embedded into our operations so we can support our customers in a more impactful way through innovation, knowledge and financial support.

Our ESG framework is built upon our mandate priorities and is aligned with the Government of Canada's priorities to achieve net-zero emissions by 2050. The program includes best practices from international frameworks, standards and regulations, as well as the United Nations Sustainable Development Goals (UN SDGs). We are maturing our ESG and climate risk disclosures by enhancing our data analysis and carbon emissions measurement methodologies to ensure alignment with industry best practices. We are developing science-based targets to help measure emissions from both our operations and lending portfolio.

As a key player in the Canadian agriculture and agri-food industry, FCC is continuing to explore what the transition to a low-carbon economy means for our sector. Working with partners, customers and industry associations, we will develop new tools and products that help the industry adapt and thrive in the face of climate risks and opportunities.

FCC has been a steadfast supporter and partner, helping the industry improve its climate mitigation and adaptation efforts. Our climate targets and goals are driven by the desire to enhance and showcase Canada's leading position globally in agriculture and agri-food. We will seek to make strategic investments to support the industry's pathway to decarbonization and be a catalyst to positive outcomes for the future of the food industry and our customers.

ADDITIONAL INFORMATION

For more information about our ESG focus, visit:

- 2023-24 ESG Report
- 2023-24 Climate-Related Disclosure Report

2024-25 corporate strategy

We're part of a complex and evolving industry. FCC customers face the enormous challenge of feeding a growing world population while accelerating the adoption of sustainable food production practices. This is an exciting time as we seize the generational opportunity to address climate change, improve global health, address food insecurity and drive economic prosperity all at the same time. We're prepared to turn this challenge into an opportunity for the Canadian agriculture and agri-food industry – to leverage Canada's significant agricultural resources and support our industry in solving these complex challenges through innovation and sustainability. ESG is the backbone of our strategy to ensure our decisions and actions have the desired impact.

The Canadian agriculture and agri-food industry is a strategic asset of the Canadian economy that contributes over $140 billion annually to Canada's gross domestic product (GDP) and accounts for one in nine Canadian jobs. It's one of the sectors with the highest economic growth potential in Canada. Rekindling Canadian agricultural productivity is estimated to be a $30-billion opportunity over the next 10 years, and we'll be there to help the industry capitalize on it.

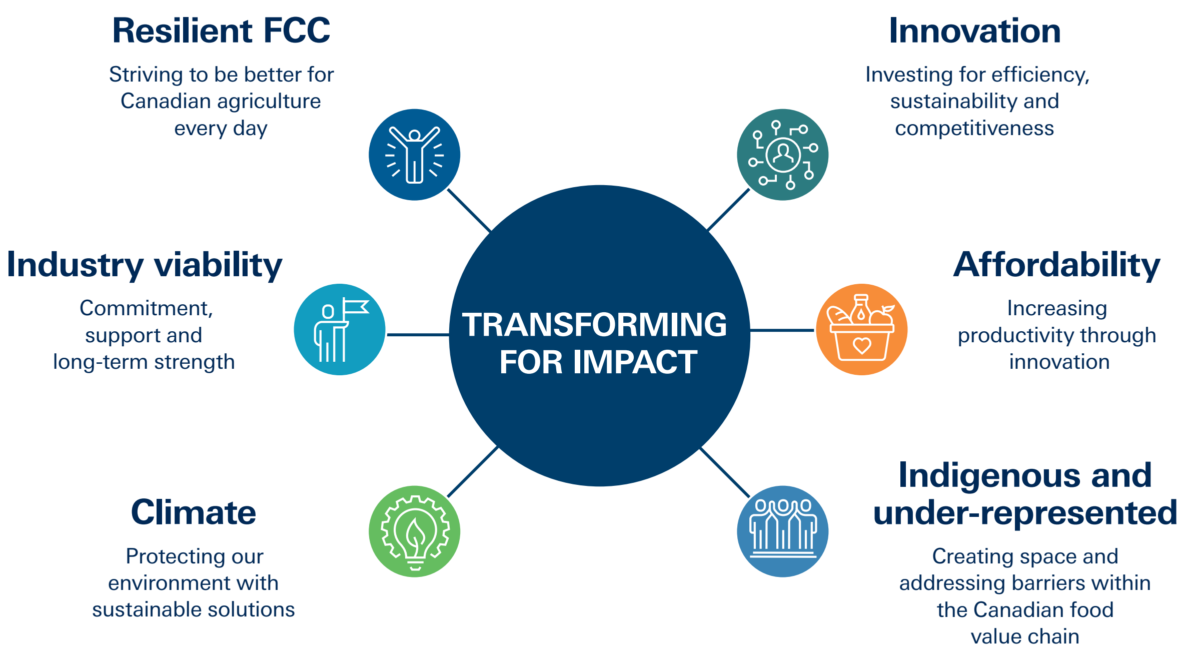
For fiscal year 2024-25 and beyond, FCC is building a new long-term corporate strategy, which will help us meet the future needs of the agriculture and agri-food industry. We'll help operators scale their production through investments in innovation, partnerships and FCC's offerings. We must also evolve our own operations if we want Canada to be a global leader in food security and sustainable food production.

In 2023, we established a new aspiration statement to reset our course and create focus:

Be bold in making Canada a global leader in food security and sustainable food production by driving innovation, being a catalyst for value creation in the ecosystem and enhancing Canada's brand abroad.

We'll leverage our dedicated workforce and its revitalized culture to meet this challenge. These three strategic intentions will move us toward achieving the aspiration:

- **Be bold** by being courageous to make choices across the value chain, adopt innovative methods, seek industry perspectives, take calculated risks and offer new ideas and solutions.
- **Be an industry catalyst** by imagining the future of food, showcasing Canada on the global stage, brokering partnerships between FCC and ecosystem players, being a catalyst for innovation, and supporting novel products and processes through both traditional lending and venture capital.
- **Build for resilience** by owning the responsibility of enhancing Canada's food ecosystem.



Progress toward the strategic intentions will be delivered through six key impact areas, which have been prioritized to maximize the impact on Canadian agriculture and agri-food over the plan period.

Innovation – investing for efficiency, sustainability and competitiveness

Encourage product and process innovations through the agri-food supply chain to lead to higher productivity growth rates, which will enhance the global competitive position of farm operations, food processors and agribusinesses, boost exports and expand the industry's economic footprint. Higher productivity enables Canada to make significant contributions towards the United Nations Sustainable Development Goal of zero world hunger.

Affordability – increasing productivity through innovation

Contribute to addressing food security at home and around the world through a preliminary focus on increasing productivity through innovation. Lower production costs make food more affordable for all Canadians.

Indigenous and under-represented – creating space and addressing barriers within the Canadian food value chain

Strengthen relationships with Indigenous Peoples through the lens of reconciliation. Create space for the advancement of the emerging Indigenous economy and increase sector participation by supporting Indigenous farmers to establish businesses and grow within the Canadian food value chain. Help the industry and our customers thrive by addressing the barriers that exclude under-represented groups, with an initial focus on Indigenous Peoples, women entrepreneurs, young farmers and new entrants.

Climate – protecting our environment with sustainable solutions

Unlock opportunities to protect nature and biodiversity so producers and operators can mitigate risks and adapt to climate change impacts. Help the industry develop and adopt sustainable solutions and production practices that aim to reduce greenhouse gas emissions and protect the environment. Focused investments are required for rapid impact, particularly to accelerate innovation and foster the adoption of technology.

Industry viability – commitment, support and long-term strength

Champion our sector through increased public awareness, mental health support, and products and programs that can support diversity and strengthen the agriculture and agri-food workforce of tomorrow.

Resilient FCC – striving to be better for Canadian agriculture every day

Build a resilient and strong FCC for the long term to maximize our impact on customers and the industry. Investment in FCC’s business foundation will enable us to continue providing exceptional service and product offerings to Canadian agriculture and agri-food producers. We’ll also better enable our employees so they can be productive and engaged, and deliver on our mandate now and in the future.

Economic environment*

World gross domestic product (GDP) growth remains tame amid impacts of earlier interest rate increases across major economies, China's ongoing economic challenges and geopolitical fragmentation. After registering modest growth last year (1.1%), Canada will see yet another challenging year in 2024 as the full impacts of earlier Bank of Canada rate increases are felt. We are forecasting Canadian GDP growth of 1.3% in 2024, well below the Bank of Canada's estimated growth potential of 2.1-2.8%.

The main concern is consumer spending, which accounts for about 60% of Canada's economy. Roughly 15% of household disposable income now goes towards debt servicing and consumers can expect that share to rise further due to mortgage renewals in a higher-rate environment this year. Elevated housing costs and a deteriorating labour market, which could slow down wage growth, are also expected to challenge consumers this year.

The downward trend in inflation will continue through 2024. This will have important implications for interest rates. Long-term bond yields, which are directly correlated to mortgage rates, have already started to move down in response to declining inflation, and we expect further declines this year. Near-term yields are now also falling after the Bank of Canada's decision in June to cut its overnight rate to 4.75%.

Based on our forecast of slow but positive growth, we anticipate there will be two additional 25 basis point rate cuts before year end, and another four cuts next year. We can expect the yield curve to become less inverted and start returning to its normal positive slope in 2025.

Price pressures despite strong demand for agriculture commodities

Higher borrowing costs have slowed global economic growth, putting downward price pressure on most agricultural commodities, which is impacting profitability. North American demand for vegetable oils, including canola and soybean, continues to be supported by biofuel mandate expansions to meet global greenhouse gas reduction targets, but these prices have also come off recent highs. Livestock prices continued to be strong, especially on the cattle side, but slaughter issues led to hog profitability challenges. Even as commodity prices have fallen, food inflation has stayed higher than overall inflation and food affordability has pressured consumers to change their food purchasing behaviour.

The United States remains Canada's largest export market, accounting for over 35% of our agriculture exports and more than 75% of our food and beverage manufacturing exports.[2] The strong American economy (which expanded 2.5% last year) and hawkish Federal Reserve pushed up the U.S. dollar, lowering the Canadian dollar in the process. However, with the Federal Reserve expected to start cutting interest rates later this year, the period of U.S.-dollar strength will eventually fade and the Canadian dollar might find moderate support even amid milder economic outlook. Overall, Canadian agriculture revenues are stronger with a weaker dollar because this makes Canadian products relatively more competitive in the world market.

* References within *Economic environment* refer to calendar year.

[2] http://www.ic.gc.ca/eic/site/tdo-dcd.nsf/eng/Home

Agriculture industry overview*

Softening commodity prices led to profitability pressures in the agriculture industry in 2023, along with a moderation in food inflation. In 2023, gross domestic product (GDP) in agriculture (crop and animal production) was down 4.6% year over year, while food manufacturing increased 0.5%, compared to the overall economy being up 1.2%.

Russia's war against Ukraine continues, although global agricultural markets are no longer incorporating a war premium into prices. Grain continues to be exported from the region despite Russia pulling out of the United Nations Black Sea Grain Initiative export agreement. The conflict in Gaza continues to unfold and, if it spreads to neighbouring countries, could disrupt production and transportation of oil and other goods. Escalation of the conflict could impact oil and fertilizer prices, particularly nitrogen, which would lead to higher input prices for producers. Shipping companies are avoiding the Red Sea as a shipping route, which also adds costs to commodity prices.

Farm cash receipts growth slowed in 2023 to 3.5%. The 2024 receipts are expected to decline 4.8% due to weaker commodity prices. Declines in farm cash receipts have historically happened following periods of strong increases. With the improvement in primary producers' balance sheets, the agriculture sector is in a good position to face profitability challenges in 2024.

Food manufacturing sales for 2023 grew 6.2% but, when adjusted for inflation, growth was only 0.7%. Input costs continued to rise in 2023, putting pressure on profit margins for manufacturers. However, margins are projected to improve in 2024 to their highest level since 2021.

Most farm sectors' revenues trended higher

In 2023, total Canadian grain, oilseed and pulse production decreased 7.5% from the previous year to an estimated 89.5 million tonnes, which is also 2.2% below the five-year average. The decline was largely driven by the 2023 drought in Western Canada. Input costs fell throughout 2023, giving producers opportunities to lock in positive margins. Overall crop receipts increased 3.5% in 2023 but are expected to decline 4.8% in 2024.

In the poultry sector, avian influenza this past year contributed to a shortfall in hatching eggs and impacted egg and broiler production, with the impacts continuing into 2024. However, due to stronger prices, poultry and egg receipts were up an estimated 10.4% in 2023 and are forecast to continue trending higher in 2024 even with egg sourcing challenges. Demand needs to be monitored as poultry stocks largely exceeded their historical average at the end of 2023.

There was strong profitability in the beef sector in 2023 in many regions of Canada, but drought-stricken areas did face challenges with feed availability and cost. Even with receipts up an estimated 21.5% in 2023, the size of the Canadian beef herd reached a three-decade low. Hog farrow-to-finish margins were under pressure for most of 2023, with Eastern Canada being the most impacted due to slaughter capacity issues, leading to receipts being down an estimated 10.1%. Overall, livestock receipts increased an estimated 8.9% in 2023.

Farm input prices softened for most products in 2023 as energy prices weakened. Global fertilizer production returned to normal as the supply chain and previous production issues were largely

* References within *Agriculture industry* overview refer to calendar year.

resolved. As a result, fertilizer prices declined 18.8% in 2023 from their 2022 highs and trended slightly higher through spring 2024. Fuel costs dropped a similar 18.5% in 2023. Other inputs, including commercial seed and feed, saw increases in 2023 but, most importantly for livestock producers, feed costs are expected to decline in 2024. Machinery prices also saw sharp increases in 2023 and are expected to remain at current levels for 2024, which will lead producers to be cautious with equipment purchases.

Farmland values continue to trend higher

High demand and limited sales pushed up farmland values by 11.5% in 2023, although growth is forecast to slow to 6.0% in 2024. Strong farmland values continue to support producers' balance sheets, but high prices are leading to affordability challenges and barriers to entry for some producers, especially new entrants in the industry.

Higher interest rates are slowing investments

Canadian farm debt increased an estimated 5.4% in 2023. Projections for 2024 are for farm debt to increase an additional 5.3%. Investments on Canadian farms have slowed amid higher rates. Despite reduced investments on equipment and buildings, demand for farmland remains strong for producers with strong balance sheets who are seeing opportunities to enhance the efficiency of their operations.

Food and beverage manufacturing capital expenditures as a percent of revenue held steady in 2023 at 2.8%, but a significant portion of that investment is likely related to new canola crush plants in Western Canada. Investment in technology has become more important than ever given the still-tight labour market and long-term demographics as the population ages.

Trade is impacted by geopolitical tensions

Exports are key to Canada's success as a leading agricultural and food producing nation. With a small population and vast amount of land, we rely heavily on the global export market. Canada is the fifth-largest exporter of agriculture products in the world.

Market access challenges continue to exist for some Canadian exporters. Chinese restrictions on Canadian beef imports due to a single case of bovine spongiform encephalopathy (BSE) were implemented in January 2022 and remain in effect. Prince Edward Island seed potato exports to the U.S. have been banned since November 2021 because of potato wart. There are some positive trade developments for Canada despite political tensions with India. India has reversed several import restrictions on lentils and peas as food inflation remains rampant in India and domestic supplies are tight. India has reversed several import restrictions on lentils and peas as food inflation remains a problem in that country amid tight supplies. India extended its duty-free imports until March 2025 for lentils and until October 2024 for peas.

Food and beverage manufacturing margins are under pressure

Amid elevated inflation, consumers adjusted their food spending and consumption habits in 2023 and will continue to do so in 2024. According to Ipsos, the number one action Canadians took in 2023 to deal with inflation was to cut back on dining out, with over half (57%) opting for this strategy. Changes are happening at the grocery store as well.

These shifts in consumer behaviour will continue to put pressure on food processing revenues. On the other hand, population growth is offsetting some of the pressures from shifts in per-capital spending. The rate of growth in the price of many input costs has slowed, with some input costs outright declining. Wage growth remains elevated but should cool down later this year in line with the declining job vacancy rate.

Taken together, we are projecting that the gross margin index in food and beverage manufacturing will increase 5% in 2024. While profitability looks to improve relative to 2023, it's still down 7% relative to 2021. These projections can vary across the different segments of processors.

Canadian agriculture and agri-food industry remains healthy

The Canadian agriculture and agri-food industry remained financially healthy at the end of 2023 despite margin pressure in specific sectors. A supportive Canadian dollar and increased demand from industries like renewable fuels created opportunities for Canadian agriculture, agribusiness and food processors. The expected decline in 2024 farm cash receipts isn't surprising as the industry is coming off strong commodity prices the past few years, with many grain and oilseed producers having excellent returns.

Food manufacturing remains a significant driver of the Canadian economy. Small- to medium-sized food processors are delivering innovative food products to Canadians, and larger processing firms are capitalizing on the growing demand for safe, high-quality food in foreign markets. Agriculture, agribusiness and food processors are continually adapting to the changing market environment.

Canada's agriculture and agri-food industry has shown resilience and is well-positioned to weather current and future economic pressures, and leverage future opportunities.

ADDITIONAL INFORMATION

For more information, visit:

- Farmland Values Report
- FCC Sector Outlooks

Financial performance and key measures

For the year ended March 31 ($ millions, except as noted)	2024	2023	2022
Net interest income	1,365	1,354	1,341
(Provision for) reversal of credit losses	(77)	(108)	90
Non-interest income	(6)	24	9
Administration expenses	(605)	(548)	(508)
Net income	677	722	932
Portfolio growth			
Number of loans	160,919	160,354	156,964
Total loans receivable	50,995	47,881	44,489
Loans receivable growth rate (%)[3]	6.5	7.6	7.6
Borrowings			
Short-term debt	8,314	7,697	8,077
Long-term debt	35,932	33,672	30,107
Profitability			
Net interest margin (%)[4]	2.66	2.76	2.96
Credit quality			
Impaired loans	957	814	394
Allowance for credit losses	195	165	110
Efficiency			
Efficiency ratio (%)[4]	43.8	40.1	37.9
Capital management			
Total capital ratio (%)[5]	17.4	15.9	17.0
Debt to equity[6]	5.1	4.9	4.5
Shareholder return			
Return on equity (%)[7]	7.8	8.4	11.2
Dividends[8]	210	471	560

[3] Loans receivable growth is calculated as the change in total loans receivable compared to the prior period.
[4] This is a non-GAAP measure. For additional details, refer to the *Non-GAAP measures* section.
[5] Measure is calculated using capital adequacy requirements as defined by the Office of the Superintendent of Financial Institutions.
[6] Debt to equity is calculated as total liabilities as a percentage of total equity.
[7] Return on equity is calculated as net income as a percentage of the average equity for the period.
[8] Dividends are paid from retained earnings.

Net income

Net income in 2023-24 decreased by $45 million and 6% compared to 2022-23. Higher administration expenses contributed $57 million to the reduction in net income. The increase in administration expenses was due to additional employee and outsourced workforce costs required to support operational growth, deliver on strategic initiatives and improve our foundational capabilities. Unrealized losses in our venture capital portfolio led to a $30 million reduction in non-interest income. However, a decrease in the provision for credit losses provided a $31 million increase in net income. This decrease was due to change in the composition of impaired loans in our portfolio. An $11 million increase in administration expenses was realized through higher net interest income due to growth in lending volume.

In 2022-23, net income had decreased by $210 million and 23% compared to 2021-22. The main driver for this decrease was a change in the direction of our provision for credit losses. In 2022-23, more customers requested loan amendments due to financial difficulty. There was a higher balance of loans past due because supply chain issues, market volatility, rising interest rates and high prices for farm inputs created economic challenges in the agriculture and agri-food industry. In 2021-22, there was a reversal of the provision for credit losses as customers who deferred payments under the pandemic support program resumed regular payments and we implemented model enhancements that placed increased emphasis on individual customer risk. In 2022-23, administration expenses were higher due to increased costs for higher professional services to help implement foundational business systems and processes. Salaries and benefits required to support operations and deliver strategic initiatives also increased.

Net interest income, portfolio growth, borrowings and profitability

Net interest income

Net interest income consists of interest revenue from interest-earning assets (loans receivable, cash and short-term investments, and other loans receivable), offset by interest expense on interest-bearing borrowings used to support our operations.

Net interest income was $1,365 million in 2023-24, an increase of $11 million compared to $1,354 million in 2022-23. Portfolio growth in late 2022-23 contributed to a $53 million increase in net interest income in 2023-24. This was largely offset by a $42 million decrease in net interest margin due to pricing pressures and shifts in portfolio composition driven by the higher interest rate environment. The strategic use of our capital structure and the interest rate environment led to a greater return on existing equity used to fund operations. This partially offset the pressure on our net interest margin, as the higher rates increased the cost of borrowing to fund our interest-bearing assets.

Net interest income was $1,354 million in 2022-23, an increase of $13 million compared to $1,341 million in 2021-22. Higher lending volumes contributed $83 million to the increase, which was partially offset by a $70 million decrease in net interest margin.

March 31 ($ millions)	2024			2023			2022		
	Average balance	Interest[9]	Rate (%)[9]	Average balance	Interest[9]	Rate (%)[9]	Average balance	Interest[9]	Rate (%)[9]
Total loans receivable	49,255	2,694	5.47	46,621	2,139	4.59	43,058	1,534	3.56
Investments	2,024	108	5.34	2,292	69	3.01	2,200	12	0.55
Other loans receivable	86	5	5.81	114	8	7.02	97	6	6.19
Total interest-earning assets	51,365	2,807	5.46	49,027	2,216	4.52	45,355	1,552	3.42
Total interest-bearing liabilities	43,694	1,442	3.30	40,713	862	2.12	37,190	211	0.57
Total interest spread			2.16			2.40			2.85
Impact of equity	7,671		0.50	8,314		0.36	8,165		0.11
Total net interest income on interest-earning assets	**51,365**	**1,365**	**2.66**	**49,027**	**1,354**	**2.76**	**45,355**	**1,341**	**2.96**
Year-over-year change in net interest income due to:									
Increases in volume		53			83			75	
Changes in margin		(42)			(70)			(32)	
Total change to net interest income		**11**			**13**			**43**	

[9] This is a non-GAAP measure. For additional details, refer to the *Non-GAAP measures* section.

Loans receivable and portfolio growth

Loans receivable at March 31, 2024, increased by $3,108 million or 6.5% compared to March 31, 2023.

Loans receivable by sector distribution

	Total loans receivable			Annual growth by sector		
As at March 31 ($ millions)	2024	2023	Variance	2024	2023	Variance
Loans receivable[10]						
Primary production						
Oilseed and grain	16,371	15,317	1,054	6.9%	6.9%	–
Dairy	7,368	7,238	130	1.8%	4.5%	(2.7%)
Beef	4,318	3,900	418	10.7%	5.0%	5.7%
Other	3,396	3,225	171	5.3%	6.6%	(1.3%)
Poultry	3,341	3,244	97	3.0%	8.0%	(5.0%)
Greenhouse	2,373	1,987	386	19.4%	7.5%	11.9%
Alliances	1,764	1,765	(1)	(0.1%)	3.4%	(3.5%)
Hogs	1,659	1,568	91	5.8%	12.4%	(6.6%)
Fruit	1,499	1,427	72	5.0%	8.1%	(3.1%)
Total primary production	42,089	39,671	2,418	6.1%	6.4%	(0.3%)
Agribusiness	6,311	6,117	194	3.2%	12.6%	(9.4%)
Agri-food	2,628	2,132	496	23.3%	16.7%	6.6%
Loans receivable by sector distribution	**51,028**	**47,920**	**3,108**	**6.5%**	**7.6%**	**(1.1%)**

[10] Excludes deferred loan fees.

Loans receivable for primary production increased by $2,418 million but decreased to 82% of our total loans receivable at March 31, 2024, from 83% in the prior year.

The oilseed and grain sector grew by $1,054 million, the largest annual dollar increase. In 2023-24, additional lending was driven by capital investment, including land and equipment purchases. Higher interest rates, less land available for purchase and reduced production due to drought conditions in Western Canada contributed to the flat growth rate in 2023-24. In 2022-23, additional lending was driven by rising operational costs, particularly for crop inputs, combined with production increases compared to 2021-22.

The greenhouse sector grew by 19.4% year over year, the largest rate of annual growth in our primary production portfolio. Customers needed additional financing to invest in capital projects in 2023-24. Inflationary pressures had a significant impact on construction costs and inputs for greenhouse producers, including the cost of labour. In 2022-23, annual growth in this sector slowed as supply shortages, higher costs and a rising interest rate environment reduced investment in capital projects.

Loans receivable in the hog sector increased year over year, but the annual growth rate decreased by 6.6%. In 2023-24, growth was driven by increased capital investment. In 2022-23, rising feed costs placed pressure on producers and drove demand for additional capital.

At March 31, 2024, agribusiness and agri-food loans receivable had increased over the previous year by $194 million and $496 million, respectively. Increased lending in agribusiness was driven by higher prices on equipment and additional processing activity from increased production volumes in 2022-23. Higher interest rates persisted in 2023-24, which led customers to delay non-essential spending and projects, resulting in slower growth than in 2022-23. Growth in the agri-food sector was driven by construction costs and the impact of price inflation on inputs.

Loans receivable by geographic distribution

	Total loans receivable			Annual growth by region		
As at March 31 ($ millions)	**2024**	**2023**	**Variance**	**2024**	**2023**	**Variance**
Loans receivable[11]						
Ontario	15,601	14,326	1,275	8.9%	10.1%	(1.2%)
Saskatchewan	9,179	8,720	459	5.3%	4.9%	0.4%
Alberta	9,176	8,538	638	7.5%	4.4%	3.1%
Quebec	7,262	6,854	408	6.0%	11.3%	(5.3%)
British Columbia	4,433	4,244	189	4.5%	5.9%	(1.4%)
Manitoba	3,781	3,763	18	0.5%	6.9%	(6.4%)
Atlantic	1,596	1,475	121	8.2%	9.7%	(1.5%)
Loans receivable by geographic distribution	**51,028**	**47,920**	**3,108**	**6.5%**	**7.6%**	**(1.1%)**

(11) Excludes deferred loan fees.

Total loans receivable at March 31, 2024, increased across all geographic areas compared to March 31, 2023.

Lending in Ontario increased by $1,275 million, contributing 41% of the annual growth in total loans receivable. The additional lending occurred in primary production as well as the agribusiness and agri-food sectors.

Loans receivable in Alberta increased by $638 million, representing 21% of the annual growth in total loans receivable. Customers in primary production sectors borrowed larger amounts due to increases in land values, beef prices and operational costs.

Borrowings

FCC's borrowing activities are governed by section 12 of the Farm Credit Canada Act and section 127 of the Financial Administration Act. Our borrowing activities must also comply with the Minister of Finance's Financial Risk Management Guidelines for Crown Corporations. Our borrowings are used in the normal course of business to fund operations and provide liquidity. Having adequate liquidity ensures we can meet daily operational requirements in the event there's an unanticipated need for cash or a business disruption that prevents us from borrowing debt through the Crown Borrowing Program. While the Crown Borrowing Program provides stable borrowings, we also maintain a bank operating line of credit and an investment portfolio with enough highly liquid securities to meet projected funding requirements for a minimum of 30 days.

We align borrowings to finance lending issued to our customers, manage risk and meet business requirements. Interest rates and market conditions can drive changes in customer preferences or interest rate exposures on the balance sheet. Given the interest rate environment, customers continued to show a preference for long-term, fixed-rate products to secure rates for the first half of the year. This trend shifted to variable-rate products as expectations of potential rate cuts increased. The increase in borrowings is consistent with the growth in the loans receivable portfolio.

Short-term debt

Short-term debt consists of borrowings with a maturity of one year or less, which includes fixed-rate and floating-rate borrowings. Floating-rate borrowings have floating interest rates that are reset based on treasury bill rates. The outstanding short-term debt at March 31, 2024, was $8,314 million, compared to $7,697 million at March 31, 2023. Of the total short-term debt outstanding, $7,387 million was raised through the Crown Borrowing Program.

Long-term debt

Long-term debt consists of borrowings with a maturity of more than one year, which includes fixed-rate and floating-rate borrowings. Floating-rate borrowings have floating interest rates that reset based on treasury bill rates. The outstanding long-term debt at March 31, 2024, was $35,932 million, compared to $33,672 million at March 31, 2023. In 2023-24, all long-term debt was raised through the Crown Borrowing Program.

Credit ratings

Our new and outstanding capital market debt issued constitutes a direct, unconditional obligation of the Government of Canada. Moody's Investors Service and Standard & Poor's didn't change our debt ratings this year. Our debt ratings as of March 31, 2024, were:

	Long-term	Short-term
Moody's Investors Service	Aaa	P-1
Standard & Poor's	AAA	A-1+

Provision for credit losses and credit quality

As Canada's leading financial and business service provider dedicated to growing the Canadian agriculture and agri-food industry, we offer financing and services tailored to the needs of the industry. One way we accomplish this is by monitoring our loan portfolio and the industry to proactively identify and develop solutions to help customers through difficult times. For example, in 2023-24, we implemented programs to help fruit producers in British Columbia and maple syrup producers in Eastern Canada impacted by unfavourable weather conditions. We also implemented support programs to help beef and hog producers maintain operations during unfavourable production conditions. We've developed customized programs and product options that provide flexibility and support customers in times of challenge and of opportunity.

We use sound business practices to analyze credit quality and monitor loans that are past due or impaired. From this analysis, we can better assess the appropriate level of allowance for credit losses and determine whether risks are within the tolerances stated in our Board-approved risk management policies.

Impaired loans

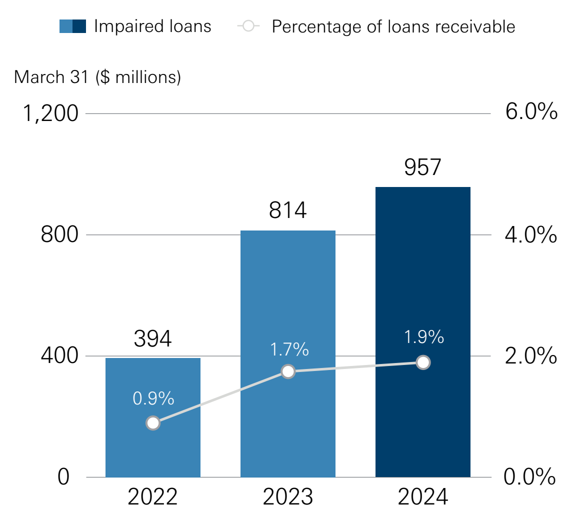
At each reporting date, we assess our loan portfolio to classify investments based on internal measures that assess the risk of default and the customer's ability to meet contractual cash flows. Loans are classified as impaired when we no longer have reasonable assurance we can collect the full amount of principal and interest in a timely fashion.

Industry challenges, including adverse weather, high inflation and rising interest rates, contributed to an increase in payment deferrals in 2023-24.

Our impaired loan balance increased by $143 million at March 31, 2024, compared to March 31, 2023, because we had more customers request loan amendments due to financial difficulty and more loans past due.

In 2022-23, we refined the indicators we use to classify a loan as impaired. This adjustment increased our impaired loan balance by $248 million. We also had more customers request loan amendments specifically due to financial difficulty and more loans past due, which led to more credit-impaired loans than in 2021-22.

Impaired loans



Impaired loans by sector distribution

	Impaired loans			Percentage of impaired loans by sector		
As at March 31 ($ millions)	2024	2023	Variance	2024	2023	Variance
Primary production						
Oilseed and grain	151	209	(58)	0.9%	1.4%	(0.5%)
Dairy	50	37	13	0.7%	0.5%	0.2%
Beef	103	120	(17)	2.4%	3.1%	(0.7%)
Other	68	89	(21)	2.0%	2.8%	(0.8%)
Poultry	45	10	35	1.3%	0.3%	1.0%
Greenhouse	89	19	70	3.8%	1.0%	2.8%
Alliances	14	17	(3)	0.8%	1.0%	(0.2%)
Hogs	27	57	(30)	1.6%	3.6%	(2.0%)
Fruit	89	40	49	5.9%	2.8%	3.1%
Total primary production	636	598	38	1.5%	1.5%	–
Agribusiness	153	62	91	2.4%	1.0%	1.4%
Agri-food	168	154	14	6.4%	7.2%	(0.8%)
Impaired loans by sector distribution	**957**	**814**	**143**	**1.9%**	**1.7%**	**0.2%**

The value of impaired loans in the greenhouse sector increased by $70 million, the largest dollar change in our primary production portfolio. Greenhouse producers faced challenges from tight margins due to inflationary pressure on inputs and high labour costs, resulting in increased use of loan amendments.

The value of impaired loans in the fruit and poultry sectors increased by $49 million and $35 million, respectively. Canada's fruit sector faced challenges due to adverse weather conditions during growing seasons, particularly in Eastern Canada and British Columbia, resulting in more customers requesting loan amendments and an increase in loans past due. In 2023-24, the poultry sector faced an outbreak of avian influenza, which contributed to a short supply of hatching eggs and other production challenges. Impairment in this sector was driven by a loan past due from one large customer.

The value of impaired loans decreased in the oilseed and grain sector as producers saw a rise in farm cash receipts from high commodity prices and a decrease in the price of crop inputs through 2023-24, which allowed them to lock in positive margins. There was also a decrease in impaired loans for producers in the hog and beef sectors, driven largely by the stabilization of feed costs compared to the increase in these costs observed in 2022-23.

The value of impaired loans in the agribusiness and agri-food sectors increased by $91 million and $14 million, respectively. The increase in impaired agribusiness loans was primarily due to several large customers who had loans past due or were experiencing financial difficulty. The increase in impaired loans in agri-food was driven by higher costs for labour and materials. Selling prices for food manufacturers' products have been largely flat as consumers continue to reduce discretionary spending, which places additional pressure on profit margins. Overall, there has been an increase in the number of loans past due.

Impaired loans by geographic distribution

As at March 31 ($ millions)	Impaired loans			Percentage of impaired loans by region		
	2024	2023	Variance	2024	2023	Variance
Ontario	149	92	57	1.0%	0.6%	0.4%
Saskatchewan	127	144	(17)	1.4%	1.7%	(0.3%)
Alberta	156	182	(26)	1.7%	2.1%	(0.4%)
Quebec	217	158	59	3.0%	2.3%	0.7%
British Columbia	194	102	92	4.4%	2.4%	2.0%
Manitoba	55	61	(6)	1.5%	1.6%	(0.1%)
Atlantic	59	75	(16)	3.7%	5.1%	(1.4%)
Impaired loans by geographic distribution	**957**	**814**	**143**	**1.9%**	**1.7%**	**0.2%**

The value of impaired loans in British Columbia increased by $92 million in 2023-24. Large increases occurred in the poultry and fruit sectors. The outbreak of avian influenza impacted the poultry sector, while adverse environmental conditions over the last couple years have impacted fruit production. The impairment of a few large customers in the agribusiness and agri-food sectors also contributed to the increase.

Quebec had a $59 million increase in the value of impaired loans in 2023-24. The largest driver of the increase was the number of impaired loans in the agribusiness sector. Cost pressures in the current economic environment, including rising input costs and higher interest rates, created financial challenges for customers in this sector.

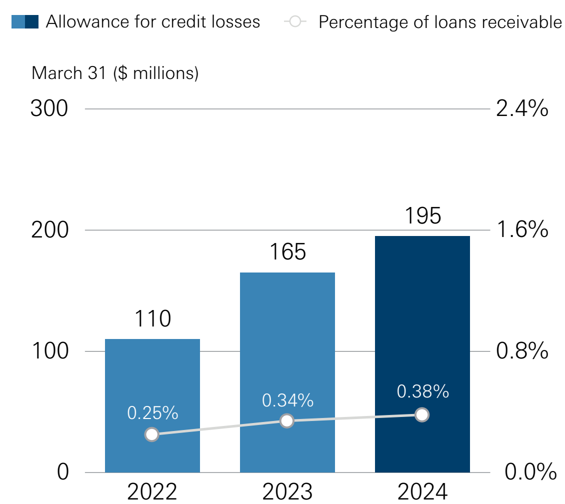
The value of impaired loans in Alberta decreased by $26 million in 2023-24. The decrease was driven by improved economic conditions in the beef sector, as producers realized more stable feed prices compared to the rising rates in 2022-23. Improved economic performance in the oilseed and grain sector also contributed to the reduction.

Allowance for credit losses

Allowance for credit losses as a percentage of loans receivable increased 0.04 percentage points. Despite ongoing production challenges, profitability pressures and weaker commodity prices in some sectors, total farm cash receipts increased, which allowed most customers to absorb increased costs.

Our allowance for credit losses increased by $30 million to $195 million in 2023-24. In 2023-24, our higher allowance for credit losses was primarily due to significant increases in the credit risk of performing loans and new lending activity. These increases were partially offset by updated estimates incorporating recent loss experience and economic forecasts within our allowance for credit losses and write-offs of impaired loans, mostly in the agri-food and beef sectors of our portfolio.

Allowance for credit losses



(Provision for) reversal of credit losses

For the year ended March 31 ($ millions)	2024	2023	2022
Impaired loans (Stage 3)	(43)	(109)	3
Performing loans (Stages 1 & 2)	(34)	1	87
Total (provision for) reversal of credit losses	**(77)**	**(108)**	**90**

The provision for credit losses on impaired loans was lower in 2023-24 because some existing loans moved from impairment to performing status, which helped offset the impact of newly impaired loans. In 2023-24, the increased provision for credit losses on performing loans was largely due to increases in credit risk.

In 2022-23, the provision for credit losses increased because more customers requested loan amendments due to financial difficulty and there were more loans past due. This led to a higher allowance for credit losses and a higher provision for credit losses on impaired loans compared to 2021-22.

A reversal of provision for credit losses was recorded in 2021-22, reflecting the implementation of model enhancements that put increased emphasis on customer risk and recent loss experience. The allowance for credit losses also decreased that year as customers who deferred payments under pandemic programs resumed regular payments.

Write-offs

Write-offs increased by $3 million to a total of $58 million in 2023-24.

Non-interest income

For the year ended March 31 ($ millions)	2024	2023	2022
Insurance distribution income	17	16	17
Net (loss) gain from financial instruments carried at fair value[12]	(19)	8	(1)
Other expenses[12]	(4)	–	(7)
Total non-interest (loss) income	**(6)**	**24**	**9**

[12] Comparative figures have been restated to reflect current period presentation.

In 2023-24, the loss from financial instruments designated at fair value was largely due to unrealized losses in venture capital investments. In 2022-23, our net gain was driven by an unrealized gain in venture capital investments, partially offset by the cost of derivatives we purchased to mitigate interest rate risk. In 2021-22, a realized loss in some venture capital investments was largely offset by unrealized gains across the venture capital portfolio.

In 2021-22, other expenses included an impairment loss of $5 million related to the sale of our lease portfolio.

Administration expenses

For the year ended March 31 ($ millions)	2024	2023[13]	2022[13]
Employee compensation and benefits	343	318	307
Outsourced workforce	90	72	62
Technology and communication, including depreciation and amortization	68	65	69
Occupancy, including depreciation	32	32	31
Marketing and industry support	27	17	13
Professional services	25	23	16
Travel	9	9	2
Other	11	12	8
Total administration expenses	**605**	**548**	**508**

[13] Comparative figures have been restated to reflect current period presentation.

Our administration expenses represent costs associated with delivering on our mandate and our strategy while continually improving our foundational capabilities so we can adapt to changing customer expectations and evolving industry standards. Categories have been reclassified to better reflect the nature of our administration expenses. We met all the reduction targets for 2023-24 outlined in Federal Budget 2023 and continue to monitor and manage administration expenses to reduce costs and improve efficiency.

Employee compensation and benefits and outsourced workforce costs are our largest administration expenses. Increases in both 2023-24 and 2022-23 were required to support our operational growth and allow us to invest in our strategy and foundational capabilities.

Marketing and industry support expenses increased in 2023-24 due to additional opportunities for sponsorship and investment in agricultural events and organizations that helped promote food security and sustainable food production. In 2022-23, our major initiative was supporting Indigenous agriculture through reconciliation as well as business and capacity development by establishing a national, Indigenous-led, non-profit organization known as the National Circle for Indigenous Agriculture and Food.

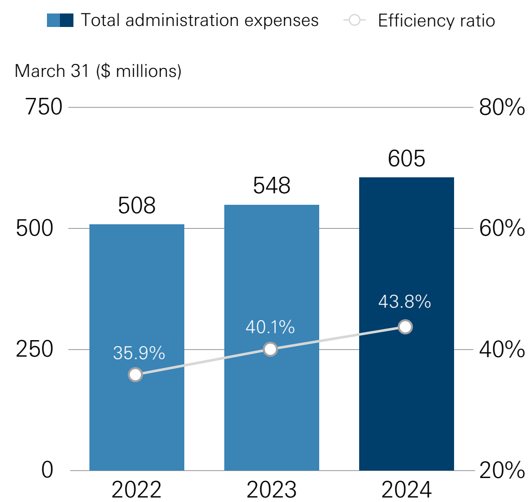
Professional services help us improve in critical areas of strategic investment, customer engagement and industry programming. The $2 million increase in professional services in 2023-24 was less than the increase recorded in 2022-23. This change reflects our commitment to reduce professional service and administration expenses, as required by Federal Budget 2023.

Efficiency ratio

Our efficiency ratio measures the percentage of income earned that we spend to support business operations. In 2023-24, our efficiency ratio increased due to decreased revenue growth combined with higher administration expenses. For additional details, refer to the *Net interest income* and *Administration expenses* sections.

Our calculation is a non-GAAP measure and removes expenses that could obscure trends in the business performance and reduce comparability with prior periods. For further details, refer to the *Non-GAAP measures* section.

Efficiency ratio



Capital management

We manage capital in compliance with our Board-approved Capital Management policy. The Capital Management policy and supporting framework outline our approach to assessing capital requirements for risks identified through the enterprise risk management framework and policy. Our capital management objective is to maintain a safe and sound capital position so we can deliver our strategy and withstand economic downturns, climate change uncertainty and periods of extended losses.

We compare total capital to minimum regulatory capital and target capital when assessing current and future capital adequacy. We use the Capital Adequacy Requirements guideline issued by the Office of the Superintendent of Financial Institutions to assess total capital, minimum capital requirements and risk-weighted assets (RWA). Our internal capital adequacy assessment process uses regulatory and internal assessments of credit, market, operational, climate, cybersecurity and model risks, along with considerations for stress testing, business development, operating range, regulatory changes and uncertainties. The internal capital adequacy assessment process led to two significant changes that impacted the total capital ratio, target capital and excess capital effective April 1, 2023:

- A new capital measurement methodology for credit risk resulted in a lower dollar amount of capital required to support identified risks. As a result, target capital requirements fell by $1.0 billion, resulting in a direct increase in our 2023-24 opening excess capital.
- The Office of the Superintendent of Financial Institutions released a new capital adequacy requirements guideline in 2023 for regulated entities in Canada, which included Basel III reforms. The result was a decrease in risk-weighted assets of $6.8 billion, due to the nature of the security underpinning FCC's loan portfolio.

As a result of these changes, in 2023-24, our target capital ratio stayed at 15.0%, unchanged from 2022-23.

Capital adequacy

In 2023-24, we were 2.4% above our target capital ratio, mainly due to regulatory changes that reduced the average risk weighting applied to our portfolio. This reduction was a result of increased value assigned to the security that supports our lending. In addition, our capital grew faster than the capital requirements from normal business operations. We repaid the $250 million in capital contributions retained last fiscal, increasing our capital contribution limit from the Government of Canada back to the full limit of $2,500 million.

Total capital ratio

The 1.5% increase in the total capital ratio from March 31, 2023, to March 31, 2024, was the result of a net decrease in RWA and an increase in capital generation, offset by the dividend payment that included the repayment of contributed capital. The decreased RWA was driven by the regulatory changes, while internal capital generation was primarily driven by the increase in net income and the resulting increase to retained earnings. Our dividend statement within the Capital Management policy is aligned with the Capital and Dividend Policy Framework for Financial Crown Corporations issued in 2018 by the Department of Finance and the Treasury Board Secretariat. This framework allows us to distribute surplus capital over the Corporate Plan planning horizon.

Total capital ratio continuity

2023 capital ratio	**15.9%**
RWA regulatory changes	1.8%
Capital generation	1.3%
RWA growth	(0.7%)
Dividends paid	(0.9%)
2024 capital ratio	**17.4%**

Debt to equity

We use debt to equity, the corporation's only legislated limit, as an additional measure to assess capital adequacy. At the end of 2023-24, our debt-to-equity ratio remained below the legislated limit of 12:1. From 2022-23 to 2023-24, our debt-to-equity ratio increased from 4.9:1 to 5.1:1.

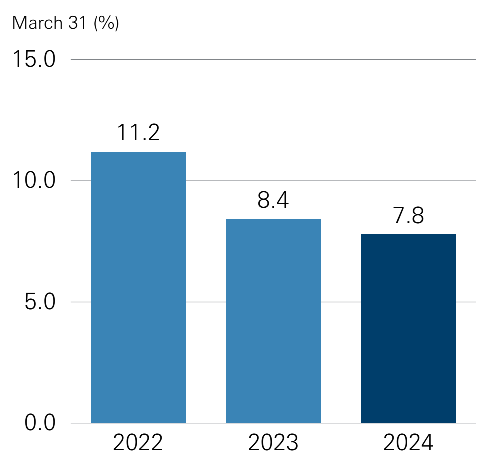
Shareholder return

Return on equity

In 2023-24, lower net interest income, driven by the current interest rate environment, led to a decreased return on equity. This decline occurred despite a reduction in equity from the return of $250 million in contributed capital and a $210 million dividend payment from retained earnings to the Government of Canada.

In 2022-23, the decrease in return on equity was due to a higher provision for credit losses that reduced our net income. This decrease occurred despite the return of $250 million in contributed capital and a dividend payment of $471 million from retained earnings to the Government of Canada.

Return on equity



Dividends

In 2023-24, we paid a dividend of $210 million to the Government of Canada from retained earnings, which was lower than the $471 million dividend paid in 2022-23.

Financial position

As at March 31 ($ millions)	2024	2023
Cash and cash equivalents	1,559	1,782
Total loans receivable	50,995	47,881
Allowance for credit losses – loans receivable	(195)	(165)
Venture capital arrangements	246	219
Other	916	750
Total assets	53,521	50,467
Borrowings	44,246	41,369
Other[14]	539	521
Total liabilities	44,785	41,890
Equity[14]	8,736	8,577

(14) Comparative figures have been restated to reflect current period presentation.

Cash and cash equivalents

As at March 31 ($ millions)	2024	2023
Cash used in operating activities	(2,296)	(2,290)
Cash (used in) provided by investing activities	(266)	289
Cash provided by financing activities	2,338	2,342
Change in cash and cash equivalents	**(224)**	**341**

Cash used in operating activities increased by $6 million in 2023-24. The decrease in disbursements, driven by slower customer demand in the current interest rate environment, was offset by proceeds from the sale of our lease portfolio in 2022-23, which wasn't replicated in 2023-24.

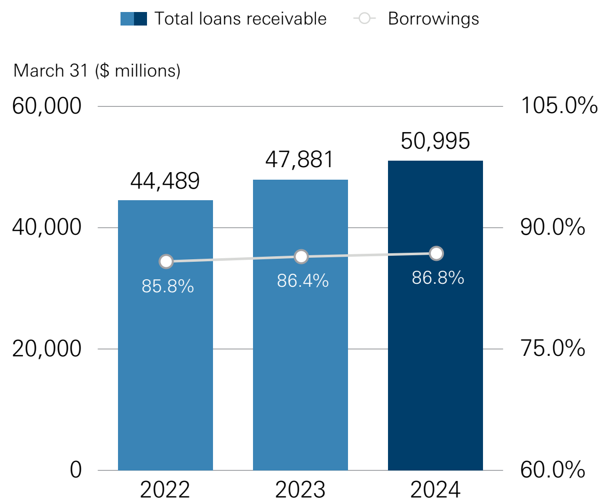
Cash used in or provided by investing activities changes as we manage liquidity requirements. In 2023-24, we purchased more short-term investments because we needed higher liquidity reserves to manage cash requirements. In 2022-23, cash was provided by investing activities through the maturity of short-term investments that weren't renewed because of a decrease in our liquidity reserve requirements.

In 2023-24, cash provided by financing activities decreased due to lower net borrowings driven by slower disbursements and portfolio growth. This decrease was partially offset by a smaller dividend payment to the Government of Canada.

Loans receivable and borrowings

Loans receivable increased in 2023-24, resulting in increased borrowings to fund portfolio growth. For additional details, refer to the *Loans receivable and portfolio growth* section and the *Borrowings* section above.

Total loans receivable and borrowings



Venture capital arrangements

Venture capital arrangements support innovation in the agriculture and agri-food industry through indirect investment in external fund managers and funds. Investments include fair value investments held by both consolidated and non-consolidated structured entity investment funds. Other loans receivable includes debt investments held by consolidated structured entity investment funds.

As at March 31 ($ millions)	2024	2023[15]
Other loans receivable – net	21	26
Investments	225	193
Total venture capital arrangements	**246**	**219**

[15] Comparative figures have been restated to reflect current period presentation.

The $27 million increase in total venture capital arrangements this fiscal year was due to investments in new funds and additional investments made in existing funds, partially offset by fair value losses on investments and maturities of other loans receivable.

Other assets

The $166 million increase in other assets this fiscal year was primarily due to additional short-term liquidity investments held compared to 2022-23.

Performance against plan

Financial performance

For the year ended March 31 ($ millions)	2025 Plan	2024 Actual	2024 Plan
Net interest income	1,473	1,365	1,413
Provision for credit losses	(52)	(77)	(67)
Non-interest income	19	(6)	10
Administration expenses	(705)	(605)	(642)
Net income	**735**	**677**	**714**

Net income was $37 million lower than the 2023-24 plan primarily due to reduced net interest income, which was partly offset by lower administration expenses. The current interest rate environment drove the lower net interest income. Administration expenses were lower primarily due to lower employee compensation and benefits expenses as we deliberately slowed hiring to focus on the design and implementation of a new organizational structure to incorporate the skills and capabilities needed to enable our strategy. The Federal Budget 2023 cost reduction requirements and delays in engaging consultants to help advance strategic initiatives also contributed to the lower expenses.

In 2024-25, net income is projected to increase by $58 million, driven by higher net interest income that will be partly offset by higher administration expenses. Net interest income is projected to increase by $108 million as the portfolio continues to grow and our net interest margin increases as interest rates stabilize. Administration expenses are projected to increase by $100 million to support operational growth and investments in the key impact areas outlined in our 2024-25 corporate strategy, including investments in foundational capabilities, while we meet the federal government's cost reduction requirements.

Financial position

As at March 31 ($ millions)	2025 Plan	2024 Actual	2024 Plan
Cash and cash equivalents	1,320	1,559	1,350
Total loans receivable	53,322	50,995	51,709
Allowance for credit losses – loans receivable	(181)	(195)	(186)
Venture capital investments	318	246	265
Other assets	1,085	916	1,235
Total assets	**55,864**	**53,521**	**54,373**
Borrowings	46,624	44,246	44,906
Other liabilities	554	539	508
Equity	8,686	8,736	8,959
Total liabilities and equity	**55,864**	**53,521**	**54,373**

Loans receivable growth for 2023-24 was $714 million lower than planned due to lower disbursement volumes. The higher inflation and interest rate environment lasted longer than expected, slowing economic growth and softening the demand for credit.

Allowance for credit losses was $9 million higher than plan, primarily due to increases in the credit risk of performing loans and new lending activity.

In 2024-25, we expect loans receivable to continue growing, although at a slower pace than in 2023-24. This smaller increase is driven by what we predict will be a weaker economic environment for Canadian farm operations, agribusinesses and food processors. Growth is projected in all business lines and will be funded by additional borrowings. The allowance for credit losses is expected to decrease because the increased credit risk that impacted actual results wasn't included in the 2025 plan. Venture capital investments will increase due to the launch of new direct investment channels. A decrease in equity will be primarily due to a dividend payment of $500 million of excess capital to the Government of Canada, over and above dividends from retained earnings.

Key financial measures

For the year ended March 31	2025 Plan	2024 Actual	2024 Plan
Loans receivable growth rate (%)	5.1	6.5	6.9
Net interest margin (%)	2.72	2.66	2.70
Efficiency ratio (%)	47.5	43.8	45.1
Total capital ratio (%)	16.6	17.4	15.3
Debt to equity	5.4	5.1	5.1
Return on equity (%)	8.4	7.8	7.9

Loans receivable growth was lower than the 2023-24 plan due to lower disbursement volumes as the higher inflation and interest rate environment lasted longer than expected and slowed economic growth, which softened the demand for credit. Loans receivable is projected to grow in all business lines in 2024-25, but at a slower pace than in 2023-24 due to a weaker economic environment for Canadian farm operations, agribusinesses and food processors.

Net interest margin was lower than the 2023-24 plan due to the current interest rate environment. The strategic use of our capital structure and the interest rate environment led to greater returns on existing equity used to fund lending operations and helped offset some of the decrease. Net interest margin is projected to increase by 0.06% in 2024-25 as interest rates are expected to decrease.

Our efficiency ratio was 1.3% lower than the 2023-24 plan due to lower administration expenses, partially offset by lower net interest income. In 2024-25, the efficiency ratio is expected to increase to 47.5%, driven by increased spending on operational growth and investments in key impact areas discussed in the 2024-25 corporate strategy section, including foundational capabilities. This increased spending will be partly offset by the increase in net interest margin and net interest income.

Our total capital ratio was 2.1% higher than the 2023-24 plan primarily due to a decrease in risk-weighted assets following regulatory changes that reduced the average risk weighting applied to our portfolio due to the increased value assigned to the security backing our lending. The total capital ratio is projected to decrease to 16.6% in 2024-25, primarily due to a one-time dividend payment of $500 million of excess capital along with payment of dividends from regular earnings, partly offset by increases in risk-weighted assets from portfolio growth. The total capital ratio is projected to remain higher than our target capital ratio of 15.0% because we plan to leverage a portion of our remaining surplus capital to facilitate new, higher-risk lending activities in key impact areas to increase our support to the industry. In addition, we're currently reviewing the impacts the 2024 Federal Budget has on our total capital ratio in 2024-25 and future years.

The debt-to-equity ratio was equal to the 2023-24 plan and is projected to increase in 2024-25 due to higher debt requirements to fund portfolio growth relative to the growth of retained earnings.

Return on equity was 0.1% lower than the 2023-24 plan primarily due to lower net interest income, which was partly offset by lower administration expenses. Return on equity is projected to increase in 2024-25 due to higher net interest income that will be partly offset by the higher administration expenses.

Non-GAAP measures

We measure and evaluate performance using certain financial measures that don't have a standardized meaning under generally accepted accounting principles (GAAP). We believe that certain non-GAAP measures provide additional insight into our ongoing performance and provide readers with a better understanding of management's perspective. These measures make it easier to compare our financial results over time, but they may not be comparable to similar measures disclosed in the financial industry.

Efficiency ratio

Our efficiency ratio presents administration expenses as a percentage of adjusted total revenue (see the table below). This ratio helps communicate our operating efficiency. While a lower ratio is an indication of more efficient business operations, an efficiency ratio that's too low can signal under-investment in business and impact strategy and sustainable performance.

For the year ended March 31 ($ millions)	**2024**	**2023**	**2022**
Total revenue	1,359	1,378	1,341
Net loss (gain) from financial instruments carried at fair value	19	(8)	1
Net foreign exchange loss (gain)	2	(3)	–
Adjusted total revenue	**1,380**	**1,367**	**1,342**

Net interest margin

Our net interest margin is an indicator of profitability of interest-earning assets less the cost of borrowings. This ratio represents net interest income as a percentage of the weighted average balance of interest-earning assets. Average balances are calculated as the average of daily closing balances – monthly for venture capital – and are non-GAAP financial measures. Balances used are disclosed in the *Net interest income, portfolio growth, borrowings and profitability* section.

Enterprise risk management

As a financial institution, risk is inherent in all our activities and we take potential risks into account when lending to customers, delivering services, identifying our priorities and developing our business strategies and initiatives. We continually improve our enterprise risk management practices and we measure our activities against a formal risk appetite and tolerance statement that defines and measures acceptable risk.

Our risk management objectives and supporting priorities are focused on building a bright future for Canadian agriculture and agri-food.

Risk governance

Under the oversight of the Board of Directors, FCC's risk management frameworks and policies provide an overview of our enterprise-wide practices for managing risk. This includes identifying, assessing, mitigating, monitoring and reporting on significant risks facing FCC.

Enterprise risk management framework and policy: This framework provides the governance structure for managing risk as well as the process to identify, assess and measure, control and mitigate, and monitor and report on risk. It also formalizes the risk appetite and the development of a risk-aware culture. The Board approves this framework to ensure risk management is integrated with strategic, financial and operating plans.

Risk appetite framework and policy: This framework describes the risks FCC is willing to accept, as well as the risks we wish to avoid. It includes all limits and thresholds. The Board approves this framework.

Risk category frameworks: These frameworks elaborate on the processes used to identify, assess, control and mitigate, and monitor and report on the risk category. These frameworks support the execution of the enterprise risk management framework and are approved by management.

Enterprise risk category policies: These policies set out the minimum requirements employees and business units must meet by risk category. These policies are approved by the Board.

Authorities and limits: Applicable authorities and limits are established within each policy.

Measurement and reporting: Quarterly reports on risk appetite metrics and analysis of emerging risks are provided to the Enterprise Management Team, Enterprise Risk Management Committee and Board Risk Committee for discussion. The report contains a comprehensive view of FCC's risk profile relative to risk tolerances and limits, ensuring appropriate action is taken to address any issues outside of stated tolerances and prevent risk from exceeding FCC's appetite.

FCC management committees

A number of FCC committees guide corporate decision-making. These committees develop and monitor risk management processes and practices.

The **Enterprise Management Team (EMT)** sets FCC's strategy and determines which business opportunities to pursue. EMT is accountable for implementing the enterprise risk management framework across FCC.

The **Asset Liability Committee** directs FCC's business and financial performance relative to the approved strategy and risk appetite statement. The committee oversees asset and liability management decisions, loan pricing methodologies and risk-adjusted returns relative to allocated capital.

The **Enterprise Risk Management Committee** oversees the management of enterprise risks and promotes a robust risk management culture and continuous evolution of risk management practices. The committee works with the Chief Risk Officer to advise the Board on:

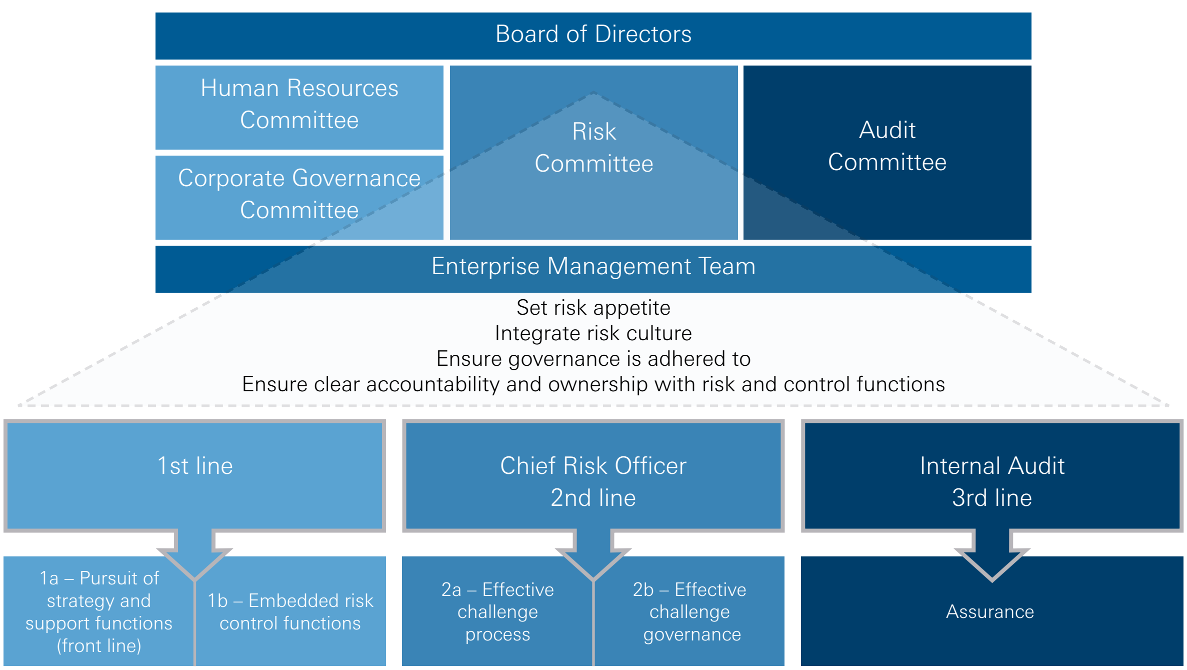
- the risk appetite statement and tolerances
- risk management frameworks and policies
- compliance and risk reports
- action plans to address policy breaches
- the fit of new products and services within the risk appetite
- stress testing and scenario analysis
- the assessment of strategic risk

We have developed additional subcommittees responsible for overseeing various technical risk categories.

The **Investment Committee** approves commitments of capital to third-party fund managers for venture capital investments. The committee oversees fund manager expertise and performance, and monitors the diversification and performance of the venture capital portfolio.

FCC executive and business functions

FCC uses a three-lines model to manage risk related to key business processes. Policies outline risk-taking and risk management functions. Policies further establish risk management authorities to various operational units that are aligned with the authorities of the President and CEO, Chief Risk Officer and Vice-President, Internal Audit, who maintain three distinct and independent lines.



The **first line** develops and executes FCC's business strategy. This includes making loans, funding the portfolio, developing products, pursuing markets and making other risk-taking decisions. We make these decisions within the context of the risk appetite statement. The first line includes embedded control functions that monitor their activities.

The **second line** effectively challenges risk-taking decisions made by the first line relative to the risk appetite statement. This includes setting risk policy and standards, monitoring compliance to policy and reporting risks to management and the Board. The Chief Risk Officer maintains independence through a direct reporting relationship to the Board's Risk Committee and leads a Risk Management division that is independent of FCC operations.

The **third line** provides independent and objective assurance to the Board and senior management on the adequacy and effectiveness of FCC's governance, risk management and internal controls. This includes assurance on the adequacy and effectiveness of the first and second lines. It also fulfils an advisory role on co-ordinating assurances and recommending effective ways of improving existing processes. These responsibilities are fulfilled by Internal Audit's execution of the Board Audit Committee's approved audit plan.

FCC's risk appetite

FCC's risk capacity is informed by the Farm Credit Canada Act, the Financial Administration Act and various directives provided by our shareholder, the Government of Canada.

The Board has established a risk appetite statement for FCC that it reaffirms and approves annually through the risk appetite framework. The statement consists of three core principles that outline the level of risk FCC is willing to take, accept and avoid. A series of supporting statements provides additional information and context. The core principles for managing risk at FCC are:

- We take risks that are good for customers, FCC and the Canadian agriculture and agri-food industry.
- We accept the risk of a long-term view to remain a steady presence for Canadian agriculture and agri-food industry participants.
- We avoid risks that jeopardize FCC, our customers or the sustainability of the industry we serve.

In addition to the principles, the risk appetite contains a series of tolerances and limits. We review these tolerances and limits annually to ensure adequate coverage of the strategy, changes in the operating environment and changes in guidelines for financial Crown corporations.

FCC's risk-aware culture

Industry trust and marketplace reputation are essential to our sustained business success and effective mandate execution. To proactively manage FCC's culture and risk mindsets, we've defined and grouped the fundamental drivers of employee behaviour into four key areas:

- risk competence and skill
- organizational structure
- intrinsic and extrinsic motivation
- relationships and interactions

Senior management and the Board assess, review and discuss these areas through surveys and measurement.

FCC's risk categories

The risk categories reflect FCC's role as both a financial institution and a Crown corporation. FCC expresses its risk appetite and tolerances by categorizing risk as strategic, financial, operating or reputational.

Strategic risk

Strategic risks are risks that may affect an organization's ability to develop and implement effective business strategies.

The Board of Directors discusses the top strategic and emerging risks during the strategic planning cycle.

Strategic and emerging risk register: The top risks facing the organization are assessed and prioritized in accordance with the enterprise risk management framework and policy. The Board approves the register and related prioritization of risks. EMT members are accountable for developing risk mitigation plans and reporting progress to the Board on a quarterly basis. The risk register and mitigation plans have focused on key risk topics around climate, technology and digitization, as well as our relevance in the marketplace.

The prioritized risks are an input to the stress-testing program. Management develops exceptional but plausible scenarios to test our operational resilience and ability to stay within our risk appetite during a stress event.

Financial risks – credit, market and liquidity

As a financial institution and lender 100% invested in Canadian agriculture and agri-food, financial risk is a significant risk to FCC. Financial risks are divided into three categories of risk – credit, market and liquidity.

Credit risk

Credit risk is the risk of financial loss if a borrower or other counterparty fails to meet its financial commitments.

We're exposed to credit risk in our loans, venture fund holdings and investments.

We rely on committees, divisions and business units to effectively manage credit risk. Credit risk assessment starts with individual transactions.

We use policies, processes, systems and strategies to manage the credit risk of the lending portfolio.

Our lending and credit risk employees manage credit risk by ensuring individual loans are consistent with defined policies. We focus our risk-taking decisions primarily on our customer's ability to repay the loan while considering secondary forms of repayment such as collateral security in the lending decision.

Portfolio concentrations and correlations due to FCC's legislated focus on the agriculture and agri-food industry can intensify credit risk. We manage this risk through portfolio diversification, risk appetite limits and robust capital management.

Credit risk is aggregated through analytics and modelling to quantify capital requirements and the allowance for credit losses to ensure our financial resilience over the long run. FCC also closely monitors the agriculture and agri-food operating environments to ensure our lending policies, activities and prices are appropriate and relevant.

Independent venture capital partners provide venture capital and subordinated debt and manage a series of investment funds in which FCC and others invest.

Market risk

Market risk is the potential for loss due to adverse changes in underlying market factors such as interest rates and foreign exchange rates.

Market risk exists in all our financial instruments. Our market risk policies and limits ensure that we identify, measure, manage and report on interest rate and foreign exchange risks on a timely basis.

Interest rate risk is the risk that a change in the interest rate negatively affects net interest income and fair value measurements. We monitor exposure to this risk through sensitivity analysis of net interest income and fair values.

Foreign exchange risk is the risk that currency fluctuation negatively affects interest income or expenses related to foreign currency financial instruments. We minimize currency exposure primarily by matching foreign currency loans against foreign currency funding.

Liquidity risk

Liquidity risk is the risk of not having sufficient funds to meet payment obligations as they come due.

We minimize liquidity risk by using a liquid investment portfolio, funding through the Crown Borrowing Framework and accessing an operating line of credit.

Operational risk

Operational risk is the risk of loss due to inadequate or failed internal processes, people, systems or external events.

Operational risk events disrupt the normal flow of business and can affect our ability to deliver our strategy and objectives through lost opportunity and efficiency, business disruption, customer impact or financial loss.

FCC is focused on organizational resilience and developing future-fit risk practices that align with our mandate and risk appetite. We continue to implement and enhance risk management policies and practices to reduce risk in key operational risk areas.

We perform risk and control self-assessments on our processes to identify and assess key risks to ensure appropriate controls are in place and risk gaps are closed. Business units are responsible for ensuring appropriate controls, including policies and processes, are in place to mitigate risks and operate effectively.

We reduce our exposure to third-party risk and cybersecurity incidents through dedicated oversight and policy, as well as assessment and mitigation tools. In addition, our audit program examines processes and provides learning opportunities for continual improvement through assurance activity.

Reputation risk

Reputation risk is the risk that an incident may lead to stakeholders and the broader public developing negative perceptions that would adversely affect corporate reputation and the ability to attract and retain customers, business partners and employees.

Exposure to reputation risk is a function of FCC's ability to manage and respond to other risks.

To avoid reputation damage, we have policies, processes and governance to guide employee conduct in interactions with co-workers, customers, industry partners, suppliers, media and the public. We assess any risk event that exceeds FCC's risk appetite for reputation implications.

Incident and crisis management is a key component to managing and mitigating both enterprise and reputation risk. FCC uses an incident and crisis management program to respond to escalating risk events. We regularly review, test and enhance our incident and crisis response based on assessment and experience.

Climate-related disclosure overview

Climate change in the agriculture and agri-food industry

Climate change brings both complex challenges and opportunities to the agriculture and agri-food industry. Disruptive events like extreme weather are immediately and directly felt by our customers and partners, and changes to climate systems, such as temperature and rainfall patterns, could impact the landscape of Canadian agriculture for years to come.

FCC is committed to helping our customers and partners adapt and grow. As experts in serving the agriculture and agri-food industry, we're exploring what the transition to a low-carbon economy means for Canadian producers, agribusiness and agri-food operators. We aim to bolster our industry by collaborating with partners, customers and industry associations. Our initiatives will leverage our expertise to support climate action across the agriculture and agri-food value chain so the industry can adapt and thrive.

Navigating climate-related disclosure: Our progress and priorities

In line with the Government of Canada's expectations, we aspire to meet industry best practices for climate disclosures. This report is guided by the recommendations of the Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD). Future disclosures will be guided by IFRS S1 and S2 standards. International Sustainability Standards Board (ISSB) has also commenced research on integrating broader insights on nature and human capital from the Taskforce for Nature-related Financial Disclosures (TNFD) into future standards.

From a climate perspective, our focus over the last year has been to build on our solid foundation of governance and integrate ESG into our new corporate strategy. We have adopted science-based targets (SBTs) for FCC's operational carbon footprint and plan to announce them next year. We also analyzed recognized standards to determine the appropriate methodology for setting SBTs for financed emissions. We focused on advancing our climate risk management practice and maturing our climate-related reporting. And, worked in partnership with financial institutions and the agriculture and agri-food industry to ensure our approach helps Canada maintain and grow its role in sustainable food production and global food security.

Going forward, we will continue to improve our metrics and set relevant emissions reduction targets based on credible science-based decarbonization pathways. We will also bring our refreshed corporate strategy to life and take more calculated risks by developing sustainable finance products designed to help the industry thrive in a low-carbon economy and ensure FCC and the industry are resilient to climate change impacts.

The tables on the following pages summarize FCC's progress on governance, strategy, risk management, metrics and targets in response to TCFD's guidance for financial institutions and includes our focus areas for the future.

Governance

Effective governance is central for making sound decisions and promoting long-term, sustainable success. FCC has been progressively maturing our climate governance throughout the organization. We've established formal internal accountabilities to manage climate direction and risks, and we've built internal management committees to steer efforts towards achieving our climate goals.

<table>
<tr><th>2023-24 progress:</th><th>2024-25 priorities:</th></tr>
<tr><td>
We moved oversight of ESG and climate to the full Board of Directors. Their diverse perspectives help us take advantage of opportunities and tackle climate change's risks to the agriculture and agri-food industry. The Board Risk Committee continues to oversee climate risk, and the Board Audit Committee is accountable for oversight of climate-related disclosure.
The Board participated in a specialized education session focused on ESG matters, with a high-level overview of climate issues. Four Board members have ESG credentials from Competent Boards, with two of them having obtained their credentials this year.
With climate risk being identified as a priority at FCC, we enhanced our Management and Risk Committee oversight on the topic and regularly monitored our climate risk treatment plan.
Other highlights from the year include:

establishing the ESG Steering Committee and expanding membership to include all members of the Enterprise Management Team to provide oversight and direction
hiring a Vice-President, ESG to lead our efforts

</td><td>
Given the central role that ESG and climate play within our corporate strategy, we'll continue to have strategic conversations related to climate at the highest levels of the organization.
Now that a Vice-President, ESG is in place, they will become a member of the Enterprise Management Team and the ESG Steering Committee will be dissolved.
The Board of Directors will continue to enhance its climate oversight function through learning activities and strategic climate discussions.
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Strategy

FCC is committed to understanding and mitigating climate risks and opportunities to support the resilience of the industry and build a sustainable future. Over the past year, we developed an aspiration statement: to be bold and make Canada a global leader in food security and sustainable food production by driving innovation, being a catalyst for value creation and enhancing Canada's brand abroad. With ESG as the backbone of our new corporate strategy, we are focused on protecting our environment with sustainable solutions that will support growth and the resiliency of the industry.

2023-24 progress:	2024-25 priorities:
From a climate perspective, FCC's most significant step forward in 2023-24 was to make climate and nature a key impact area in our new corporate strategy. This decision appropriately reflects the role the agriculture and agri-food industry plays in safeguarding our land and environment. Through our strategy, we'll look for opportunities to: • protect nature and biodiversity so producers and operators can mitigate risks and adapt to climate change impacts • help the industry develop sustainable solutions and production practices that reduce greenhouse gas (GHG) emissions and protect the environment • make focused investments to accelerate innovation and foster technology adoption Highlights include: • expanding partnerships across industry associations, government, research, academic and financial institutions to advance sustainable agriculture • developing a Sustainable Finance Framework • testing ESG advisory services with selected agriculture and agri-food production customers • helping producers calculate their agricultural carbon sequestration footprint. The first data integration between Ag Expert and Holos, a whole farm sustainability calculator developed by Agriculture and Agri-Food Canada, was released in March 2024. • launching two new Sustainability Incentive programs and announcing a third to be available in the fall	FCC will implement the Sustainable Finance Framework and deploy capital solutions to offer products and investments that promote sustainable farming and food production practices. We will explore nature-based solutions as part of our approach to addressing the risks and opportunities that climate change presents. We will also enhance our AgExpert software, in partnership with Agriculture and Agri-Food Canada. Future integrations will support other Holos modules to help producers calculate nitrous oxide, methane and carbon dioxide emissions. This technology will support the industry with evolving measurement requirements. We will continue to engage and leverage partnerships to support the resilience of the agriculture and agri-food industry.

Risk management

FCC's exposure to climate risk is influenced by our borrowers' resilience and how well they adapt to physical and transition risks. To deliver appropriate advice and tailored lending solutions while managing our portfolio risk, we must understand our customers' exposure to climate risk.

2023-24 progress:	2024-25 priorities:
We continued to bring attention to climate and environmental risks through our enterprise risk management practices. Highlights include: • assessing a heatmap to identify sector sensitivity to the transition to a low-carbon through preliminary evaluation • working with climate experts to improve our understanding of the impacts of climate change on agriculture in the Prairies • launching a pilot to assess the evolving climate risks and opportunities our largest customers face • conducting a comprehensive climate stress test to assess the impacts of a disorderly transition to a low-carbon economy, while also dealing with the impacts of challenging growing conditions due to more frequent and persistent droughts and floods	As part of our new strategy, we'll revise our risk appetite to ensure it enables delivery of the strategy. We'll continue to improve our risk management practices to better understand the climate risk landscape of the industry and our customers, considering the diversity and uniqueness of the sectors we invest in. This includes enhancing our risk assessments to better understand how physical and transition risks will affect our portfolio and working with customers to understand their vulnerability to specific emissions and climate scenarios.

Metrics and targets

FCC is committed to helping the Government of Canada meet its goal to attain net-zero emissions by 2050 for all of Canada. To understand our emissions footprint and track our progress, we measure the GHG emissions associated with our operations and financing activities.

2023-24 progress:	2024-25 priorities:
We've reduced our operational carbon footprint by 36.4%, keeping us on track to meet our 2025 operational emissions goal of 40% reduction against a 2011-12 baseline. We also updated our operational emissions reduction target aligned with science-based targets and the Paris Agreement. This target will replace FCC's current goal next year. We continue to estimate emissions linked to our portfolio, known as financed emissions, using economic activity-based factors in accordance with the Partnership for Carbon Accounting Financials (PCAF) Standard. Considerable groundwork has been performed throughout the year on data, measurement and target-setting related to our financed emissions. This work is essential for FCC to support the Canadian agriculture and agri-food value chain as it transitions to a low-carbon economy.	Next year, we'll announce a new operational emissions reduction target that will put us on a pathway to net zero in our operations, which is in line with the federal government's commitment to achieve net-zero emissions by 2050. Together with the industry, we'll continue to improve data availability and quality. We'll help develop methodologies to estimate financed emissions specific to Canadian agriculture and set science-based targets that support a vibrant industry.

Our footprint

In 2016-17, we set an ambitious goal to reduce our operational GHG emissions by 40% by 2025, based on our emissions from the 2011-12 fiscal year. This means reducing our absolute emissions from 8,386 tCO_2e[16] to 5,031 tCO_2e. To reach our target, we set a yearly emission reduction goal of 307 tCO_2e, which we achieve primarily through energy efficiency initiatives, smart travel practices and paper reduction. If needed, we purchase renewable energy certificates (RECs) to offset emissions to meet our annual reduction goal.

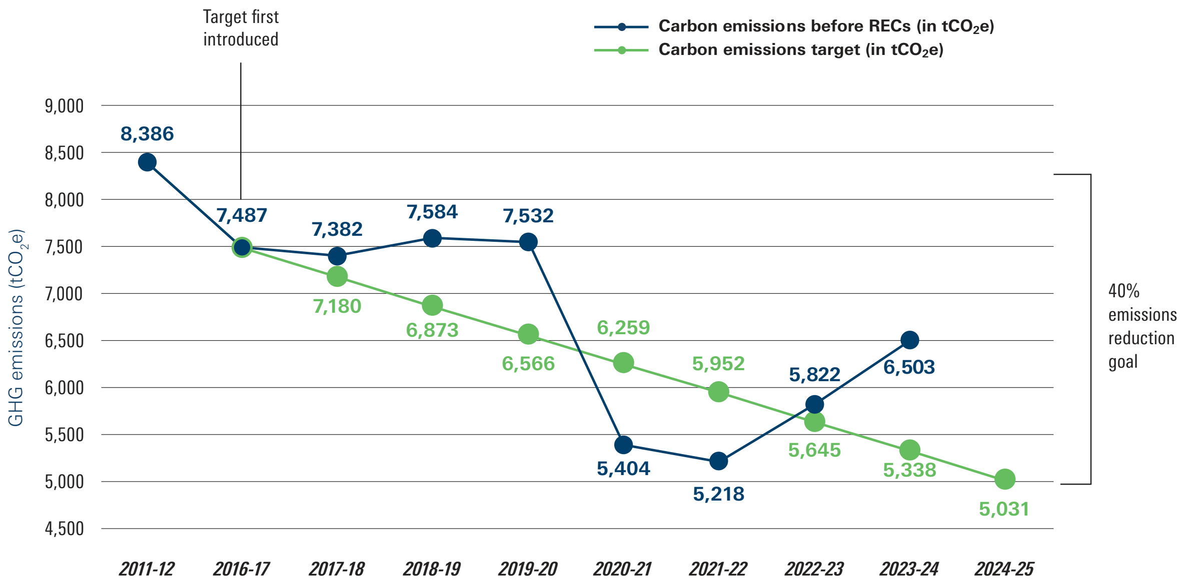
This year, our emissions increased to 6,503 tCO_2e, marking an approximate 12% increase over the 2022-23 levels. This result was due to increased electricity consumption in our offices, along with higher vehicle travel and paper usage.

The significant surge in emission factors (18%) in Saskatchewan,[17] where over 40% of our electricity consumption occurs, contributed to this increase. We also observed a 4% rise in vehicle travel kilometres due to visits aimed at maintaining strong customer and industry relationships. The increase in our paper usage is due to the addition of employees and increased business activity.

These results were offset by reduced air travel and lower natural gas consumption as a result of a warmer Canadian winter overall.[18] We are purchasing RECs equivalent to 1,165 tCO_2e to offset increased emissions, to align with this year's target of emitting no more than 5,338 tCO_2e. Additionally, FCC is purchasing offsets and RECs equivalent to 5,338 tCO_2e to become carbon neutral[19] in our operations.

(16) GHG emissions are measured in tonnes of carbon dioxide equivalent per year (tCO_2e).
(17) Scope 2: National Inventory Report 1990-2021: Greenhouse Gas Sources and Sinks in Canada, Part 3, Table A13-2 to A13-14, 2021
(18) Natural Gas Statistics | Canadian Gas Association: Monthly Data – Heating Degree Days – Canada
(19) Carbon neutral refers to balancing the amount of carbon emitted with an equivalent amount of reductions and offsets.

Meeting our 40% GHG reduction goal



Next year, we'll announce a new net-zero-aligned[20] science-based target for our operational carbon footprint. This target will replace FCC's current goal.

Further, we've used the Partnership for Carbon Accounting Financials (PCAF) Standard and began quantifying our financed emissions in 2021-22. FCC's financed emissions total 8.4 $MtCO_2e$.[21] The majority of these emissions are from primary production. Our total financed emissions have increased since 2021, largely due to increased lending activity. Our emissions intensity has decreased since 2021; this is mainly due to changes in portfolio composition (faster growth in our agribusiness and agri-food portfolio, which generally has a lower emissions intensity).

(20) Net-zero aligned is when organizations reduce emissions in line with the 1.5°C scenario, with an option to procure offsets for remaining emissions.

(21) Financed emissions are measured in million tonnes of carbon dioxide equivalent per year ($MtCO_2e$).

The following table features FCC's emission data:

FCC's GHG metrics	Unit	2023-24	2022-23	2021-22
Scope 1: Emissions from natural gas and other fuels used in heating, ventilation and air conditioning (HVAC) equipment	tCO_2e	1,263	1,443	1,381
Scope 2: Purchased electricity for our offices (location-based)[22]	tCO_2e	3,515	2,789	3,220
Scope 3: Emissions from paper usage	tCO_2e	302	143	66
Scope 3: Emissions from business travel	tCO_2e	1,423	1,447	551
Total operational emissions[23] (location-based)	**tCO_2e**	**6,503**	**5,822**	**5,218**
RECs to meet target	tCO_2e	1,165	177	0
Net operational GHG emissions (in line with reduction target of 40% by 2025)	**tCO_2e**	**5,338**	**5,645**	**5,218**
Operational carbon intensity	tCO2e / $M revenue	2.32	2.62	3.33
Air travel offsets	tCO_2e	364	–	–
Other carbon offsets and RECs	tCO_2e	4,974	–	–
Operational carbon footprint (carbon neutral)	**tCO2e**	**0**	**–**	**–**
Financed emissions (Scope 3, category 15)[24]	**$MtCO_2e$**	**8.4**	**8.0**	**8.0**
Economic emissions intensity	tCO_2e /$ millions of loans receivable	165	167	181

[22] Location-based reflects the average emissions intensity of grids on which energy consumption occurs

[23] Emission factors were used to calculate the GHG emissions for each activity. Local emission factors were used where available; otherwise, we used default regional, national or international factors. Sources:

- ECCC (2023), Emission Factors and Reference Values Tables 1-4
- National Inventory Report: Greenhouse Gas Sources and Sinks in Canada (1990-2021; Part 3)
- Department for Environment Food and Rural Affairs (DEFRA), UK Government Conversion factors for greenhouse gas (GHG) reporting
- ECCC, NIR (2021) Part II, Tableau A6. 1-14
- EPA (2024), Emission factors for Greenhouse gas inventories

[24] We've restated our 2021-23 figures as detailed in the Data Quality and Enhancements section of FCC's 2023-24 Climate-Related Disclosure. The originally reported totals in $MtCO_2e$ were 11.8 for 2021-22 and 11.7 for 2022-23.

ADDITIONAL INFORMATION

For more information on our progress on addressing climate change issues, visit:

FCC's 2023-24 Climate-Related Disclosure Report.

Management's Responsibility for Consolidated Financial Statements

The accompanying consolidated financial statements of Farm Credit Canada (FCC) and all information in this annual report are the responsibility of FCC's management and have been reviewed and approved by the FCC Board of Directors. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and, consequently, include amounts that are based on the best estimates and judgment of management. Financial information presented elsewhere in the annual report is consistent with that contained in the consolidated financial statements.

In discharging its responsibility for the integrity and fairness of the consolidated financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that FCC properly authorizes and records transactions, safeguards assets, recognizes liabilities, maintains proper records, and complies with applicable laws and conflict of interest rules. The system of internal control is augmented by internal audit, which conducts periodic reviews of different aspects of FCC's operations.

The FCC Board of Directors is responsible for ensuring management fulfils its responsibilities for financial reporting and internal control. It exercises this responsibility through the Audit Committee, which is composed of directors who are not employees of FCC. The Audit Committee meets with management, internal auditors and external auditors on a regular basis. Internal and external auditors have full and free access to the Audit Committee.

FCC's independent external auditor, the Auditor General of Canada, is responsible for auditing FCC's transactions and consolidated financial statements and for issuing her report thereon.

Justine Hendricks, MBA
President and
Chief Executive Officer

Corinna Mitchell-Beaudin, CPA, CA, CFA
Executive Vice-President and
Chief Financial Officer

Regina, Canada
June 12, 2024

Office of the Auditor General of Canada
Bureau du vérificateur général du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister of Agriculture and Agri-Food

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Farm Credit Canada and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 March 2024, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the consolidated financial statements, we have audited transactions of Farm Credit Canada coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are Part X of the *Financial Administration Act* and regulations, the *Farm Credit Canada Act*, the by laws of Farm Credit Canada, and the directives issued pursuant to section 89 of the *Financial Administration Act*.

In our opinion, the transactions of Farm Credit Canada that came to our notice during the audit of the consolidated financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Financial Administration Act*, we report that, in our opinion, the accounting principles in IFRSs have been applied on a basis consistent with that of the preceding year.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for Farm Credit Canada's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable Farm Credit Canada to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

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

Riowen Abgrall

Riowen Yves Abgrall, CPA, CA
Principal
for the Auditor General of Canada

Ottawa, Canada
12 June 2024

Consolidated Balance Sheet

As at March 31 (millions of Canadian dollars)	Note	2024	2023[1]
Assets			
Cash and cash equivalents	**5**	**1,559**	1,782
Short-term investments	**6**	**446**	222
Accounts receivable and prepaid expenses		**34**	39
Loans receivable			
Loans receivable – total	**8**	**50,995**	47,881
Allowance for credit losses	**10**	**(195)**	(165)
Loans receivable – net		**50,800**	47,716
Other loans receivable – net	**9, 10**	**21**	26
Investments	**9, 11**	**225**	193
Right-of-use assets	**12**	**154**	157
Property and equipment		**24**	25
Intangible assets		**9**	10
Post-employment benefit assets	**13**	**245**	292
Other assets		**4**	5
Total assets		**53,521**	50,467
Liabilities			
Accounts payable and accrued liabilities		**105**	92
Borrowings			
Short-term debt	**14**	**8,314**	7,697
Long-term debt	**14**	**35,932**	33,672
Total borrowings		**44,246**	41,369
Transition loan liabilities		**177**	**180**
Lease liabilities	**12**	**158**	**160**
Post-employment benefit liabilities	**13**	**91**	**84**
Other liabilities		**8**	**5**
Total liabilities		**44,785**	41,890
Equity			
Contributed capital	**19, 20**	**–**	250
Retained earnings		**8,736**	8,327
Total equity		**8,736**	8,577
Total liabilities and equity		**53,521**	50,467

[1] Comparative figures have been reclassified. See Note 4.

Commitments, guarantees and contingent liabilities (Note 18).

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

The consolidated financial statements were approved by the FCC Board of Directors on June 12, 2024, and were signed on its behalf by:

Justine Hendricks, MBA
President and
Chief Executive Officer

Govert Verstralen
Chair, Audit Committee

Consolidated Statement of Income

For the year ended March 31 (millions of Canadian dollars)	Note	2024	2023[1]
Interest income		**2,806**	2,223
Interest expense		**(1,441)**	(869)
Net interest income	**15**	**1,365**	1,354
Insurance distribution income	**16**	**17**	16
Net (loss) gain from financial instruments carried at fair value		**(19)**	8
Other expenses		**(4)**	–
Non-interest (expense) income		**(6)**	24
Total revenue		**1,359**	1,378
Provision for credit losses		**(77)**	(108)
Administration expenses	**17**	**(605)**	(548)
Net income		**677**	722

[1] Comparative figures have been reclassified. See Note 4.

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

Consolidated Statement of Comprehensive Income

For the year ended March 31 (millions of Canadian dollars)	Note	2024	2023
Net income		**677**	722
Other comprehensive loss			
Item that will never be reclassified to net income			
Remeasurement loss on post-employment benefit assets and liabilities	**13**	**(58)**	–
Total comprehensive income		**619**	722

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

Consolidated Statement of Changes in Equity

For the year ended March 31 (millions of Canadian dollars)	**Balance 2023[1]**	**Net income**	**Other comprehensive income**	**Dividend paid**	**Balance 2024**
Contributed capital	**250**	**–**	**–**	**(250)**	**–**
Retained earnings	**8,327**	**677**	**(58)**	**(210)**	**8,736**
Total equity	**8,577**	**677**	**(58)**	**(460)**	**8,736**

For the year ended March 31 (millions of Canadian dollars)	Balance 2022[1]	Net income	Other comprehensive income	Dividend paid	Balance 2023[1]
Contributed capital	500	–	–	(250)	250
Retained earnings	8,076	722	–	(471)	8,327
Total equity	8,576	722	-	(721)	8,577

[1] Comparative figures have been reclassified. See Note 4.

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

Consolidated Statement of Cash Flows

For the year ended March 31 (millions of Canadian dollars)	2024	2023[1]
Operating activities		
Net income	**677**	722
Adjustments to determine net cash (used in) provided by operating activities:		
Interest income	**(2,806)**	(2,223)
Interest expense	**1,441**	869
Provision for credit losses	**77**	108
Net unrealized loss (gain) from financial instruments carried at fair value	**22**	(7)
Depreciation of right-of-use assets	**16**	16
Depreciation of property and equipment	**9**	10
Amortization of intangible assets	**5**	6
Miscellaneous income	**(3)**	(66)
Impairment loss on assets held for sale	**–**	2
Proceeds from sale of lease portfolio	**–**	172
Net cash outflow from loans receivable	**(3,078)**	(3,242)
Net change in other operating assets and liabilities	**4**	2
Interest received	**2,718**	2,087
Interest paid	**(1,378)**	(746)
Cash used in operating activities	**(2,296)**	(2,290)
Investing activities		
Purchase of short-term investments	**(1,256)**	(699)
Proceeds from maturity of short-term investments	**1,039**	1,064
Repayments from other loans receivable	**5**	15
Acquisition of investments	**(49)**	(80)
Proceeds from sale and repayment of investments	**7**	4
Purchase of property and equipment	**(8)**	(11)
Purchase of intangible assets	**(4)**	(4)
Cash (used in) provided by investing activities	**(266)**	289
Financing activities		
Long-term debt issued	**10,781**	10,197
Long-term debt repaid	**(7,006)**	(7,128)
Short-term debt issued	**13,502**	12,997
Short-term debt repaid	**(14,464)**	(12,988)
Principal repayment of lease liabilities	**(15)**	(15)
Dividend paid	**(460)**	(721)
Cash provided by financing activities	**2,338**	2,342
Change in cash and cash equivalents	**(224)**	341
Cash and cash equivalents, beginning of year	**1,782**	1,439
Effects of exchange rate changes on the balances of cash held and due in foreign currencies	**1**	2
Cash and cash equivalents, end of year	**1,559**	1,782
Cash and cash equivalents consists of:		
Cash	**1,339**	1,240
Cash equivalents	**220**	542

[1] Comparative figures have been reclassified. See Note 4.

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

Notes to the Consolidated Financial Statements

1. The corporation

Authority and objectives

Farm Credit Canada (FCC) was established in 1959 by the Farm Credit Act as the successor to the Canadian Farm Loan Board. FCC is an agent Crown corporation named in Part I of Schedule III to the Financial Administration Act. FCC operates across Canada and its registered office is at 1800 Hamilton Street, Regina, Saskatchewan, Canada. FCC is wholly owned by the Government of Canada and is not subject to the requirements of the Income Tax Act.

The purpose of FCC is to enhance rural Canada by providing specialized and personalized business and financial services and products to farming operations, including family farms, and to those businesses in rural Canada, including small and medium-sized businesses, that are businesses related to farming. The primary focus of the activities of FCC shall be on farming operations, including family farms.

On April 2, 1993, the Farm Credit Corporation Act was proclaimed into law replacing the Farm Credit Act and the Farm Syndicates Credit Act, which were repealed. The revised Act expanded FCC's mandate, providing broader lending and administrative powers.

On June 14, 2001, the Farm Credit Canada Act received royal assent, updating the Farm Credit Corporation Act. This Act allows FCC to offer producers and agribusiness operators a broader range of services.

The Farm Credit Canada Act was amended effective March 25, 2020, to allow the Minister of Finance to determine the capital payment limit. On March 25, 2020, the Minister increased the capital payment limit to $2,500 million.

In September 2008, FCC, together with several other Crown corporations, was issued a directive (P.C. 2008-1598) pursuant to Section 89 of the Financial Administration Act, requiring due consideration by FCC to the personal integrity of those it lends to or provides benefits to. During fiscal 2024, FCC continued to comply with the requirements of the directive.

In July 2015, FCC was issued a directive (P.C. 2015-1104) pursuant to Section 89 of the Financial Administration Act to align its travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with its legal obligations. The directive also required FCC to report on the implementation of this directive in FCC's next corporate plan. FCC fulfilled this requirement. FCC's policies, guidelines and practices have been aligned with Treasury Board policies, directives and related instruments since March 31, 2016.

In March 2017, FCC was issued a directive (P.C. 2017-242) pursuant to Section 89 of the Financial Administration Act. This directive intended to ensure equitable and balanced cost-sharing between employee and employer for pension contributions and set the normal retirement age to 65. FCC was in full compliance with the directive as of March 31, 2018, and continues to comply with the directive.

2. Basis of preparation

Basis of presentation

Consolidated financial statements (financial statements) have been prepared in accordance with International Financial Reporting Standards (IFRS).

Unless otherwise stated, the financial statements are presented in millions of Canadian dollars, which is FCC's functional currency.

Basis of consolidation

The financial statements include the accounts of FCC and the consolidated structured entity (SE) funds referred to below. A SE is one that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when voting rights only relate to administrative tasks and relevant activities are directed by contractual arrangements. The consolidated funds are venture capital limited partnerships for which FCC is a limited partner holding majority partnership interests. FCC consolidates these funds as it has control over them. FCC controls these funds as it is exposed, or has rights, to variable returns from its involvement with these funds and FCC can affect those returns through its power over the funds.

The following funds have a December 31 year end and have been consolidated in FCC's financial statements as at March 31, 2024 and 2023.

Fund	Principal activity	Country of incorporation and residence	Proportion of ownership and voting power held[1]	Basis of control
Forage Subordinated Debt Fund II	Investments in subordinate financing	Canada	99%	Voting power and contractual agreements
Forage Subordinated Debt Fund III	Investments in subordinate financing	Canada	99%	Voting power and contractual agreements
Forage Capital – Ag & Food Business Solutions Fund	Investments in venture capital	Canada	99%	Voting power and contractual agreements

[1] The non-controlling interest, which represents the equity in the consolidated funds that is not attributable to FCC, has not been presented in the Consolidated Balance Sheet, Consolidated Statement of Income, the Consolidated Statement of Comprehensive Income, and the Consolidated Statement of Changes in Equity due to its insignificance.

Translation of foreign currencies

Income and expenses are translated at the monthly average exchange rates prevailing throughout the year. Exchange gains and losses on loans and receivables and borrowings are recorded on a net basis within Other Income/Expenses on the Consolidated Statement of Income.

Estimation uncertainty

The preparation of the financial statements in accordance with IFRS requires that management makes judgments, estimates and assumptions concerning the future that affect the reported amounts in the financial statements and accompanying notes. Judgments, estimates and assumptions are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these judgments, estimates and assumptions. Information about the significant judgments, estimates and assumptions that are critical to the recognition and measurement of assets, liabilities, income and expense is discussed throughout.

2. Basis of preparation (continued)

Additional accounting policies

To ease the reading of these financial statements, additional material accounting policies, estimates and judgments (in addition to those identified in Note 2) are disclosed throughout the notes, with the related financial disclosures. See table below for reference purposes.

Note	Topic	Accounting policy	Accounting estimates and judgments	Page
5	Cash and cash equivalents	X		79
6	Short-term investments	X		79
7	Derivative financial instruments	X		79
8	Loans receivable – net	X		80
9	Venture capital arrangements	X	X	83
10	Allowance for credit losses	X	X	86
11	Fair value of financial instruments	X	X	90
12	Leases	X	X	92
13	Post-employment benefits	X	X	95
14	Borrowings	X		100
16	Insurance	X		102
19	Related party transactions	X		104

3. Changes in accounting standards

Accounting standards issued but not yet effective

FCC has reviewed the new standards and amendments that have been issued by the International Accounting Standards Board (IASB) but are not yet effective and determined that the following may have an impact on FCC in the future.

Standard	Details	Date of required initial application
IAS 1 – Presentation of Financial Statements	In October 2022, the IASB issued Non-current Liabilities with Covenants, which amended IAS 1 – Presentation of Financial Statements. The amendments clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. The amendments aim to improve information about covenants provided through additional disclosures. FCC has completed the assessment of the standard amendments and has determined that it has no transition impact.	April 1, 2024
IAS 21 – The Effects of Changes in Foreign Exchange Rates	In August 2023, the IASB issued Lack of Exchangeability, which amended IAS 21 – The Effects of Changes in Foreign Exchange Rates. The amendments provide guidance to determine if a currency is exchangeable and how to estimate a spot rate when a currency lacks exchangeability. Management is in the process of assessing the impact of this standard on FCC's financial statements and accounting processes.	April 1, 2025

4. Reclassification of comparative figures

a) Change in level of rounding used in presentation of financial statements

We previously presented the amounts in FCC's financial statements in thousands of dollars. We have elected to update our presentation to millions of dollars. Therefore, certain comparative figures are no longer presented to align with the current year's presentation, such as non-controlling interest.

b) Change in presentation of venture capital arrangements

We performed an in-depth analysis of our investments in associates, which are fund investments. This analysis resulted in the conclusion that measurement for these fund investments at fair value through profit or loss (FVTPL) under IFRS 9 would provide more relevant information to the users of the financial statements due to the nature of these fund investments. This resulted in the determination that we do not have significant influence because of FCC's limited power over the fund investments. In addition, these amounts are now being presented on the Consolidated Balance Sheet within investments, which was previously titled investments at fair value. As a result, we have reclassified our investments in associates previously accounted for under the equity method as investments. The comparative figures have been reclassified as follows:

Consolidated Balance Sheet

As at March 31, 2023	As previously reported	Adjustments	As reclassified
Investments at fair value	131	(131)	–
Investment in associates	62	(62)	–
Investments	–	193	193

Consolidated Statement of Income

For the year ended March 31, 2023	As previously reported	Adjustments	As reclassified
Net loss from investment in associates	(8)	8	–
Net gain from financial instruments designated as fair value through profit or loss	16	(16)	–
Net gain from financial instruments carried at fair value	–	8	8

Consolidated Statement of Cash Flows

For the year ended March 31, 2023	As previously reported	Adjustments	As reclassified
Net unrealized gain from financial instruments designated as fair value through profit or loss	(15)	15	–
Net unrealized gain from financial instruments carried at fair value	–	(7)	(7)
Net loss from investment in associates	8	(8)	–
Acquisition of investments at fair value	(58)	58	–
Proceeds from sale and repayment of investments at fair value	2	(2)	–
Acquisition of investments	–	(80)	(80)
Proceeds from sale and repayment of investments	–	4	4
Disbursements paid to investment in associates	(22)	22	–
Repayments from investment in associates	2	(2)	–

Refer to the following note disclosures for further impacts of the reclassification:

Note 11 – Fair value of financial instruments – Level 3 financial instruments table

Note 18 – Commitments, guarantees and contingent liabilities – Investments

4. Reclassification of comparative figures (continued)

c) Change in presentation of administration expenses

FCC has changed the disclosure of its administration expenses so that it provides more meaningful information to stakeholders and aligns with industry practice.

Therefore, the following comparative figures were subject to a change in classification of administration expenses by nature to align with current year classification. The impacts for the year ended March 31, 2023, are shown below.

Administration expenses (Note 17)

For the year ended March 31, 2023	As previously reported	Adjustments	As reclassified
Salaries and benefits	314	(314)	–
Employee compensation and benefits	–	318	318
Professional fees	88	(88)	–
Professional services	–	23	23
Outsourced workforce	–	72	72
Facilities, software and equipment	66	(66)	–
Occupancy, including depreciation	–	32	32
Amortization and depreciation	32	(32)	–
Technology and communication, including depreciation and amortization	–	65	65
Marketing and promotion	17	(17)	–
Marketing and industry support	–	17	17
Travel and training	15	(15)	–
Travel	–	9	9
Other	16	(4)	12
Total	**548**	**–**	**548**

d) Change in presentation of amortization and depreciation

FCC previously combined amortization and depreciation in the Consolidated Statement of Cash Flows. We have elected to update our presentation and recategorize depreciation and amortization into three line items as shown below. The additional line items provide more meaningful information to our stakeholders about the nature of our underlying expenses.

Therefore, the following comparative figures have been reclassified to align with current year presentation. The impacts for the year ended March 31, 2023, are shown below.

Consolidated Statement of Cash Flows

For the year ended March 31, 2023	As previously reported	Adjustments	As reclassified
Amortization and depreciation	32	(32)	–
Depreciation of right-of-use assets	–	16	16
Depreciation of property and equipment	–	10	10
Amortization of intangible assets	–	6	6

5. Cash and cash equivalents

Accounting policy

Cash and cash equivalents are composed of bank account balances and short-term, highly liquid investments that have a maturity date of 90 days or less from the date of acquisition, are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. Cash and cash equivalents are managed on a hold to collect basis, classified as financial assets and measured at amortized cost. Interest earned on cash and cash equivalents is recognized using the effective interest method.

6. Short-term investments

Accounting policy

Short-term investments have maturity dates between 91 and 365 days from the date of acquisition, are acquired primarily for liquidity purposes, are managed on a hold to collect basis and are classified as amortized cost financial assets. Interest earned on short-term investments is recorded on an accrual basis and recognized in interest income using the effective interest method. Transaction costs are incremental costs that are directly attributable to the acquisition, issuance or disposal of a financial asset. Transaction costs relating to financial instruments measured at amortized cost are deferred and amortized over the instrument's expected useful life using the effective interest method.

Supporting information

As at March 31, 2024, short-term investments were $446 million (2023 – $222 million) with a yield of 5.13% (2023 – 3.72%). They consisted of promissory notes and treasury bills. As at March 31, 2024, the allowance for credit losses on short-term investments was $nil (2023 – $nil).

7. Derivative financial instruments

Accounting policy

Derivative financial instruments create rights and obligations that are intended to mitigate one or more of the financial risks inherent in an underlying primary financial instrument. FCC uses derivative financial instruments to manage exposures to interest rate fluctuations, within limits approved by the FCC Board of Directors (the Board). These limits are based on guidelines established by the Department of Finance. FCC does not use derivative financial instruments for speculative purposes.

Supporting information

FCC previously purchased interest rate options, which have now expired. These are contracts in which FCC (the purchaser of the option) acquires from another party (the writer of an option), in exchange for a premium, the right, but not the obligation, to either buy or sell on a future date or within a specified time, a financial instrument at a contracted price. The underlying financial instrument has a market price that varies in response to changes in interest rates.

As at March 31, 2024, the notional amount of interest rate options was $nil (2023 – $87 million) and the fair value was $nil (2023 – $nil).

The largest cumulative notional amount contracted with any institution as at March 31, 2024, was $nil (2023 – $44 million).

8. Loans receivable – net

Accounting policy

Loans receivable

Loans receivable are classified as amortized cost financial assets. Loans receivable are stated net of an allowance for credit losses and deferred loan fees and are measured at amortized cost. Loan interest income is recorded on an accrual basis and recognized in net income using the effective interest method.

Loan origination fees, including commitment fees and renegotiation fees, are considered an integral part of the return earned on a loan and are recognized in interest income over the expected term of the loan using the effective interest method.

When a loan becomes impaired as described in Note 10, loan interest income is calculated based on the carrying amount of the instrument, net of the allowance for credit losses, until such time as the loan reverts to performing status or is written off.

FCC writes off loans and their related allowance for credit losses, either partially or in full, when there is no realistic prospect of future recovery. FCC does not actively pursue collection on any loans that have been written off.

Loan modifications and customer relief programs

If the contractual terms of a financial asset are modified, FCC makes an assessment to determine if the financial asset should be derecognized. Where the modification does not result in derecognition, we continue to use the date of origination to determine significant increase in credit risk (SICR) for stage assignment of credit losses and a modification gain or loss is recognized. We recognize a modification gain or loss in interest income and net loans receivable when the net present value of the modified future cash flows, discounted at the original effective interest rate, is greater than or less than the original cash flows. Interest income continues to be recognized based on the original effective interest rate.

Transition loan receivables and liabilities

In accordance with FCC's transition loan product, FCC enters distinct contracts with both the borrower of the loan and the vendor. The first contract gives rise to a loan receivable, which is recorded consistent with FCC's Loans Receivable policy. FCC also records a transition loan liability, which upon initial recognition is equal to the loan receivable. The liability represents the amount owing to the vendor, as FCC is required to pay amounts in accordance with a disbursement schedule that may be different than the loan receivable payment schedule. As payments are made with respect to the transition loan disbursement schedule, the applicable amount of the transition loan liability is reduced. The transition loan liabilities are measured at amortized cost using the effective interest method.

8. Loans receivable – net (continued)

Supporting information

The following tables summarize the contractual maturity of the gross loans receivable.

As at March 31	2024			
	Within 1 year	**1 – 5 years**	**Over 5 years**	**Total**
Floating	**4,099**	**9,910**	**284**	**14,293**
Fixed	**5,066**	**22,960**	**8,709**	**36,735**
Loans receivable – gross	**9,165**	**32,870**	**8,993**	**51,028**
Deferred loan fees				**(33)**
Loans receivable – total[1]				**50,995**
Allowance for credit losses (Note 10)				**(195)**
Loans receivable – net				**50,800**

[1] Loans receivable – total at March 31, 2024, includes accrued interest and fees of $469 million and transition loans receivable of $177 million.

As at March 31	2023			
	Within 1 year	1 – 5 years	Over 5 years	Total
Floating	3,667	9,606	245	13,518
Fixed	3,205	21,060	10,137	34,402
Loans receivable – gross	6,872	30,666	10,382	47,920
Deferred loan fees				(39)
Loans receivable – total[1]				47,881
Allowance for credit losses (Note 10)				(165)
Loans receivable – net				47,716

[1] Loans receivable – total at March 31, 2023, includes accrued interest and fees of $402 million and transition loans receivable of $180 million.

As at March 31, 2024, $911 million (2023 – $907 million) of loans receivable were denominated in USD.

8. Loans receivable – net (continued)

Concentrations of credit risk

The concentrations of gross loans and impaired loans by sector and geographic area were as follows:

Sector distribution

	Gross		Impaired	
As at March 31	**2024**	2023	**2024**	2023
Oilseed and grain	**16,371**	15,317	**151**	209
Dairy	**7,368**	7,238	**50**	37
Agribusiness	**6,311**	6,117	**153**	62
Beef	**4,318**	3,900	**103**	120
Other	**3,396**	3,225	**68**	89
Poultry	**3,341**	3,244	**45**	10
Agri-food	**2,628**	2,132	**168**	154
Greenhouse	**2,373**	1,987	**89**	19
Alliances	**1,764**	1,765	**14**	17
Hogs	**1,659**	1,568	**27**	57
Fruit	**1,499**	1,427	**89**	40
Total	**51,028**	47,920	**957**	814

Geographic distribution

	Gross		Impaired	
As at March 31	**2024**	2023	**2024**	2023
Ontario	**15,601**	14,326	**149**	92
Saskatchewan	**9,179**	8,720	**127**	144
Alberta	**9,176**	8,538	**156**	182
Quebec	**7,262**	6,854	**217**	158
British Columbia	**4,433**	4,244	**194**	102
Manitoba	**3,781**	3,763	**55**	61
Atlantic	**1,596**	1,475	**59**	75
Total	**51,028**	47,920	**957**	814

Loans receivable past due but not impaired

A loan is considered past due when a customer has not made a payment by the contractual due date. Gross amounts of loans that were past due but not impaired were as follows:

As at March 31	**2024**	2023
Past due but not impaired		
Up to 30 days	**181**	104
31 – 60 days	**114**	57
61 – 89 days	**6**	31
	301	192

Loan modifications and customer relief programs

As part of FCC's usual lending business, the contractual terms of loans are modified from time to time for various reasons, including financial difficulty of the borrower and borrower preference.

The net carrying value of loans with lifetime allowance for credit losses modified during the year ended March 31, 2024, was $2,510 million (2023 – $3,098 million). As at March 31, 2024, the gross carrying value of loans modified during the year with lifetime allowance for credit losses that had changed to 12-month credit losses was $508 million (2023 – $841 million).

9. Venture capital arrangements

Accounting policy

Structured entities

FCC uses SEs to provide financing to the agriculture and agri-food industry through our venture capital arrangements. An SE is one that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when voting rights only relate to administrative tasks and relevant activities are directed by contractual arrangements. SEs are created to achieve well-defined objectives and have restrictions on ongoing activities.

Our venture capital arrangements are designed to limit FCC's exposure to the size of the investment and once invested, FCC is not able to withdraw investment contributions. We do not provide financial or non-financial support to any SE where we are not contractually obligated to do so and have no intentions of providing such support in the future.

Other loans receivable

FCC includes the investments held by consolidated SE venture capital funds that are managed on a hold to collect basis within other loans receivable. FCC has classified other loans receivable as amortized cost financial assets given this business model. These venture capital arrangements are stated net of an allowance for credit losses. We record loan interest on other loans receivable on an accrual basis that is recognized in interest income.

Other loans receivable differ from FCC's traditional term loans as they have lower priority rights to collateral or assets in the event of bankruptcy and, therefore, take on greater risk. They are not as well secured, if at all, and they are undertaken with separate adjudication policies and processes.

Investments

Venture capital funds are considered SEs. The investments held by venture capital funds that are included within investments are those that do not meet the "solely payments of principal and interest" (SPPI) test. These investments are classified as FVTPL, with gains and losses reported in net gain (loss) from financial instruments carried at fair value on the Consolidated Statement of Income.

Accounting judgments

Management exercises judgment in determining whether our venture capital arrangements meet the typical characteristics of a SE. SEs FCC controls are consolidated as discussed in Note 2. When criteria for control is not met, SEs are not consolidated.

9. Venture capital arrangements (continued)

Supporting information

The following table provides a summary of the venture capital portfolio by type of investment.

As at March 31	**2024**		2023	
	Fair value	**Cost**	Fair value	Cost
Other loans receivable – net	**21**	**20**	26	24
Investments	**225**	**198**	193	158
Total	**246**	**218**	219	182

The following table summarizes the contractual maturity of the other loans receivable.

As at March 31	**2024**			2023		
	Within 1 year	**1 – 5 years**	**Total**	Within 1 year	1 – 5 years	Total
Other loans receivable – gross(1) (2)	**14**	**11**	**25**	19	11	30
Allowance for credit losses (Note 10)			**(4)**			(4)
Other loans receivable – net			**21**			26

(1) All loans are fixed-rate loans.

(2) Other loans receivable – gross at March 31, 2024, includes accrued interest of $2 million (2023 – $1 million).

Concentrations of credit risk

Other loans receivable

The concentrations of gross other loans receivable by sector and geographic area were as follows:

Sector distribution

As at March 31	**2024**	2023
Agribusiness	**15**	18
Agri-food	**10**	12
Total	**25**	30

Geographic distribution

As at March 31	**2024**	2023
Quebec	**20**	24
Saskatchewan	**3**	3
Ontario	**2**	3
Total	**25**	30

Other loans receivable exposes FCC to credit risk. These venture capital arrangements are typically secured by a general security agreement and assignment of life insurance proceeds. As at March 31, 2024, the amount of loans receivable that were past due less than 90 days and not impaired totalled $nil (2023 – $11 million).

9. Venture capital arrangements (continued)

Investments

The concentrations of investments by sector and geographic area were as follows:

Sector distribution

As at March 31	2024	2023
Agribusiness	**146**	126
Agri-food	**47**	48
Other	**32**	19
Total	**225**	193

Geographic distribution

As at March 31	2024	2023
Saskatchewan	**63**	51
Ontario	**48**	48
British Columbia	**43**	40
International	**32**	24
Alberta	**17**	9
Manitoba	**13**	10
Quebec	**6**	5
Atlantic	**3**	6
Total	**225**	193

Unconsolidated structured entities

The following table presents the carrying amounts recognized in the Consolidated Balance Sheet and our maximum exposure to loss from our interests in unconsolidated SEs.

	2024	2023
On balance sheet:		
Investments	**106**	83
Off balance sheet:		
Investment commitments	**132**	114
Maximum exposure to loss from unconsolidated structured entities	**238**	197

Our unconsolidated SEs consist of investments in pooled, private equity funds established through limited partnership agreements.

10. Allowance for credit losses

Accounting policy

FCC recognizes an allowance for credit losses on financial assets classified as amortized cost that represents management's best estimate of the expected losses at the reporting date. The carrying value of the financial asset is reduced through the allowance for credit losses and the amount of the loss is recognized in the provision for credit losses. Loan commitments are an off-balance-sheet item and are subject to impairment. We calculate an allowance for credit losses on loan commitments, which is included with the allowance for credit losses on loans receivable. The allowance is increased or decreased by changes in the provision for credit losses, write-offs and recoveries.

If, in a subsequent period, the amount of impairment loss increases or decreases, we adjust the previously recognized impairment loss through the allowance for credit losses and provision for credit losses.

In determining the allowance for credit losses, management segregates financial assets into three stages and bases the allowance methodology on the stage, as described below.

Expected loss impairment model

The expected loss impairment model applies a three-stage approach to measure the allowance for credit losses:

Performing financial assets:

Stage 1: Represents financial assets not individually identified as impaired. On initial recognition, and if there has not been a significant increase in credit risk, we recognize 12-month expected credit losses in the provision for credit losses and an allowance for credit losses is established.

Stage 2: Represents financial assets not individually identified as impaired. If credit risk increases significantly and the resulting credit risk is not considered to be low, we recognize full lifetime expected credit losses. In subsequent reporting periods, if the credit risk of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, then the allowance reverts to Stage 1 with the allowance being measured based on 12-month expected credit losses.

Impaired financial assets:

Stage 3: Represents financial assets individually identified as impaired. When a financial asset is considered impaired, there is no longer reasonable assurance of timely collection of the full amount of principal and interest, and we recognize full lifetime expected credit losses.

Measurement of expected credit losses

The measurement of expected credit losses, along with the stage determination, considers reasonable and supportable information about past events, current conditions and forward-looking information. The estimation and application of forward-looking information, using both internal and external sources of information, requires significant judgment.

The calculation of expected credit losses is based on the expected value of three probability-weighted scenarios to measure the expected cash shortfalls, discounted at the effective interest rate. A cash shortfall is the difference between the estimated contractual cash flows that are due and the cash flow that FCC expects to receive. For loan commitments, credit loss estimates consider the portion of the commitment that is expected to be drawn over the relevant time period. These are the key inputs in the measurement of expected credit losses:

- The probability of default is an estimate of the likelihood of default over a given time horizon.
- The loss given default is an estimate of the amount that may not be recovered in the event of default.
- The exposure at default is an estimate of the amount outstanding at a future default date.

10. Allowance for credit losses (continued)

FCC measures the 12-month expected credit losses using the probability that default will occur within 12 months of the reporting date. We measure lifetime expected credit losses using the probability that default will occur between the reporting date and the maturity of the loan.

Significant increase in credit risk

At each reporting date, FCC assesses whether a significant increase in credit risk (SICR) has taken place since initial recognition of the financial asset to determine the migration of financial assets from Stage 1 to Stage 2. In assessing whether credit risk has increased significantly, FCC considers the following factors:

- whether financial assets are classified as investment grade at the reporting date in accordance with FCC's internal risk rating system, which considers investment grade as a low risk of default and all contractual cash flows being met
- whether there is an increase in the probability of default beyond a certain threshold to indicate the risk of a default occurring on the financial asset as at the reporting date is significantly higher than upon initial recognition
- qualitative information available as at the reporting date
- days past due

Impaired financial assets

A Stage 3 impaired financial asset is any financial asset at amortized cost where one or more events have occurred after initial recognition such that FCC no longer has reasonable assurance of timely collection of the full amount of principal and interest. Evidence of impairment includes indications that the borrower is experiencing significant financial difficulties, or a default or delinquency has occurred. A default occurs when the repayment of principal or payment of interest is contractually 90 days past due, or an amendment has been granted due to the financial difficulty of the borrower that results in a diminished financial obligation, unless the outstanding amount is insignificant. An asset that is in Stage 3 will move back to Stage 2 when, as at the reporting date, it is no longer considered to be impaired. The asset will transfer back to Stage 1 when its credit risk at the reporting date is no longer considered to have increased significantly from initial recognition, which could occur during the same reporting period as the transfer from Stage 3 to Stage 2. When a financial asset is classified as Stage 3 impaired, the carrying value is reduced to its estimated realizable value through an adjustment to the provision for credit losses. Changes in the estimated realizable amount that arise subsequent to the initial impairment are also adjusted through the provision for credit losses.

The impairment loss is calculated as the difference between the financial asset's carrying value and the present value of estimated future cash flows discounted at the financial asset's effective interest rate. For loans receivable, the effective interest rate is either the loan's original effective interest rate for fixed-rate loans or the effective interest rate at the time of the impairment for variable-rate loans. The estimation of future cash flows considers the fair value of any underlying security as well as the estimated time and costs to realize the security.

Forward-looking information

The measurement of expected credit losses for each stage of the allowance for credit losses and the assessment of SICR considers information about reasonable and supportable forecasts of future events and economic conditions.

FCC incorporates forward-looking information into its measurement of expected credit losses by using a base case forecast as well as two probability-weighted, forward-looking scenarios representing more optimistic and pessimistic outcomes. To achieve this, FCC has developed national- and provincial-level models for farm cash receipts, farmland values and farm debt outstanding. In its models, FCC relies on a broad range of forward-looking information as economic inputs, using both internal and external sources of information such as Canadian Gross Domestic Product, exchange rates and interest rates. The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays may be made as temporary adjustments using expert credit judgment.

10. Allowance for credit losses (continued)

Accounting estimates and judgments

Financial assets classified as amortized cost and all loan commitments are reviewed by management to assess impairment. FCC makes judgments when determining whether a loss event is expected to occur and makes estimates and assumptions in measuring the resulting impairment loss, including movements between stages.

Management uses best estimates based on historical loss experience, current conditions and forward-looking information for financial assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when estimating its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Supporting information

As at March 31	2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loans receivable[1]				
Allowance for credit losses, beginning of year	**45**	**29**	**91**	**165**
Transfer to Stage 1	**15**	**(10)**	**(5)**	**–**
Transfer to Stage 2	**(25)**	**101**	**(76)**	**–**
Transfer to Stage 3	**(2)**	**(13)**	**15**	**–**
Changes due to new loans originated	**30**	**5**	**15**	**50**
Loans that have been derecognized during the period	**(16)**	**(2)**	**(13)**	**(31)**
Net remeasurement of loss allowance[2]	**(13)**	**(35)**	**115**	**67**
Write-offs	**–**	**(3)**	**(55)**	**(58)**
Recoveries of amounts previously written off	**–**	**–**	**2**	**2**
Total allowance, end of year	**34**	**72**	**89**	**195**
Other loans receivable				
Allowance for credit losses, beginning of year	**–**	**4**	**–**	**4**
Transfer to Stage 1	**–**	**–**	**–**	**–**
Transfer to Stage 2	**–**	**–**	**–**	**–**
Transfer to Stage 3	**–**	**–**	**–**	**–**
Net remeasurement of loss allowance[2]	**–**	**–**	**–**	**–**
Write-offs	**–**	**–**	**–**	**–**
Total allowance, end of year	**–**	**4**	**–**	**4**

[1] Included within the loans receivable total is $7 million of allowance for credit losses on loan commitments that have not been partially drawn at March 31, 2024.

[2] Includes partial repayments.

10. Allowance for credit losses (continued)

As at March 31	2023			
	Stage 1	Stage 2	Stage 3	Total
Loans receivable[1]				
Allowance for credit losses, beginning of year	45	31	34	110
Transfer to Stage 1	20	(16)	(4)	–
Transfer to Stage 2	(6)	51	(45)	–
Transfer to Stage 3	(5)	(12)	17	–
Changes due to new loans originated	36	4	6	46
Loans that have been derecognized during the period	(17)	(4)	(12)	(33)
Net remeasurement of loss allowance[2]	(28)	(24)	148	96
Write-offs	–	(1)	(54)	(55)
Recoveries of amounts previously written off	–	–	1	1
Total allowance, end of year	45	29	91	165
Other loans receivable				
Allowance for credit losses, beginning of year	–	3	–	3
Transfer to Stage 1	–	–	–	–
Transfer to Stage 2	–	–	–	–
Transfer to Stage 3	–	–	–	–
Net remeasurement of loss allowance[2]	–	1	10	11
Write-offs	–	–	(10)	(10)
Total allowance, end of year	–	4	–	4

[1] Included within the loans receivable total is $4 million of allowance for credit losses on loan commitments that have not been partially drawn at March 31, 2023.

[2] Includes partial repayments.

11. Fair value of financial instruments

Accounting policy

FCC follows a three-level fair value hierarchy to categorize the inputs used to measure fair value. Level 1 is based on quoted prices in active markets, Level 2 incorporates models using inputs other than quoted prices and Level 3 incorporates models using inputs that are not based on observable market data and are significant in the fair value of the asset or liability. The classification of a financial instrument in the hierarchy for disclosure purposes is based on the lowest level of input that is significant to the measurement of fair value. Details of the valuation methodologies applied and assumptions used in determining fair value are provided below.

Accounting estimates and judgments

The fair value of financial instruments is determined based on published quoted market prices or valuation techniques when quoted market prices are not available. Fair values are point-in-time estimates that may change significantly in subsequent reporting periods due to changes in market conditions. Fair value techniques use models and assumptions about future events, based on either observable or non-observable market inputs. As such, fair values are estimates involving uncertainties and may be significantly different when compared to another financial institution's value for a similar contract.

The estimated fair value of venture capital arrangements classified as FVTPL, which are investments held by venture capital funds, is based on guidelines issued by the venture capital industry, using market-based valuation methodologies.

Supporting information

Level 3 financial instruments

The following table summarizes the changes in the Level 3 valuation hierarchy for investments that occurred during the year:

As at March 31	**2024**	2023
Balance, beginning of year	**193**	105
Net acquisitions	**42**	76
Net fair value (losses) gains	**(10)**	12
Balance, end of year	**225**	193

11. Fair value of financial instruments (continued)

Financial instruments not carried at fair value

The estimated fair value of FCC's financial instruments that do not approximate carrying values in the financial statements, using the methods and assumptions described below, are as follows:

As at March 31	2024		2023	
	Carrying value	**Estimated fair value**	Carrying value	Estimated fair value
Assets				
Loans receivable	**50,800**	**49,579**	47,716	46,523
Liabilities				
Short-term debt	**8,314**	**8,243**	7,698	7,637
Long-term debt	**35,932**	**35,044**	33,671	32,815

FCC calculates the estimated fair value of short-term investments at appropriate discount rates for such securities prevailing at the reporting date.

We calculate the estimated fair value for the performing fixed-rate loans receivable by discounting the expected future cash flows at discount rates with appropriate risk premiums included for equivalent terms to maturity at the reporting date. The estimated fair value for the performing variable-rate loans receivable approximates the carrying value due to having fluctuating interest rates that directly correspond to changes in the prime interest rate, on which the fair value is based. We subtract the allowance for credit losses related to loans receivable from the estimated fair value of the performing loans receivable. The estimated fair value of the impaired loans receivable is equal to its net realizable value, which is calculated by subtracting the individual allowance for credit losses from the book value of the impaired loans receivable.

FCC calculates the estimated fair value for short-term and long-term debt by discounting contractual cash flows at interest rates from the Government of Canada yield curve prevailing at the reporting date for equivalent terms to maturity.

For all other financial instruments carried at amortized cost using the effective interest method, the carrying value approximates fair value due to the relatively short period to maturity of these instruments or because they are already at discounted values. This applies to FCC's cash equivalents, accounts receivable, other loans receivable, assets held for sale, other assets (excluding the insurance reserve asset), accounts payable and accrued liabilities, transition loan liabilities and other liabilities.

12. Leases

Accounting policy

Right-of-use assets

FCC assesses whether a contract is, or contains, a lease at the inception of a contract. At the inception or reassessment of a contract that contains a lease component, FCC allocates consideration to lease components based on their relative stand-alone prices. If observable stand-alone prices are not available, FCC has elected not to separate non-lease components and account for lease and non-lease components as a single lease component for leases of buildings for which we are a lessee.

At the lease commencement date, FCC recognizes a right-of-use (ROU) asset except for short-term leases of 12 months or less and leases of low value that are expensed on a straight-line basis over the lease term.

We initially measure ROU assets at cost and they are comprised of the initial measurement of the lease liability adjusted for any lease payments made on or before the commencement date, less any incentives received from the lessor. We subsequently measure them at cost less accumulated depreciation and impairment losses, and they are adjusted for any remeasurements of the lease liability as described below. The lease term consists of the non-cancellable lease term, renewal options that are reasonably expected to be exercised and termination options that are not reasonably expected to be exercised.

We depreciate the ROU assets to the earlier of the lease term or the ROU asset's useful life. Depreciation starts at the commencement date of the lease and is recognized on a straight-line basis.

Lease liabilities

At the lease commencement date, FCC recognizes a lease liability except for short-term leases of 12 months or less and leases of low value that are expensed on a straight-line basis over the lease term and recognized in administration expenses on the Consolidated Statement of Income.

Lease liabilities are initially measured at the present value of lease payments not paid at the commencement date, discounted using the rate implicit in the lease or FCC's weighted-average incremental borrowing rate if the rate implicit in the lease cannot be readily determined.

The following lease payments are included in the measurement of the lease liability:

- fixed lease payments, less any lease incentives
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date

FCC subsequently measures lease liabilities at amortized cost by increasing the carrying amount to reflect interest on the lease liability, using the effective interest rate method, and by reducing the carrying amount to reflect lease payments made. We include interest expense on lease liabilities in interest expense on the Consolidated Statement of Income.

12. Leases (continued)

FCC remeasures the lease liability, with a corresponding adjustment to the related ROU asset, when there is a change in future lease payments arising from:

- a change in a lease term, in which case the revised lease payments are discounted using a revised discount rate
- a change to an index or rate used to determine lease payments, in which case the revised lease payments are discounted using the initial discount rate
- a change to the scope or consideration of a lease where the lease is not accounted for as a separate lease, in which case revised lease payments are discounted using a revised discount rate

If the remeasurement of the lease liability results in the carrying amount of the ROU asset being reduced to zero, FCC will recognize any remaining amount of the remeasurement in administration expenses on the Consolidated Statement of Income.

Accounting estimates and judgments

Right-of-use assets

In determining the lease term for lessee perspective ROU assets and lease liabilities under IFRS 16, management uses judgment to determine whether FCC is reasonably certain to exercise optional extension periods. Judgment is also used to determine whether termination options are not reasonably expected to be exercised by considering facts and circumstances, including past practice.

Supporting information

Right-of-use assets

FCC's ROU asset portfolio consists of leased office space.

	Buildings
Cost	
Balance as at March 31, 2022	212
Additions	10
Disposals	(2)
Balance as at March 31, 2023	220
Additions	16
Disposals	(3)
Balance as at March 31, 2024	**233**
Accumulated depreciation	
Balance as at March 31, 2022	47
Depreciation	16
Disposals	–
Balance as at March 31, 2023	63
Depreciation	16
Disposals	–
Balance as at March 31, 2024	**79**
Carrying value	
March 31, 2023	157
March 31, 2024	**154**

12. Leases (continued)

Lease liabilities

FCC's lease liabilities consist of leased office space. Lease terms are negotiated on an individual basis and contain a range of terms and conditions. Lease terms[1] range from 5 to 25 years, including optional renewal periods.

Amounts recognized on the balance sheet

As at March 31	2024	2023
Maturity analysis – contractual undiscounted cash flows		
Less than 1 year	**18**	18
From 1 – 5 years	**66**	62
Over 5 years	**94**	97
Total undiscounted lease liabilities	**178**	177
Lease liabilities on the balance sheet	**158**	160
Less: current portion of lease liabilities	**15**	15
Non-current portion of lease liabilities	**143**	145

Amounts recognized on the statement of income

For the year ended March 31	2024	2023
Interest on lease liabilities	**3**	3
Variable lease payments not included in the measurement of lease liabilities	**2**	4

Amounts recognized on the statement of cash flows

For the year ended March 31	2024	2023
Interest on lease liabilities	**3**	3
Principal repayment of lease liabilities	**15**	15
Total cash outflow for leases	**18**	18

Future cash flows for leases not commenced to which FCC is committed are $1 million (2023 – $8 million).

[1] Lease terms calculated from the later of the lease commencement date or IFRS 16 – Leases adoption date.

13. Post-employment benefits

Accounting policy

FCC has a registered defined benefit pension plan, supplemental defined benefit pension plans, a registered defined contribution pension plan, a supplemental defined contribution plan and other defined benefit plans that provide retirement and post-employment benefits to most of its employees.

FCC's registered pension plan has two components: a defined contribution pension component and a closed defined benefit pension component (closed to any employees hired after January 1, 2009). The defined benefit pension plan and the defined contribution pension plan are two different provisions of the same registered plan and are registered under the Pension Benefits Standards Act, 1985, registration no. 57164. They are registered pension trusts as defined in the Income Tax Act and are not subject to income taxes. The defined benefit pension plan is based on employees' number of years of service and the average salary of their five highest-paid consecutive years of service and is protected against inflation. The defined contribution pension plan is an accumulated savings plan and all new employees since January 1, 2009, are automatically enrolled in this plan. FCC also provides a supplemental defined benefit and supplemental defined contribution pension plan for employees whose benefits under the registered plans are limited by the Income Tax Act maximum limits.

FCC also provides a retirement benefit plan, which is a contributory health care plan with employee contributions adjusted annually, and a non-contributory life insurance plan that provides short-term disability income benefits, severance entitlements after employment and health care benefits to employees on long-term disability.

The defined benefit obligations for pension plans are actuarially determined using the projected unit credit actuarial valuation method. This method incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors. Plan assets are measured at fair value.

FCC measures its net defined benefit asset or liability for accounting purposes as at March 31 of each year.

The net defined benefit asset or liability represents the present value of the defined benefit obligation reduced by the fair value of plan assets. The net defined benefit asset is limited to the value determined by the asset ceiling. The value of the asset is restricted to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to the plan.

We recognize contributions to the defined contribution pension plan as an expense when employees have rendered service entitling them to the contributions. Unpaid contributions are recognized as a liability.

We recognize net interest, current service costs, gains and losses on curtailments and settlements and plan administration costs immediately in employee compensation and benefits in net income. We calculate net interest by applying the discount rate used to discount the defined benefit obligations included in the net defined benefit asset or liability.

Remeasurements include actuarial gains and losses, experience adjustments on plan liabilities, the change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability, if applicable) and the return on plan assets (excluding interest on the net defined benefit liability). Actuarial gains or losses arise from changes in actuarial assumptions used to determine the defined benefit obligations. Remeasurements are recognized immediately in other comprehensive income (OCI) in the period in which they occur and flow into retained earnings on the Consolidated Balance Sheet.

13. Post-employment benefits (continued)

Accounting estimates and judgments

The estimate of the net defined benefit asset or liability or pension and non-pension post-retirement benefits is actuarially determined and incorporates management's best estimate of future salary levels, other cost escalation, employees' retirement ages and other actuarial assumptions. The discount rate is one of the more significant assumptions used. It is the interest rate that determines the present value of estimated future cash outflows expected to be required to settle the pension obligations. Management determines the appropriate discount rate at the end of each year. In doing this, management considers the interest rates of AA-rated corporate bonds, augmented with government bonds, that have terms to maturity approximating the terms of the related pension obligation. Any changes in these assumptions will affect the carrying value of the net defined benefit asset or liability.

Significant assumptions

The significant assumptions used were as follows (weighted-average):

	Defined benefit pension plans		Other benefits	
As at March 31	**2024**	2023	**2024**	2023
Defined benefit obligation				
Discount rate	**5.00%**	5.10%	**5.00%**	5.10%
Rate of compensation increase	**3.25%**	3.25%	**4.00%**	4.00%
Consumer price index	**2.00%**	2.00%	**–**	–
Defined benefit costs				
Discount rate	**5.10%**	4.10%	**5.10%**	4.10%
Consumer price index	**2.00%**	2.00%	**–**	–

At March 31, 2024 and 2023, the mortality assumption for the defined benefit obligation is based on the 2014 Public Sector Mortality publication and MI-2017 improvement scale, with adjustment factors for males of 1.03 (2023 – 1.03) and for females of 1.15 (2023 – 1.15). As at March 31, 2024, the average life expectancy of an individual retiring at age 65 is 23 years for males (2023 – 23 years) and 24 years for females (2023 – 24 years).

Assumed health care cost trend rates are as follows:

As at March 31	**2024**	2023
Extended health care and dental care cost escalation		
Initial rate	**5.10%**	4.40%
Ultimate rate	**4.00%**	4.00%
Year ultimate rate reached	**2040**	2040

13. Post-employment benefits (continued)

Supporting information

Financial position of benefit plans

FCC measures its defined benefit obligations and the fair value of plan assets for accounting purposes as at March 31 of each year.

The amounts recognized in the Consolidated Balance Sheet were as follows:

	Registered pension plan		Supplemental pension plans		Other benefits		Total	
As at March 31	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Fair value of plan assets, beginning of year	**1,023**	1,087	**69**	74	**–**	–	**1,092**	1,161
Interest income on plan assets	**52**	45	**4**	3	**–**	–	**56**	48
Return on plan assets (less) greater than the discount rate	**(28)**	(112)	**3**	(6)	**–**	–	**(25)**	(118)
Contributions by FCC	**8**	20	**1**	–	**1**	1	**10**	21
Contributions by employees	**8**	8	**1**	1	**–**	–	**9**	9
Benefits paid	**(26)**	(24)	**(4)**	(3)	**(1)**	(1)	**(31)**	(28)
Plan administration costs	**(1)**	(1)	**–**	–	**–**	–	**(1)**	(1)
Fair value of plan assets, end of year	**1,036**	1,023	**74**	69	**–**	–	**1,110**	1,092
Defined benefit obligation, beginning of year	**731**	794	**85**	90	**68**	75	**884**	959
Current service cost	**11**	16	**1**	1	**4**	5	**16**	22
Interest cost on the defined benefit obligation	**37**	33	**4**	4	**4**	3	**45**	40
Contributions by employees	**8**	8	**1**	1	**–**	–	**9**	9
Benefits paid	**(26)**	(24)	**(4)**	(3)	**(1)**	(1)	**(31)**	(28)
Experience adjustments on plan liabilities	**18**	24	**1**	4	**2**	–	**21**	28
Actuarial loss (gain) from changes in financial assumptions	**12**	(131)	**1**	(13)	**–**	(14)	**13**	(158)
Actuarial loss (gain) from changes in demographic assumptions	**–**	11	**–**	1	**(1)**	–	**(1)**	12
Defined benefit obligation, end of year	**791**	731	**89**	85	**76**	68	**956**	884
Unfunded obligation	**–**	–	**13**	12	**76**	68	**89**	80
Wholly or partly funded obligation	**791**	731	**76**	73	**–**	–	**867**	804
Total defined benefit obligation	**791**	731	**89**	85	**76**	68	**956**	884
Total net defined benefit asset	**245**	292	**–**	–	**–**	–	**245**	292
Total net defined benefit liability	**–**	–	**(15)**	(16)	**(76)**	(68)	**(91)**	(84)
Duration of the defined benefit obligation, in years	**15**	15	**14**	14	**18**	18	**–**	–

13. Post-employment benefits (continued)

Defined benefit costs

	Registered pension plan		Supplemental pension plans		Other benefits		Total	
As at March 31	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Defined benefit costs recognized in net income								
Current service cost	**11**	16	**1**	1	**4**	5	**16**	22
Net interest	**(15)**	(12)	**–**	1	**4**	3	**(11)**	(8)
Plan administration costs	**1**	1	**–**	–	**–**	–	**1**	1
Defined benefit costs recognized in net income	**(3)**	5	**1**	2	**8**	8	**6**	15
Defined benefit costs recognized in other comprehensive income								
Experience adjustments on plan liabilities	**(18)**	(24)	**(1)**	(4)	**(2)**	–	**(21)**	(28)
Return on plan assets (less) greater than the discount rate	**(28)**	(112)	**3**	(6)	**–**	–	**(25)**	(118)
Actuarial (loss) gain from changes in financial assumptions	**(12)**	131	**(1)**	13	**–**	14	**(13)**	158
Actuarial (loss) gain from changes in demographic assumptions	**–**	(11)	**–**	(1)	**1**	–	**1**	(12)
Remeasurement (loss) gain	**(58)**	(16)	**1**	2	**(1)**	14	**(58)**	–

The cumulative net remeasurement gains recognized in OCI as at March 31, 2024, were $126 million (2023 – $184 million).

Plan assets

The values of plan assets by asset type based on market values at the most recent actuarial valuation were as follows:

	Registered pension plan		Supplemental pension plans	
As at March 31	**2024**	2023	**2024**	2023
Debt securities	**513**	526	**–**	–
Equity securities	**327**	296	**53**	50
Real estate	**98**	108	**–**	–
Infrastructure	**95**	91	**–**	–
Cash*	**3**	2	**21**	19
	1,036	1,023	**74**	69

* Includes cash held in a refundable tax account as prescribed by Canada Revenue Agency.

All market values are based on unquoted markets with the exception of cash, which is quoted on an active market.

13. Post-employment benefits (continued)

Sensitivity analysis

The impact of changing the key weighted-average economic assumptions used in measuring the defined benefit obligation is as follows:

As at March 31	2024		
Increase (decrease) defined benefit obligation	**Registered pension plan**	**Supplemental pension plans**	**Other benefits**
1% increase in discount rate	**(110)**	**(12)**	**(12)**
1% decrease in discount rate	**141**	**14**	**16**
0.25% increase in rate of compensation increase	**4**	**1**	**–**
0.25% decrease in rate of compensation increase	**(4)**	**(2)**	**–**
1% increase in consumer price index	**108**	**11**	**–**
1% decrease in consumer price index	**(89)**	**(10)**	**–**
One-year increase in expected lifetime of plan participants	**17**	**2**	**2**
1% increase in assumed overall health care cost trend rates	**–**	**–**	**14**
1% decrease in assumed overall health care cost trend rates	**–**	**–**	**(11)**

Defined contribution pension plans

The cost of the defined contribution pension plans is recorded based on the contributions in the current year and is included in employee compensation and benefits. For the year ended March 31, 2024, the expense was $16 million (2023 – $14 million).

Total cash payments

Total cash payments for post-employment benefits, consisting of cash contributed by FCC to its funded pension plans, cash payments directly to beneficiaries for its unfunded other benefit plans and cash contributed to its defined contribution pension plan, were $27 million (2023 – $37 million).

In accordance with regulatory requirements, if any unfunded liabilities exist, solvency contributions are required over specified future periods to reduce any deficit determined by the actuarial valuation process. During the year, FCC made solvency payments of $nil (2023 – $6 million) to the defined benefit pension plan.

Total cash payments for post-employment benefits for 2025 are anticipated to be approximately $32 million.

14. Borrowings

Accounting policy

Borrowings are accounted for using trade date accounting and are measured at amortized cost using the effective interest method.

Interest incurred on all borrowings is recorded on an accrual basis and recognized in interest expense using the effective interest method. Transaction costs are incremental costs that are directly attributable to the acquisition, issuance or disposal of a financial liability. Transaction costs are deferred and amortized over the instrument's expected useful life using the effective interest method.

Supporting information

Government of Canada borrowings are undertaken with the approval of the Minister of Finance. Government of Canada borrowings and capital market debt are direct obligations of FCC and therefore constitute borrowings undertaken on behalf of His Majesty in Right of Canada and carry the full faith and credit of the Government of Canada.

Short-term debt

As at March 31	2024	2023
Government of Canada debt		
Floating-rate borrowings	**413**	325
Fixed-rate borrowings	**6,974**	6,425
	7,387	6,750
Capital markets debt		
USD fixed-rate promissory notes	**927**	947
	8,314	7,697

Short-term debt by maturity date

As at March 31	**2024**				
	Government of Canada		**Capital markets**		
	Carrying value	**Yield**	**Carrying value**	**Yield**	**Total**
From 0 – 3 months	**1,381**	**2.88%**	**927**	**5.31%**	**2,308**
From 4 – 6 months	**1,550**	**2.91%**	**–**	**–**	**1,550**
From 7 – 9 months	**2,477**	**3.16%**	**–**	**–**	**2,477**
From 10 – 12 months	**1,979**	**3.32%**	**–**	**–**	**1,979**
	7,387		**927**		**8,314**

As at March 31	2023				
	Government of Canada		Capital markets		
	Carrying value	Yield	Carrying value	Yield	Total
From 0 – 3 months	1,920	1.83%	947	4.64%	2,867
From 4 – 6 months	1,318	2.87%	–	–	1,318
From 7 – 9 months	2,052	2.86%	–	–	2,052
From 10 – 12 months	1,460	2.33%	–	–	1,460
	6,750		947		7,697

14. Borrowings (continued)

Short-term debt continuity

As at March 31	2024	2023
Short-term debt, beginning of year	**7,697**	8,078
Financing cash flows		
Debt issued	**13,503**	12,997
Debt repaid	**(14,463)**	(12,989)
Non-cash changes		
Change in short-term portion of long-term debt	**1,567**	(421)
Change in interest accrual	**10**	46
Change due to unrealized foreign exchange gain	**–**	(14)
Short-term debt, end of year	**8,314**	7,697

FCC has a demand operating line of credit that provides overdraft protection in the amount of $75 million (2023 – $75 million). Indebtedness under this agreement is unsecured and this credit facility does not expire. Any draws made throughout the year on this credit facility are repaid the next day. As at March 31, 2024, there were no draws on this credit facility (2023 – $nil).

Long-term debt

As at March 31	2024	2023
Government of Canada debt		
Floating-rate borrowings	**14,055**	13,659
Fixed-rate borrowings	**21,877**	20,013
	35,932	33,672

Long-term debt by maturity date

As at March 31	2024		2023	
	Government of Canada		Government of Canada	
	Carrying value	Yield	Carrying value	Yield
From 1 – 2 years	**7,118**	**2.93%**	6,113	2.57%
From 2 – 3 years	**5,695**	**2.82%**	5,160	2.47%
From 3 – 4 years	**4,905**	**3.38%**	4,356	2.46%
From 4 – 5 years	**3,538**	**3.82%**	3,710	3.09%
Over 5 years	**14,676**	**4.07%**	14,333	3.58%
	35,932		33,672	

Long-term debt continuity

As at March 31	2024	2023
Long-term debt, beginning of year	**33,672**	30,107
Financing cash flows		
Debt issued	**10,781**	10,197
Debt repaid	**(7,007)**	(7,128)
Non-cash changes		
Change in short-term portion of long-term debt	**(1,567)**	421
Change in interest accrual	**53**	75
Long-term debt, end of year	**35,932**	33,672

15. Net interest income

For the year ended March 31	2024	2023
Interest income		
Financial assets measured at amortized cost	**2,803**	2,214
Operating leases	**–**	3
Finance leases	**–**	2
Total interest income for financial instruments not at FVTPL	**2,803**	2,219
Investments	**3**	4
Total interest income	**2,806**	2,223
Interest expense		
Financial liabilities measured at amortized cost	**1,438**	865
Depreciation on equipment under operating leases	**–**	1
Interest on lease liabilities	**3**	3
Total interest expense	**1,441**	869
Net interest income	**1,365**	1,354

The total net fee expense that was recognized immediately in net interest income arising from financial assets and liabilities not measured at FVTPL was $4 million (2023 – $4 million).

16. Insurance

Accounting policy

FCC sells group creditor life and accident insurance to its customers through a program administered by a major insurance provider and FCC's risk of the insurance program is limited. Insurance premiums are actuarially determined and are accrued when receivable and recorded in accounts receivable. Insurance distribution income includes these premiums received or receivable and is net of insurance claims incurred throughout the year as well as net of statutory reserves maintained by the insurance provider. Expenses related to administering the insurance program are also recorded in insurance distribution income. FCC maintains a restricted insurance reserve asset, which is included in other assets, with the insurance provider to fund future claim payments. Interest is paid on the insurance reserve asset by the insurance provider annually and is recorded in insurance distribution income.

17. Administration expenses

For the year ended March 31	2024	2023[1]
Employee compensation and benefits	**343**	318
Outsourced workforce	**90**	72
Technology and communication, including depreciation and amortization	**68**	65
Occupancy, including depreciation	**32**	32
Marketing and industry support	**27**	17
Professional services	**25**	23
Travel	**9**	9
Other	**11**	12
	605	548

[1] Comparative figures have been reclassified. See Note 4.

18. Commitments, guarantees and contingent liabilities

Loan commitments

As at March 31, 2024, loans approved but undisbursed amounted to $12,292 million (2023 – $11,185 million). These loans do not form part of the loans receivable balance until disbursed. As many of these loan approvals will expire or terminate without being drawn upon, the contract amounts do not necessarily represent future cash requirements.

Investments

As at March 31, 2024, FCC had committed to invest an additional $132 million (2023 reclassification [(1)] – $114 million) in investments.

Operating commitments

Future minimum payments by fiscal year on operating expenditures and software commitments are due as follows:

As at March 31	**2024**	2023
Amounts due		
Less than 1 year	**41**	22
From 1 – 5 years	**85**	39
Over 5 years	**44**	48
	170	109

Guarantees

In the normal course of its business, FCC issues guarantees in the form of letters of credit that represent an obligation to make payments to third parties on behalf of its customers if customers are unable to make the required payments or meet other contractual obligations. The maximum amount potentially payable as at March 31, 2024, is $12 million (2023 – $10 million). In the event of a call on these letters of credit, FCC has recourse in the form of security against its customers for amounts to be paid to the third party. Existing guarantees will expire within three years, usually without being drawn upon. No amount has been recorded for these letters of credit as at March 31, 2024 (2023 – $nil).

Contingent liabilities and provisions

Various legal proceedings arising from the normal course of business are pending against FCC. Management does not believe that liabilities arising from pending litigations will have a material adverse effect on the financial position or the results of operations of FCC; therefore, no amount has been included in the financial statements as at March 31, 2024, (2023 – $nil) for these contingent liabilities.

In the normal course of operations, FCC enters into agreements that provide general indemnification. These indemnifications typically occur in service contracts and strategic alliance agreements and, in certain circumstances, may require that FCC compensates the counterparty to the agreement for various costs resulting from breaches of representations or obligations. FCC also indemnifies directors, officers and employees, to the extent permitted by law and FCC's governing legislation, against certain claims that may be made against them as a result of their being directors, officers or employees. The terms of these indemnifications vary; therefore, FCC is unable to determine a reasonable estimate of the maximum potential amount it could be required to pay to counterparties. Historically, FCC has not made any payments under such indemnifications and contingencies. No amount has been included in the financial statements as at March 31, 2024, (2023 – $nil) for these indemnifications and contingencies.

[(1)] Comparative figures have been reclassified. See Note 4.

19. Related party transactions

Accounting policy

Government assistance

FCC is one of the financial institutions participating in the Hog Industry Loan Loss Reserve Program (HILLRP). Under the HILLRP, the Government of Canada established a loan loss reserve fund to share the net credit losses on eligible loans provided to hog operations with certain financial institutions. FCC is responsible for all credit losses beyond those covered by the loan loss reserve fund and must meet certain eligibility requirements to access the reserve fund. The amount of funds available from the loan loss reserve fund to FCC for any non-performing eligible loans is 70% of net credit losses. Amounts held by FCC to which FCC is not entitled are paid back to the Government of Canada at the end of the program. FCC's deadline for disbursing the loans eligible under this program has passed and no further loan loss reserve fund instalments are due from the Government of Canada.

The portion of the loan loss reserve fund to which FCC is entitled under the HILLRP is recognized in FCC's provision for credit losses. The remaining amount of the loan loss reserve fund, to which FCC is not entitled, is recorded as borrowings. Interest on these borrowings is recorded in interest expense.

Supporting information

FCC is related in terms of common ownership to all Government of Canada departments, agencies and Crown corporations.

FCC is related to the consolidated funds as described in Note 2. All transactions between FCC and the consolidated funds have been eliminated on consolidation and, as such, are not disclosed as related party transactions.

In the normal course of business, FCC provides certain services to its investments. These transactions meet the definition of related party transactions and are made on terms equivalent to those that prevail in arm's-length transactions. Refer to Note 9 for more information on these investments.

Other related parties of FCC are key management personnel, close family members of key management personnel and entities that are controlled, significantly influenced by, or for which significant voting power is held by key management personnel or their close family members, and post-employment benefit plans for the benefit of FCC's employees.

Transactions with these entities were entered into in the normal course of business and are measured according to the relevant IFRS standard applicable to the transaction.

19. Related party transactions (continued)

Transactions with the Government of Canada

The Government of Canada guarantees the borrowings of FCC.

FCC enters short- and long-term borrowings with the Government of Canada through the Crown Borrowing Program. For the year ended March 31, 2024, $1,384 million (2023[1] – $835 million) was recorded in interest expense relating to these borrowings.

FCC has $50 million (2023 – $165 million) in short-term investments with the Government of Canada. These investments are included in cash and cash equivalents because they have a maturity date of less than 90 days.

FCC receives government assistance from the HILLRP to share the credit losses on certain loans with the Government of Canada. The amount estimated to be returned to the Government of Canada is $5 million (2023 – $8 million) and is included in borrowings.

At the discretion of the Board, FCC may pay a dividend to the Government of Canada on an annual basis, as detailed in Note 20.

Key management personnel compensation

Key management personnel include the Board of Directors and members of the Enterprise Management Team. Close family members of key management personnel are considered related parties and have been included in the amounts disclosed below.

The compensation paid by FCC during the year to key personnel for services rendered is $4 million (2023 – $4 million).

20. Capital management

FCC manages capital in compliance with its Board-approved Capital Management policy. The Capital Management policy and supporting framework outline FCC's approach to assessing capital requirements for risks identified through its Enterprise Risk Management framework and policy. The objective of the Capital Management policy and supporting framework is to maintain a safe and sound capital position to deliver our strategy and withstand economic downturn, climate change uncertainty and periods of extended loss. This will allow FCC to continue to serve the industry through all economic cycles.

Although not formally regulated, FCC manages its capital using a total capital ratio, dividing total capital by risk-weighted assets, as defined by the Capital Adequacy Requirements (CAR) guideline issued by the Office of the Superintendent of Financial Institutions (OSFI). This total capital ratio is then compared to the minimum capital requirements established by CAR and FCC's target capital ratio established through its Internal Capital Adequacy Assessment Process.

FCC's total capital consists of retained earnings and contributed capital and is net of required regulatory adjustments as outlined in the CAR guideline. Applicable adjustments include the exclusion of intangible assets and post-employment benefit assets. All of FCC's capital is considered Common Equity Tier 1 (CET1) capital; therefore, total capital and CET1 capital are equivalent.

As at March 31, 2024 and 2023, FCC's total capital ratio was greater than both the minimum regulatory capital ratio and the target capital ratio, and therefore FCC is adequately capitalized in accordance with OSFI's CAR guideline and FCC's Internal Capital Adequacy Assessment Process.

[1] Comparative figures have been changed from the amount previously disclosed ($662) due to the inclusion of interest accruals in the interest expense calculation.

20. Capital management (continued)

As at March 31	2024	2023
Capital		
Retained earnings	**8,736**	8,327
Contributed capital	**–**	250
Required regulatory adjustments:		
Intangible assets	**(9)**	(10)
Post-employment benefit assets	**(245)**	(292)
CET1/Total capital	**8,482**	8,275
Risk-weighted assets		
Credit risk-weighted assets	**46,493**	49,598
Operational risk-weighted assets	**2,114**	2,488
Total risk-weighted assets	**48,607**	52,087
Total capital ratio	**17.4%**	15.9%
Target capital ratio	**15.0%**	15.0%
Minimum regulatory capital ratio	**10.5%**	10.5%

Debt-to-equity

FCC's only statutory limit, as prescribed by the Farm Credit Canada Act, requires that FCC's total direct and contingent liabilities not exceed 12 times equity. As at March 31, 2024, FCC's total direct and contingent liabilities were 5.13 times the shareholder's equity (2023 – 4.88 times the shareholder's equity).

Contributed capital

FCC's contributed capital consists of capital contributions made by the Government of Canada. For the year ended March 31, 2024, $250 million was repaid to the Government of Canada, resulting in a contributed capital balance of $nil as at March 31, 2024 (2023 – $250 million).

Dividend

For the year ended March 31, 2024, a dividend totalling $460 million was declared to FCC's shareholder, the Government of Canada, of which $250 million was distributed out of contributed capital and $210 million out of retained earnings (2023 – $721 million dividend declared, $250 million distributed out of contributed capital and $471 million distributed out of retained earnings).

Policy revisions impacting 2025

As part of the Federal Budget 2024, the Government of Canada has issued updates to the Capital and Dividend Policy Framework for Financial Crown Corporations, which FCC will adopt in fiscal 2025. The revisions include more specific guidance on the determination of capital requirements with increased emphasis on the Governments preparedness to inject capital in severe conditions, requirements for outcome-based performance metrics focused on economic growth, and increased disclosure requirements. Management is assessing the impact on FCC's Internal Capital Adequacy Assessment Process; however, the changes are expected to lower required capital through the target capital ratio, which will impact FCC's capital structure and dividend flows.

21. Financial risk management

FCC has identified the major categories of financial risk to which it is exposed as credit risk, market risk and liquidity risk.

a) Credit risk

Credit risk is the risk of potential loss if a borrower or other counterparty fails to meet its financial commitments. Credit risk on loans receivable is the most significant risk that FCC faces.

Management of credit risk

The Board is responsible for approving FCC's Credit Risk Management policy and relies on several committees, divisions and business units to effectively manage credit risk. Our Board-approved Risk Appetite framework and policy describe and quantify acceptable risk levels.

Measurement of credit risk

The Risk Management division assesses credit risk at the aggregate level, providing detailed credit policies, assessment tools and models that quantify credit risk, allowance for credit losses and capital requirements. It also monitors the agriculture and agri-food operating environments to ensure FCC's lending policies and activities are appropriate and relevant.

We use policies, processes, systems and strategies to manage the credit risk of FCC's portfolio.

We use significant research, modelling, validation and interpretation to develop the risk metrics for each tool as follows:

Credit risk rating

We use risk rating to rank the credit risk for loans in FCC's portfolio. Risk ratings are based on customer, loan and sector, and include inputs that are categorized under four main themes:

- customer credit rating and historical payment performance
- customer financial ratios
- customer business experience
- customer primary sector

Risk ratings translate to a probability of default (PD) to enable credit risk management on our loan portfolio. Each characteristic is weighted differently to arrive at the final risk rating. These weightings are based on FCC's historical experience and are set with the objective to maximize the system's ability to predict probability of default.

Credit risk category	PD range
Investment grade	0.00% – 0.54%
Non-investment grade	0.55% – 26.12%
Watch list	26.13% – 99.99%
Default	100%

Allowance for credit losses model

The allowance for credit losses model estimates expected losses in the portfolio due to credit risk. In determining the allowance for credit losses, management segregates credit losses into three stages as described in Note 10.

For all stages of the allowance for credit losses model, the model considers the collateral position as well as customer, loan and collateral characteristics to estimate the appropriate amount of allowance.

21. Financial risk management (continued)

Key macroeconomic variables

The measurement of expected credit losses for each stage of the allowance for credit losses and the assessment of significant increase in credit risk (SICR) considers information about reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgment.

The allowance for credit losses on performing loans is sensitive to changes in both economic forecasts and the probability weighting assigned to each forecast scenario. The allowance for credit losses has three probability-weighted scenarios: baseline, optimistic and pessimistic. The weighting applied to each scenario can be adjusted using management discretion to reflect changes in the operating environment that are not captured by the models. Many of the factors have a high degree of interdependency and there is no single factor to which the allowance for credit losses on loans is sensitive.

The following table shows the primary macroeconomic variables used in the allowance for credit losses model to estimate the allowance for credit losses on performing loans during the forecast period. The base case scenario is based on forecasts of the expected rate or yield for each of the macroeconomic variables identified below. Scenarios are set by adjusting expectations of agricultural output based on historically optimistic and pessimistic growth in Canadian farmland values, farm cash receipts and farm debt outstanding.

	2024	
As at March 31	**Next 12 months**	**2 to 5 years**
Macroeconomic variables		
Nominal gross domestic product	**4.5%**	**3.9%**
USD/CAD exchange rates	**$ 0.76**	**$ 0.79**
Interest rates		
– Bank	**4.80%**	**2.90%**
– 5-year	**6.30%**	**5.80%**

As at March 31, 2024, the impact of weighting the multiple scenarios increased FCC's allowance for credit losses on performing loans, relative to the base case scenario, by $1 million (2023 – $3 million). If all of FCC's performing loans were in Stage 1, the allowance for credit losses model would generate an allowance for credit losses on performing loans of approximately $82 million (2023 – $65 million). If all of FCC's performing loans were in Stage 2, the allowance for credit losses model would generate an allowance for credit losses on performing loans of approximately $125 million (2023 – $104 million). The allowance for credit losses for all loans in Stage 1 and Stage 2 ranges from approximately $87 million to $121 million (2023 – $59 million to $86 million) under the most optimistic and pessimistic scenarios. These values are components of FCC's weighted-allowance calculation used for the financial statements.

21. Financial risk management (continued)

Collateral

FCC uses collateral as a method to mitigate its credit risk. FCC monitors the portfolio by reviewing the loan-to-security ratio, both on an overall portfolio basis and by sector. Upon initial recognition of a loan, the fair value of collateral is based on valuation techniques commonly used for the corresponding assets. In subsequent periods, the fair value is updated by reference to market prices or indexes of similar assets. The form of collateral obtained is generally real estate, quota or equipment, depending on the purpose of the loan. As at March 31, 2024, the collateral held against total gross impaired loans represents 90.7% (2023 – 88.7%) of total gross impaired loans.

Macro measures that demonstrate the health of the portfolio are as follows:

As at March 31	**2024**	2023
Weighted-average loan-to-security ratio for secured loans	**49.0%**	49.5%
Loans secured by a general security agreement and unsecured loans as a percentage of loans receivable	**4.6%**	4.9%

Loan commitments

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. FCC is potentially exposed to loss in an amount equal to the total unused commitments. See Note 18 for further details regarding FCC's loan commitments. Unused commitments are included as input into FCC's capital requirement calculations.

Maximum exposure to credit risk before collateral held or other credit enhancements

As at March 31	**2024**	2023
Financial guarantees	**12**	10
Loan commitments	**12,292**	11,185
Total maximum exposure to credit risk	**12,304**	11,195

The preceding table represents a worst-case scenario of credit risk exposure of the off-balance-sheet items at FCC at the end of the year, without considering any collateral held or other credit enhancements attached. For balance sheet assets, the exposure is based on gross carrying values as reported on the Consolidated Balance Sheet. For off-balance-sheet items, the exposure is based on the maximum amount that FCC would have to pay if the item were called upon.

21. Financial risk management (continued)

Exposure to credit risk by credit risk rating grades

As at March 31	Stage 1	Stage 2	Stage 3	2024 Total
On balance sheet:				
Loans receivable				
Investment grade	**18,462**	**615**	**–**	**19,077**
Non-investment grade	**15,373**	**13,469**	**–**	**28,842**
Watch list	**35**	**267**	**–**	**302**
Default	**–**	**–**	**943**	**943**
Unassigned credit risk rating[1]	**1,631**	**186**	**14**	**1,831**
Loans receivable – total	**35,501**	**14,537**	**957**	**50,995**
Allowance for credit losses	**(34)**	**(72)**	**(89)**	**(195)**
Loans receivable – net	**35,467**	**14,465**	**868**	**50,800**
Other loans receivable				
Low risk	**11**	**–**	**–**	**11**
Medium risk	**–**	**14**	**–**	**14**
High risk	**–**	**–**	**–**	**–**
Other loans receivable – gross	**11**	**14**	**–**	**25**
Allowance for credit losses	**–**	**(4)**	**–**	**(4)**
Other loans receivable – net	**11**	**10**	**–**	**21**
Off balance sheet:				
Loan commitments				
Investment grade	**3,873**	**48**	**–**	**3,921**
Non-investment grade	**2,397**	**1,571**	**–**	**3,968**
Watch list	**13**	**2**	**–**	**15**
Default	**–**	**–**	**6**	**6**
Unassigned credit risk rating[1]	**4,351**	**31**	**–**	**4,382**
Loan commitments – gross[2]	**10,634**	**1,652**	**6**	**12,292**

[1] For these loans and loan commitments, expected credit losses are measured on a collective basis so individual loans and loan commitments are not assigned credit risk ratings.

[2] Allowance for loan commitments is included in the allowance for credit losses on loans receivable.

21. Financial risk management (continued)

Exposure to credit risk by credit risk rating grades

As at March 31	Stage 1	Stage 2	Stage 3	2023 Total
On balance sheet:				
Loans receivable				
Investment grade	17,522	497	–	18,019
Non-investment grade	18,101	8,994	–	27,095
Watch list	36	151	–	187
Default	–	–	797	797
Unassigned credit risk rating[1]	1,624	142	17	1,783
Loans receivable – total	37,283	9,784	814	47,881
Allowance for credit losses	(45)	(29)	(91)	(165)
Loans receivable – net	37,238	9,755	723	47,716
Other loans receivable				
Low risk	14	–	–	14
Medium risk	–	12	–	12
High risk	–	3	–	3
Other loans receivable – gross	14	15	–	29
Allowance for credit losses	–	(4)	–	(4)
Other loans receivable – net	14	11	–	25
Off balance sheet:				
Loan commitments				
Investment grade	3,454	41	–	3,495
Non-investment grade	2,468	1,039	–	3,507
Watch list	4	2	–	6
Default	–	–	34	34
Unassigned credit risk rating[1]	4,100	43	–	4,143
Loan commitments – gross[2]	10,026	1,125	34	11,185

[1] For these loans and loan commitments, expected credit losses are measured on a collective basis so individual loans and loan commitments are not assigned credit risk ratings.

[2] Allowance for loan commitments is included in the allowance for credit losses on loans receivable.

21. Financial risk management (continued)

Counterparty credit risk – short-term investments

Credit risk arises from the potential for a counterparty to default on a contractual obligation to FCC. To mitigate this risk, FCC complies with the guidelines issued by the Minister of Finance. The Board is responsible for approving FCC's Market and Liquidity Risk Management policy and relies on internal committees and the Treasury division to effectively manage counterparty credit risk.

Short-term investments are permitted with government counterparties. These investments are limited to a term to maturity equal to or less than one year and must have a minimum long-term credit rating of A low/A3/A- from two or more external credit rating agencies. FCC also has cash equivalents that are permitted with schedule 1 and 2 banks. These investments are limited to a term to maturity equal to or less than 90 days and must have a minimum short-term credit rating of A1-/R1-low/P-1 from two or more external credit rating agencies. The actual credit ratings will determine the maximum face amount of investments per counterparty. As at March 31, 2024, the largest total investment in any one counterparty was $161 million (2023 – $240 million).

FCC reviews credit ratings and the financial performance of counterparties regularly and has controls in place to manage counterparty risk.

Credit quality

The following table presents the credit quality of FCC's cash equivalents and short-term investments as rated by S&P:

As at March 31	**2024**		2023	
	Cash equivalents	**Short-term investments**	Cash equivalents	Short-term investments
Government and government guaranteed				
AAA	**50**	**–**	165	–
AA+	**–**	**–**	–	87
AA	**25**	**163**	–	–
AA-	**93**	**164**	29	19
A+	**44**	**98**	215	116
A	**8**	**21**	25	–
	220	**446**	434	222
Schedule 1 banks				
A-1+	**–**	**–**	58	–
A-1	**–**	**–**	50	–
	–	**–**	108	–
	220	**446**	542	222

Other loans receivable

FCC is exposed to credit risk through its debt-related venture capital arrangements. Credit risk is managed by having a Board-approved Venture Capital policy and internal committees, divisions and business units to effectively manage venture capital debt credit risk. FCC also manages venture capital debt credit risk through thoughtful planning, strict investment criteria, significant due diligence of investment opportunities and other activities in accordance with each fund's limited partnership agreement. The investment managers monitor and report on the financial condition of investee companies regularly.

21. Financial risk management (continued)

b) Market risk

Market risk is the potential for loss due to adverse changes in underlying market factors, such as interest rates and foreign exchange rates.

The Board is responsible for approving FCC's Market and Liquidity Risk Management policy and relies on several committees and the Treasury division to effectively manage market risk. The market risk policies and limits ensure exposures to interest rate and foreign exchange risks are identified, measured, managed and reported on a timely basis. FCC's policies and processes are based on industry best practices and the Minister of Finance's Financial Risk Management Guidelines for Crown Corporations.

Interest rate risk

Interest rate risk is the risk that a change in interest rates adversely affects FCC's net interest income and fair value measurements. Interest rate risk arises from interest rate mismatches between assets and liabilities and embedded options. Interest rate mismatches occur because of different maturity and repricing dates, residual assets funded by equity and different interest rate benchmarks for some assets and liabilities. Embedded options exist on fixed-rate loans that have principal deferral options, prepayment features and interest rate guarantees on loan commitments.

Exposure to interest rate risk is monitored primarily through an asset and liability model. Various scenarios are produced at least monthly to analyze the sensitivity of net interest income and the economic value of equity to a change in interest rates and balance sheet assumptions. We backtest and validate the asset and liability model to ensure the logic and assumptions used in the model are reasonable when compared to actual results.

Interest rate risk management uses defined limits based on the projected impact of a 2% immediate and sustained change in the level and term structure of interest rates. The defined limit for the variability of net interest income is that, for the next 12-month period, net interest income should not decline by more than 5%. The second defined limit is that the economic value of equity should not decline by more than 10% of the total equity for a 2% change in interest rates. Based on FCC's financial position and assuming an immediate and sustained 2% change in interest rates occurs across all maturities and curves, projected values for net interest income and the economic value of equity that would be affected over the next 12 months are as follows:

	2024 Impact of		2023 Impact of	
	2% increase	**2% decrease**	2% increase	2% decrease
Net interest income variability	**15**	**(36)**	18	(17)
Limit	**(70)**	**(70)**	(73)	(73)
Economic value of equity variability	**(313)**	**210**	(376)	326
Limit	**(874)**	**(874)**	(858)	(858)

21. Financial risk management (continued)

The following table summarizes FCC's interest rate risk based on the gap between the carrying value of assets and liabilities and equity, grouped by the earlier of contractual repricing or maturity dates and interest rate sensitivity. In the normal course of business, loan customers frequently prepay their loans in part or in full before the contractual maturity date.

As at March 31	Immediately rate-sensitive	Within 3 months	3 – 12 months	1 – 5 years	Over 5 years	Non-interest sensitive	Total 2024	2023
Assets								
Cash and cash equivalents	**1,339**	**219**	**–**	**–**	**–**	**1**	**1,559**	1,782
Yield	**5.70%**	**4.98%**	**–**	**–**	**–**	**–**	**–**	–
Short-term investments	**–**	**187**	**250**	**–**	**–**	**9**	**446**	222
Yield[1]	**–**	**5.14%**	**5.12%**	**–**	**–**	**–**	**–**	–
Loans receivable	**13,538**	**2,599**	**6,623**	**23,024**	**4,616**	**400**	**50,800**	47,716
Yield[1]	**7.98%**	**6.00%**	**4.60%**	**4.65%**	**4.32%**	**–**	**–**	–
Other loans receivable	**–**	**14**	**–**	**7**	**–**	**–**	**21**	26
Yield[1]	**–**	**11.48%**	**–**	**9.51%**	**–**	**–**	**–**	–
Other	**–**	**–**	**–**	**–**	**–**	**695**	**695**	721
Total assets	**14,877**	**3,019**	**6,873**	**23,031**	**4,616**	**1,105**	**53,521**	50,467
Liabilities and equity								
Borrowings	**–**	**16,717**	**5,554**	**17,735**	**4,001**	**239**	**44,246**	41,369
Yield[1]	**–**	**4.78%**	**3.02%**	**2.82%**	**1.79%**	**–**	**–**	–
Other	**–**	**–**	**–**	**–**	**–**	**539**	**539**	521
Shareholder's equity	**–**	**–**	**–**	**–**	**–**	**8,736**	**8,736**	8,577
Total liabilities and equity	**–**	**16,717**	**5,554**	**17,735**	**4,001**	**9,514**	**53,521**	50,467
Total gap 2024	**14,877**	**(13,698)**	**1,319**	**5,296**	**615**	**(8,409)**	**–**	–
Total cumulative gap 2024	**14,877**	**1,179**	**2,498**	**7,794**	**8,409**	**–**	**–**	–
Total gap 2023	14,028	(13,720)	584	6,358	924	(8,174)	–	–
Total cumulative gap 2023	14,028	308	892	7,250	8,174	–	–	–

[1] Represents the weighted-average effective yield based on the earlier of contractual repricing or maturity date.

21. Financial risk management (continued)

Foreign exchange risk

FCC is exposed to foreign exchange risk due to differences in the amount and timing of foreign currency denominated asset and liability cash flows. The currency exposure is minimized by matching foreign currency loans against foreign currency borrowing. This risk cannot be perfectly hedged because the assets are amortizing loans and the liabilities are discount bonds, which creates timing mismatches for the principal and interest cash flows. However, FCC has determined that the residual risk is insignificant.

FCC mitigates foreign exchange risk through economic hedges. All foreign currency borrowings are fully hedged at the time of issuance unless the foreign currency denominated debt is used specifically to finance a like-currency asset.

Foreign exchange gains in the year were $12 million (2023 – $75 million). Foreign exchange losses in the year were $15 million (2023 – $72 million).

Venture capital investments

FCC is exposed to market risk in our venture capital investments due to the potential for financial loss that may arise from volatility in equity markets, marketplace conditions and market value fluctuations. We manage venture capital market risk through a Board-approved Venture Capital policy and Risk Appetite policy. Due diligence processes and executive management investment committee approval are required before any venture capital investment is executed. Investments are established through legal agreements, and policies and frameworks establish the requirements for identifying, measuring, managing and reporting on investment market risk on a timely basis.

Post-employment benefits

FCC is exposed to market risk and financial loss through the registered pension plans' investments. This risk is managed by Board-approved Pension Governance, Investment and Funding policies for FCC's pension plans. The Statement of Investment policy and procedure provides guidelines on the registered pension plans' asset mix of the portfolio regarding quality and quantity of debt, equity and alternative investments. The asset mix helps reduce the impact of market value fluctuations by requiring investments in different asset classes and in domestic and foreign markets. Investment risk is managed by diversification guidelines within the Investment policy.

The pension plans' assets are allocated between equities and fixed income investment funds with a significant portion in fixed income comprised of Canadian bonds, which provides liability hedging between the plans' assets and the plans' liabilities. The current target composition of the plans' portfolio are as follows:

Portfolio	Allocation (%)	Duration (years)
Canadian and Global Equities	**30%**	**–**
Real Return Bonds with Overlay	**20%**	**27**
Canadian Long Bonds	**19%**	**14**
Real Assets and Global Infrastructure	**15%**	**–**
Canadian Long-term Private Debt	**10%**	**15**
Leveraged Canadian Long Bonds	**6%**	**43**
Registered Pension Plans' assets	**–**	**11**
Registered Pension Plans' liabilities	**–**	**15**
Supplemental Pension Plans' liabilities	**–**	**14**

The pension plans' Funding policy states two primary objectives, which are to fund the pension plans' benefits, measured on a going concern basis, and to provide adequate funding for future service benefits in accordance with the applicable law and the provisions of the Pension Plan for Employees of FCC. With respect to the defined benefit provision, FCC will fund any going concern and solvency deficits over the statutory minimum and maintains discretion to make additional contributions at any time.

21. Financial risk management (continued)

The Pension Plan Governance policy outlines the governance structure and responsibilities with respect to the registered and supplemental pension plans for the Board, committees and management. The Pension Plan Governance framework is approved annually by management and includes review and monitoring criteria for investment managers and third-party providers as well as guidelines for eligible fees and expenses. All fees and expenses paid from the plan are reviewed to ensure they are eligible based on the guidelines.

c) Liquidity risk

Liquidity risk is the risk that FCC has insufficient funds to meet payment obligations as they come due.

The Board is responsible for approving FCC's Market and Liquidity Risk Management policy and relies on several committees and the Treasury division to effectively manage liquidity risk. The liquidity risk policies and limits ensure FCC meets its objective to maintain sufficient funds to meet customer and business operational requirements. FCC's policies and processes are based on industry best practices and the Minister of Finance's Financial Risk Management Guidelines for Crown Corporations.

FCC measures, forecasts and manages cash flow as an integral part of its liquidity management. FCC's objective is to maintain sufficient funds to meet customer and business operational requirements should a market or operational event disrupt FCC's access to funds. The total investment portfolio is targeted to meet a minimum of 30 calendar days of upcoming cash requirements.

FCC maintains liquidity through:

- a liquid investment portfolio – cash, cash equivalents and short-term investments of $2,005 million were on hand as at March 31, 2024 (2023 – $2,004 million)
- access to a $75 million bank operating line of credit

21. Financial risk management (continued)

Residual contractual maturities of financial liabilities

The following table shows the undiscounted cash flows of FCC's financial liabilities based on their earliest possible contractual maturity. The gross nominal cash flows represent the contractual undiscounted cash flows relating to the principal and interest on the financial liability. FCC's expected cash flows on certain instruments vary significantly from this analysis. For example, certain borrowings that may be prepaid by FCC have not been included in their earliest possible maturities due to being impracticable to estimate.

As at March 31	2024						
	Carrying value	**Gross nominal outflow**	**Less than 1 month**	**1 – 3 months**	**3 – 12 months**	**1 – 5 years**	**Over 5 years**
Financial liabilities							
Accounts payable and accrued liabilities	**105**	**105**	**36**	**51**	**18**	**–**	**–**
Borrowings	**44,246**	**44,246**	**1,097**	**1,381**	**6,015**	**21,124**	**14,629**
Transition loan liabilities	**177**	**186**	**16**	**14**	**55**	**101**	**–**
	44,528	**44,537**	**1,149**	**1,446**	**6,088**	**21,225**	**14,629**

As at March 31	2023						
	Carrying value	Gross nominal outflow	Less than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years
Financial liabilities							
Accounts payable and accrued liabilities	92	92	30	4	58	–	–
Borrowings	41,369	41,369	1,593	1,369	4,862	19,248	14,297
Transition loan liabilities	180	186	13	20	46	107	–
	41,641	41,647	1,636	1,393	4,966	19,355	14,297

Glossary

Agribusiness and agri-food
Suppliers or processors who provide inputs or add value to primary production commodities, as well as food and beverage operations that transform primary production commodities into consumable products.

Alliances
Alliances are agreements with third-party lenders through which FCC provides financing to producers, such as crop input retailers, equipment dealers and livestock partners.

Allowance for credit losses
Management's best estimate of credit losses incurred on financial assets measured at amortized cost and loan commitments. Allowances are accounted for as deductions to financial assets on the balance sheet.

Capital adequacy
Capital adequacy measures supply of capital against demand for capital.

Common Equity Tier 1 (CET1) capital
A capital measure defined in the Office of the Superintendent of Financial Institution's (OSFI's) Capital Adequacy Requirements guideline comprised of retained earnings, contributed capital and accumulated other comprehensive income less required regulatory adjustments.

Counterparty
The other party involved in a financial transaction, typically another financial institution.

Credit facility
The credit limit over a group of loans that have the same borrowers, guarantors and security.

Credit rating
A classification of credit risk based on the investigation of an individual or company's financial resources, prior payment pattern and history of responsibility for debts incurred.

Credit risk
The risk of potential loss if a borrower or other counterparty fails to meet its financial commitments.

Crown Borrowing Program
Program allowing FCC to borrow Canadian dollar funding directly from the federal government.

Customer support program
Plans developed to proactively assist customers in a particular segment of the agriculture industry who are experiencing loan repayment difficulties during market downturns or natural disasters.

Debt-to-equity ratio
The level of debt expressed as dollars of debt per one dollar of total equity.

Derivative financial instrument
A financial instrument where value is based on and derived from an underlying price, interest rate, exchange rate or price index. Use of derivatives allows for the transfer, modification or reduction of current or expected risks from changes in interest rates or foreign exchange rates. Types of derivative contracts may include interest rate swaps, interest rate options, currency swaps and forward contracts.

Economic value of equity
The net present value of interest-bearing assets less liabilities, which is measured by analyzing the sensitivity of economic value of equity to changes in interest rates.

Effective interest method
A method of calculating the amortized cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period.

Efficiency ratio
A non-GAPP (Generally Accepted Principles and Practices) measure of how well resources are used to generate income calculated as administration expense as a percentage of revenue. Revenue is composed of net interest income, net insurance distribution income and other income. This measure excludes foreign exchange gain (loss).

Environmental, social and governance (ESG)
A range of quantifiable, criteria-led metrics that matter to a company's stakeholders and are used to evaluate environmental and societal impact and performance as well as ensuring proper governance.

Fair value
The estimated price to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions.

Foreign exchange risk
The risk of financial loss due to adverse movements in foreign currencies.

Greenhouse gas (GHG)
A type of gas in the atmosphere that traps heat by absorbing infrared radiation, leading to global warming and climate change. Greenhouse gases include: carbon dioxide, methane, nitrous oxide, ozone, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and nitrogen trifluoride.

Hedge
A risk management practice used to protect against adverse price, interest rate or foreign exchange movements through the elimination or reduction of exposures by establishing offsetting or risk-mitigating positions.

Interest rate option
An option giving the holder the right but not the obligation to engage in a swap. This derivative is used to hedge the risk of interest rate guarantees on fixed-rate loans.

Impaired loans
Loans where, in management's opinion, there is no longer reasonable assurance the full amount of principal and interest owing will be collected in a timely fashion. Any loan that is contractually 90 days past due or to which an amendment has been granted that diminishes the financial obligation of the borrower is classified as impaired.

Internal capital adequacy assessment process (ICAAP)
An end-to-end process designed to ensure FCC maintains a safe and sound capital position to support FCC's strategic direction and withstand economic downturn, climate change uncertainty and periods of extended loss.

Market risk
The potential for loss due to adverse changes in underlying market factors such as interest rates and foreign exchange rates.

Minimum regulatory capital ratio
The minimum level of capital, as a percentage of risk-weighted assets, which is prescribed by regulations issued by OSFI.

Net interest income (NII)
The difference between the interest earned on assets, such as loans and securities, and interest expense on borrowings.

Net interest income margin
Net interest income expressed as a percentage of average interest earning assets.

Notional amount
The amount considered when calculating interest and other payments for derivative contracts. This amount does not change hands under the terms of the derivative contract.

Office of the Superintendent of Financial Institutions (OSFI)
An independent agency of the Government of Canada that supervises and regulates federally registered banks and insurers, trust and loan companies, and private pension plans subject to federal oversight.

Other comprehensive income (OCI)
Represents remeasurements of post-employment benefit assets and liabilities that will not be reclassified to net income.

Partnership for Carbon Accounting Financials (PCAF) standard
A transparent accounting methodology used to measure greenhouse gas (GHG) emissions associated with the lending and investment activities of financial institutions across the global financial industry. This standard is the recommended approach to calculating and disclosing financed emissions through the Task Force on Climate-Related Financial Disclosures (TCFD).

Past due
A loan is past due when a counterparty has failed to make a payment when contractually due.

Pay-at-risk
Pay-at-risk is the portion of an employee's compensation that is variable or at risk of not being paid out. It is a lump-sum payment based on a percentage of base salary. It is earned each year, based on overall performance and the successful achievement of objectives. The amount of this lump sum varies depending on the degree of success achieved.

Prepayments
Prepayments are unscheduled principal payments prior to interest term maturity.

Primary production
Primary agricultural production is the production and sale of an agricultural commodity in its original fresh form by the producer. It includes livestock, beekeeping, dairy production, fruit production, grain and oilseed production, aquaculture, agroforestry and any other activity that involves cultivating plants or raising animals.

Probability of default (PD)
The likelihood that a borrower will not be able to meet their scheduled payments.

Progressive Aboriginal Relations (PAR)
A program developed by the Canadian Council for Aboriginal Business (CCAB) to evaluate the progress companies make in building relationships with Indigenous communities.

Provision for credit losses
Charges to the income statement by an amount necessary to bring the allowance for credit losses to a level determined appropriate by management.

Quota
An intangible or incorporeal asset that's a license, or right, to sell a certain amount of a specific commodity. It includes supply-managed industries like dairy, egg and poultry (broiler, broiler-breeder, turkey, turkey breeder, layer, layer pullet and breeder pullet).

Return on equity (ROE)
A measure of FCC's efficiency at using its existing equity base to generate income, calculated as net income attributable to the shareholder, expressed as a percentage of total average equity.

Risk-weighted assets (RWA)
Assets weighted according to relative risk as prescribed by the regulatory capital requirements issued by OSFI.

Subordinated debt
A loan that ranks below other loans with respect to claims on assets or earnings in the case of default. Subordinated debt is often unsecured.

Task Force on Climate-Related Financial Disclosures Framework (TCFD)
A framework for organizations to follow when disclosing climate-related financial risks and opportunities. The recommendations are organized around four thematic areas that reflect core elements of how an organization operates: governance, strategy, risk management, and metrics and targets.

Total capital ratio
FCC's total capital consists of contributed capital and retained earnings net of required regulatory adjustments prescribed by OSFI. The total capital ratio is calculated by dividing total capital by RWA.

Write-offs
Loans and their related allowance for credit losses are written off partially or in full when there is no realistic prospect of recovery.

FCC office locations

British Columbia

Abbotsford, Dawson Creek, Duncan, Kelowna, Surrey, Vancouver (S)

Alberta

Barrhead, Brooks, Calgary, Camrose, Drumheller (S), Edmonton, Falher, Grande Prairie, High River (S), La Crete, Leduc, Lethbridge, Medicine Hat, Olds, Red Deer, Strathmore (S), Vegreville, Vermilion, Westlock

Saskatchewan

Assiniboia, Carlyle, Humboldt, Kindersley, Lloydminster, Meadow Lake (S), Moose Jaw, Moosomin (S), North Battleford, Outlook (S), Prince Albert, Regina, Rosetown, Saskatoon, Swift Current, Tisdale, Unity (S), Weyburn, Yorkton

Manitoba

Arborg, Brandon, Dauphin, Killarney (S), Morden, Neepawa, Portage la Prairie, Shoal Lake (S), Steinbach, Stonewall (S), Swan River, Virden, Winnipeg

Ontario

Ajax (S), Casselman, Chatham, Clinton, Essex, Frankford, Guelph, Kanata, Kingston, Lindsay, Listowel, London, Mississauga, New Liskeard (S), Owen Sound, St. Catharines, Sarnia, Simcoe, Stratford, Thornton, Toronto, Walkerton, Woodstock

Quebec

Alma (S), Ange-Gardien, Beauharnois, Blainville, Drummondville, Gatineau (S), Joliette, Montreal, Quebec City, Rivière-du-Loup, Sherbrooke, St-Hyacinthe, Ste-Marie, Trois-Rivières, Victoriaville

New Brunswick

Moncton, Woodstock

Nova Scotia

Kentville, Millbrook

Prince Edward Island

Charlottetown

Newfoundland and Labrador

Mount Pearl

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