



Farm Credit Canada

# Ag and food needs all of us

2024-25 ANNUAL REPORT



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## Message from the President and CEO

One year into our new corporate strategy, FCC continues to build momentum in its implementation across our business. The agriculture and agri-food industry is at the forefront of a generational opportunity to help address some of the world's most pressing challenges. At the same time, the industry faces evolving challenges – economic pressures, trade disruptions, climate risks and shifting consumer demands. We remain focused on supporting the industry's resilience and long-term success.

Our commitment to serving agricultural producers, food processors and agribusinesses has never been stronger. Portfolio growth continues to exceed expectations, reflecting confidence in our ability to provide financial stability and investment opportunities. Process improvements, such as automation in credit assessment, allow our employees to better serve their customers. At the same time, FCC is expanding our capital solutions, helping businesses scale their operations, find new opportunities and invest in productivity.

FCC's presence in the agribusiness and agri-food sectors continues to grow. Over the past year, more than **566** new agribusiness and agri-food customers have chosen to work with FCC, reflecting increased demand for capital solutions

and advisory services tailored to food processors, suppliers and other businesses across the agriculture and agri-food value chain. Across Canada, farm operations, food manufacturers and agribusinesses spent 2024-25 navigating significant weather events, higher interest rates and trade disruptions while continuing to manage their operations successfully, demonstrating incredible resilience.

FCC launched our direct investment program this year, expanding our capital solution options to increase support for Canadian agriculture and agri-food businesses fostering innovation across the industry – innovation that drives down costs, increases production and creates more value for companies. These investments ensure that the next generation of farmers, processors and agribusiness leaders can continue to strengthen Canada's position as a global leader.

A key part of FCC's support for productivity and innovation is our AgExpert software. This year, AgExpert surpassed **25,000** users and now supports the management of over **6.39** million acres of farmland. The new AgExpert Sustainability Model is now in use, helping producers track carbon sequestration and emissions – an important step toward

data-driven decision-making. This year, FCC filed its first-ever patent application for the software, reinforcing our role in advancing innovation in Canadian agriculture and agri-food.

Meanwhile, the Innovation Farms initiative, which trials and demonstrates new agricultural technologies that drive efficiency and environmental stewardship, is expanding, with **four** innovation farm partners, including **six** farming operations in **four** provinces totalling **13,000 acres**. Participation in FCC's sustainability incentive programs increased by **27%**, with new collaborations including PepsiCo Canada and Starbucks Canada. Additionally, we invested **\$8.75 million** in research and plant breeding innovations, supporting innovation and long-term sustainability in Canada's agri-food sector.

FCC's commitment to agriculture and agri-food goes beyond capital solutions and innovation – it extends to strengthening food security and supporting rural communities. This year, the industry united through Drive Away Hunger to achieve incredible results, donating **514 million meals** to food security agencies in communities across Canada. FCC also expanded food security efforts by offering **\$200K** to school food programs and new food rescue partnerships.

Supporting Indigenous agriculture and agri-food remains a priority. FCC is in the third year of our **\$1M-per-year** pledge to the National Circle for Indigenous Agriculture and Food, ensuring Indigenous producers have access to the resources, knowledge sharing and support they need to grow their businesses.

This year, FCC continued making progress on our corporate strategy, which will strengthen industry resilience, advance innovation and expand capital solutions. As we move forward, a bold, long-term vision will shape how we support customers and contribute to the future of Canadian agriculture and agri-food. Customer-focused growth, innovative solutions and strong industry collaboration will remain at the core of our approach.

I cannot close off this letter on our past year without speaking to the ongoing trade disruptions facing Canadian agriculture and agri-food producers – disruptions that will likely be with us into the next year. We know that tariffs threaten the profitability of our industry, our customers and our communities. We stand ready to support this industry through thick and thin and have put in place a trade disruption support program to help the industry weather the storm. This situation will continue to evolve throughout the next

fiscal year, and our response will evolve along with it – making sure we're providing the *right* support at the *right* time.

I want to express my appreciation to our employees, customers and industry partners for their continued commitment to the success of Canadian agriculture and agri-food. The strength of this industry lies in its ability to adapt, and as we move forward, we know that success will take all of us working together.

By taking a Team Canada approach, we can keep Canadian agriculture and agri-food competitive, resilient and ready to meet the challenges ahead. FCC remains committed to standing with those who produce, process and supply food to Canadians and the world.

Sincerely,



**Justine Hendricks**  
President and CEO  
Farm Credit Canada



## Message from the Board Chairperson

As we reflect on the past year, it's clear that FCC's new strategy, formally launched in early 2024, is already delivering meaningful results, while the ongoing corporate transformation is strengthening FCC's ability to serve Canadian agriculture and agri-food. While the industry continues to navigate shifting economic conditions, evolving trade dynamics and an increase in weather-related strains, FCC remains a trusted partner to agricultural producers, food processors and agribusinesses, providing financial stability, strategic guidance and innovative solutions to help them adapt and grow.

Through all of this, FCC's employees and leadership have remained steadfast in their commitment to the industry's success. On behalf of the Board of Directors, I want to express my sincere appreciation for their dedication, resilience and passion for Canadian agriculture and agri-food.

The Board's role is to guide FCC's long-term vision, ensuring financial strength and strategic alignment as the organization evolves to meet the changing needs of its customers and keep pace with the industry.

Over the past year, FCC has expanded its partnerships and investments, reinforcing its efforts to bring new financial and strategic players to the table. Investments in research and accelerated breeding programs are shaping the future of food production, helping producers and food manufacturers adopt innovative, sustainable practices. By using cutting-edge science to enhance genetic traits in crops and livestock, these advancements are improving resilience, productivity and food security.

The agriculture and agri-food industry came together through Drive Away Hunger to donate an incredible **514 million meals** – to food security agencies across Canada – more than tripling this year's goal. This success is a testament to the industry's shared commitment to reducing food insecurity in Canada. FCC is proud to contribute to this collective effort, supporting partnerships that help make a lasting impact in communities across the country.

Looking ahead, the Board remains focused on ensuring FCC stays at the forefront of agricultural finance and innovation. FCC's leadership team is delivering on a strategy

that the Board believes will strengthen industry resilience and advance sustainability efforts that will help shape the future of Canadian agriculture and agri-food. The Board and I have full confidence in the FCC team as they continue to drive this vision forward.

Thank you to everyone at FCC for another year of progress and impact. Your efforts are ensuring that the Canadian agriculture and agri-food industry remains strong, competitive and ready to meet the challenges and opportunities of tomorrow. I would also like to extend my appreciation to my fellow Board members for their leadership and guidance in supporting FCC's long-term vision and success.

Sincerely,

**Jane Halford**  
Board Chairperson  
Farm Credit Canada



## Message from the Minister of Agriculture and Agri-Food

Canada's agriculture and agri-food industry is a pillar of our economy and our communities. In 2024, the agriculture and food industry represented \$150 billion of Canada's GDP and reached nearly \$100 billion in exports – a testament to the growing demand at home and around the world for what we produce. Producers, food processors and agribusinesses play a vital role in feeding Canadians and global markets, and the Government of Canada remains committed to ensuring they have the support they need to succeed.

Farm Credit Canada (FCC) continues to be a key partner in advancing this vision, helping producers, food processors and agribusinesses navigate economic challenges and seize new opportunities. This year, the agriculture and food industry came together through Drive Away Hunger to make an extraordinary impact – donating 514 million meals to food security agencies across Canada. This success underscores the industry's collective commitment to reducing food insecurity, with FCC playing a supporting role in facilitating partnerships and expanding food access in communities nationwide.

Canada is a world leader in sustainable agriculture and innovation. Farmers and food processors across the country are adapting to new environmental challenges while continuing to feed a growing population. The government will continue working alongside FCC and industry partners to support farmers in improving their sustainability and efficiency practices.

FCC is also driving long-term economic growth through investment. In 2024, it committed \$500 million in stretch capital investments, facilitating a \$4.4 billion expansion in lending activities, ensuring that producers, food processors and agribusinesses have the resources they need to innovate and grow.

Canada's agriculture and food industry is a leader in global markets, even as businesses across the supply chain navigate shifting trade dynamics. The government remains committed to supporting producers through these challenges and ensuring they have the tools to remain competitive.

FCC is playing a critical role in keeping Canadian farmers, food processors and agribusinesses competitive by investing in innovative projects that enhance productivity and market diversification. These investments help position Canada as a global leader in sustainable, high-quality food production.

FCC continues to be an important partner in supporting underserved groups in agriculture, including Indigenous communities, women and young producers, ensuring they have access to the resources and opportunities needed to succeed. In addition, FCC contributes \$4.9 million annually to charitable initiatives that strengthen the agriculture and food industry and support rural communities across the country.

Investing in the next generation of producers is critical to Canada's long-term

food security. FCC has developed innovative programs for young farmers, including educational resources, peer groups, masterclasses, management tools and transition advisory services.

FCC is also taking meaningful steps to support mental health in the agriculture and food industry. Alongside the Canadian Centre for Agricultural Wellbeing, FCC helped launch the new Farmer Wellness Network Crisis Line, ensuring that producers and their families have access to mental health and crisis support when they need it most.

The government will continue to work alongside FCC to ensure that Canadian agriculture and agri-food remains strong, resilient and sustainable. As the industry evolves, FCC's leadership and employees will continue to play a crucial role in supporting producers, agribusinesses and food processors across the country.

The Government of Canada is proud to support FCC's work in financing, sustainability and innovation, ensuring that farmers and food producers have the tools they need to succeed today and into the future.

Sincerely,

**Heath MacDonald**  
Minister of Agriculture  
and Agri-Food Canada





## Corporate profile

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**Farm Credit Canada (FCC) is 100% invested in Canadian agriculture and agri-food.**

We provide capital and non-capital solutions to **103,781** customers throughout the agriculture and agri-food value chain across the country. We're passionate and dedicated to the industry, and our team of more than **2,500** employees has professional expertise in agriculture, finance, economics and more.

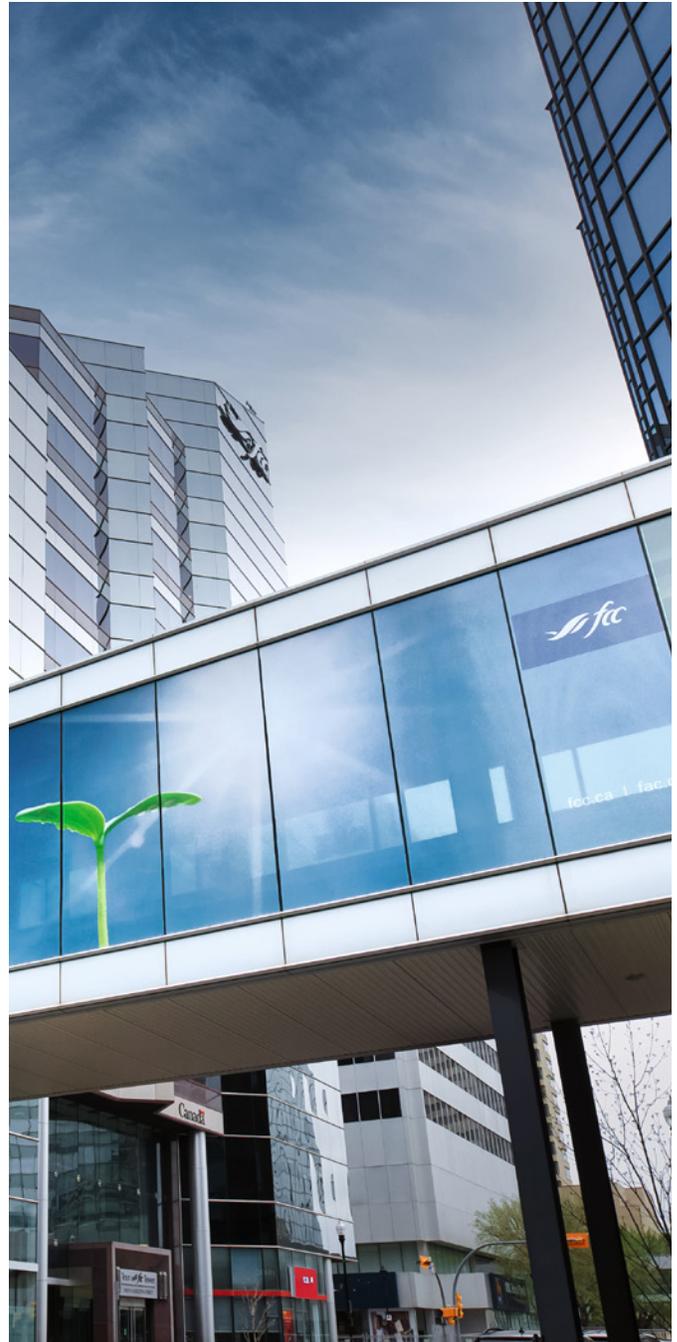


**In addition to providing capital solutions, we share business management knowledge and training with our customers and the industry. Our AgExpert business management and accounting software was designed to help Canadian agricultural producers in every province, across every sector of agriculture.**

Beyond our own products and services, we support partners who provide programs, mentorship and resources that lead to innovation and the adoption of new technologies. In addition, we provide highly flexible solutions other than our traditional senior secured debt. Our expanded investment strategy includes a new direct investment program and a dedicated Indigenous Financing team. Through this expanded suite of capital solutions, we collaborate directly with companies, other investors, fund managers and industry participants to support the growing number of innovative companies and diverse entrepreneurs across the Canadian agriculture and agri-food industry.

For more than 65 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 industry 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 portfolio of **\$55.5 billion**, FCC serves the Canadian agriculture and agri-food industry through all economic cycles. Our primary production customers are at the core of FCC's business and represent **82.3%** of our loan portfolio, while agri-food is a growing and critical part of our business.



## History

FCC is a federal Crown corporation reporting to Canadians and Parliament through the Minister of Agriculture and Agri-Food. Our head office is in Regina, Saskatchewan, and is one of **101 offices** located across the country, most of which are located 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 a Crown corporation and successor to the CFLB.

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

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 agricultural producers and agribusiness and agri-food operators, including direct equity financing, learning events and information services.



## Corporate values

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

### We work together

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

### We act with integrity

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

### We achieve excellence

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

## 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.

### 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



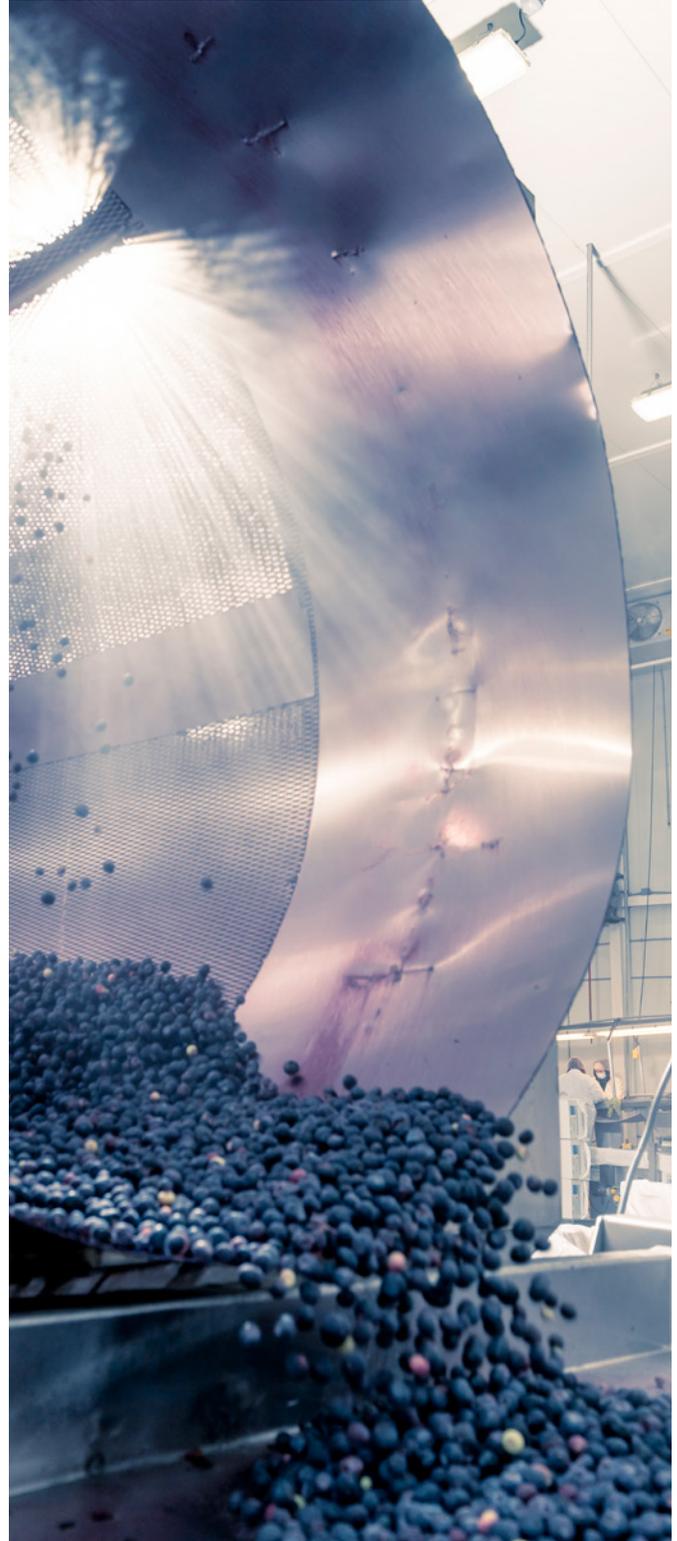




**FCC's mandate is to support Canada's agriculture and agri-food industry. We live into our mandate by helping the industry succeed as a global leader in food security and sustainable food production by providing the right tools at the right time. Our commitment is to drive innovation and be a catalyst for value creation in the ecosystem. In addition to delivering on our core business, we fulfil our mandate by:**

- advancing innovation and opportunities for underserved 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 the industry to sustainably build resilience and boost productivity

FCC dedicates every day to serving the agriculture and agri-food industry. We work, innovate and problem-solve alongside our customers in times of prosperity and adversity, continuously providing tailored support, solutions and programs.



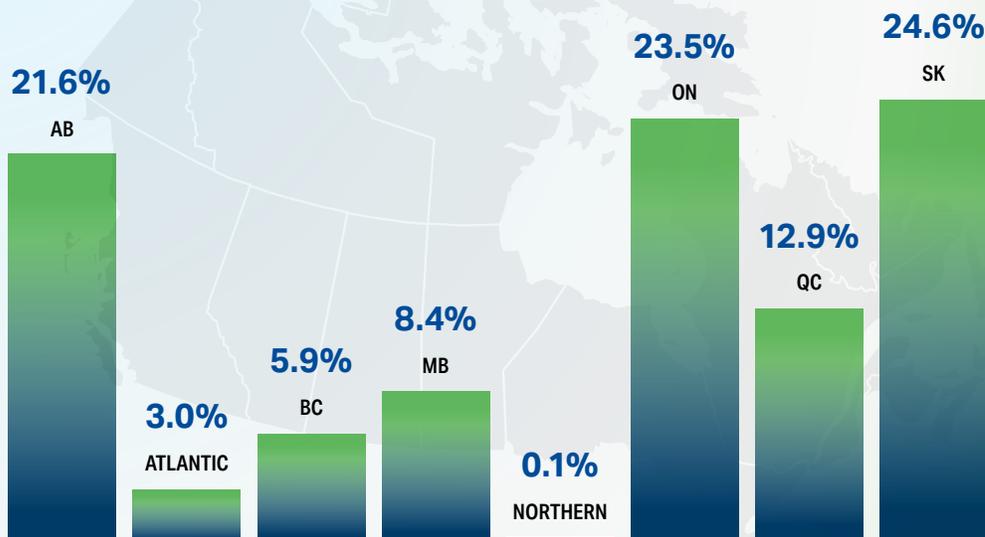
## Our portfolio

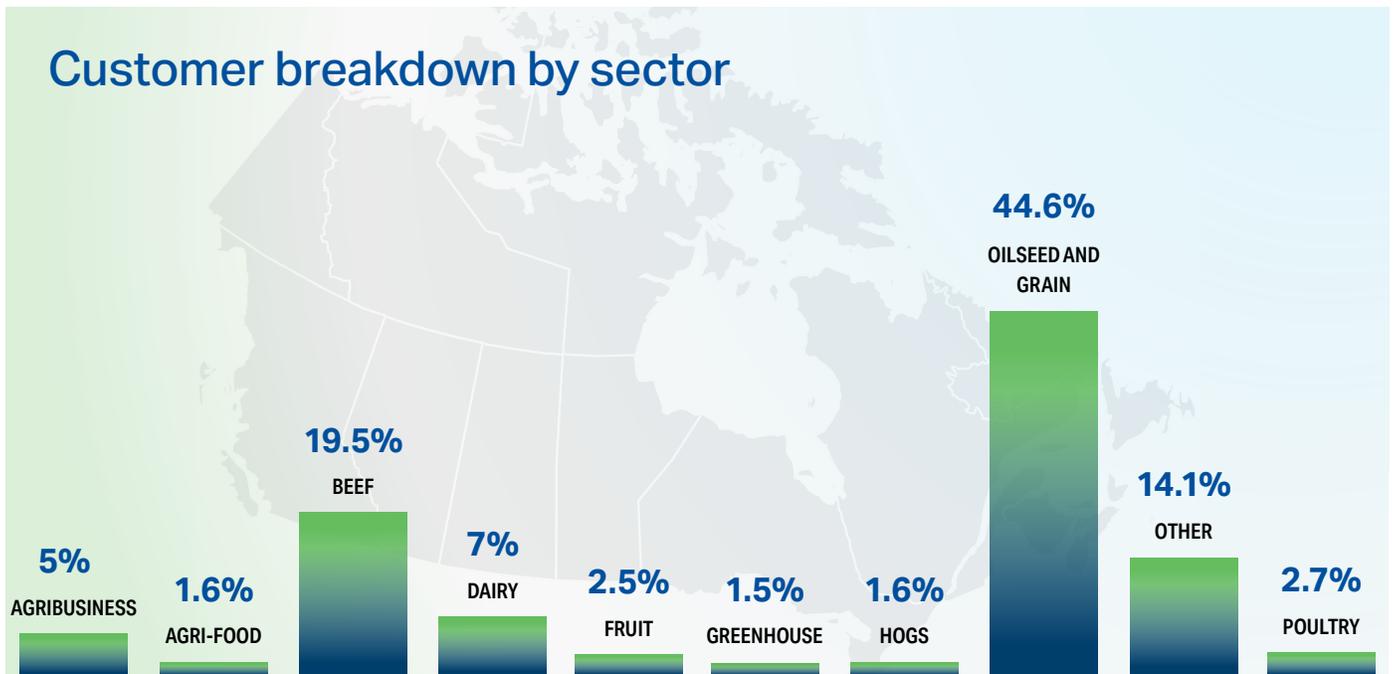
FCC is committed to supporting the Canadian agriculture and agri-food industry by taking on calculated risks to stimulate growth and innovation. Our strategy focuses on positioning Canada as a leader in sustainable food production by fostering innovation and enhancing Canada's global reputation. This involves proactively taking more calculated risks to ensure customers, including those who are underserved, have access to the capital they need. Our approach to risk also reflects our role in catalyzing investment in the industry, working alongside other financial institutions to deliver meaningful and flexible support to the industry.

FCC is 100% invested in Canadian agriculture and agri-food, with a diverse portfolio that includes a wide range of clients and capital solutions. We provide capital solutions within the primary production, agribusiness and agri-food sectors nationwide. We maintain a notable and consistent presence in rural Canada while enhancing our support for agriculture and agri-food companies in urban areas.



## Customer breakdown by province





### 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:

- maintain or expand their operations
- finance inputs and equipment
- lower their production costs
- increase productivity
- develop new products
- adopt new technologies
- take advantage of opportunities in new markets

Producers and agribusinesses benefit from a choice of capital solutions. We partner with Canadian financial institutions, Indigenous financial institutions and credit unions to provide products, services and customer solutions that help producers, agribusinesses and agri-food operators. We provide a full suite of capital solutions in addition to senior secured debt through FCC Capital, including investing in funds and direct equity investments. These investment options ensure alternative capital solutions, business expertise,

mentorship and ecosystem support are available to support innovative companies and diverse entrepreneurs across Canadian agriculture and agri-food.

### We help customers move forward with their businesses

We're also committed to supporting our customers through non-financial products and services and offering knowledge resources. Our goal is to help enhance their business management capabilities, improve their financial health, and ensure they have access to the tools and knowledge needed to thrive.

#### Business management

Sound financial management is key to successful operations. To help producers improve their business management capabilities, we offer virtual learning events, multimedia tools, publications and other resources. Producers of all ages and in all sectors can access our resources at no cost.

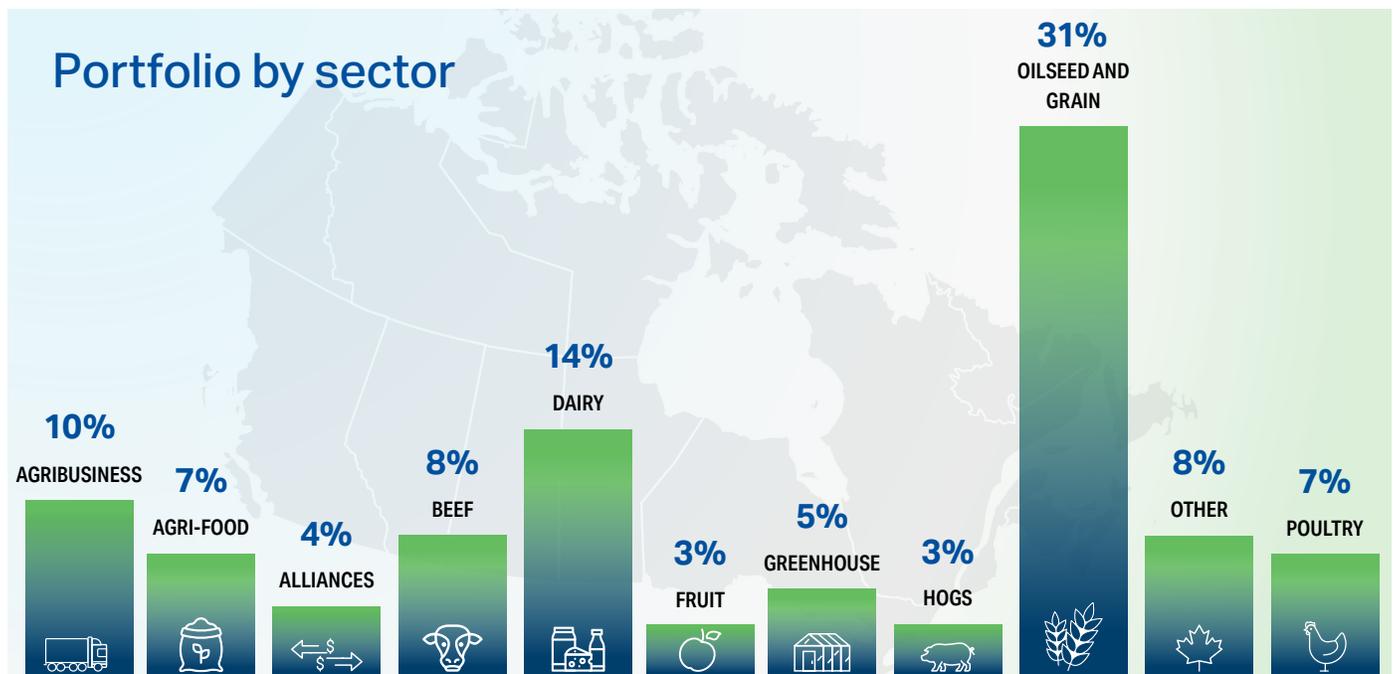
#### Events and tools

Our events feature speakers who inspire, inform and introduce new ways of thinking

about agriculture and agri-food. Throughout the year, we hosted several events, including the Young Farmer Summits, FCC Economic Outlook, Women Entrepreneur Summits, and transition and business planning workshops. FCC's approach to events and sponsorships aims to enhance inclusivity, accessibility and cultural awareness while ensuring they are responsive to the needs of Indigenous Peoples, young farmers and women entrepreneurs.

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. Providing these tools is important to FCC as we know that those who digitize their farm records become better farm managers, contributing to increased profitability. FCC's AgExpert Sustainability Model empowers farmers to leverage their existing data to estimate their farm's carbon sequestration and greenhouse gas emissions. This year, FCC filed its first-ever patent application for the tool.

We supported a mental health helpline and offered other resources through our website to help customers and employees care for their families and themselves when they need support tailored to rural



contexts. These resources help remove the stigma around mental health and positively impact the well-being of the agriculture and agri-food workforce.

We launched Manage Your Farm Finances, a series of three free online courses designed to help producers build their foundational financial management capabilities.

Since 2018, the FCC Advisory Services team has been dedicated to assisting farm families gain clarity, set goals and determine the next steps in their transition journeys. Based on customer feedback and need, we developed and offered information and resources on will and estate planning designed to help producers successfully plan for the future of their operations. We also offered a series of virtual webinars featuring an intergenerational wealth expert who addressed will and estate planning issues unique to farmers.

In addition to the hundreds of advisory engagements we've completed this past year, we've expanded our advisory offering in partnership with IC Canada to support those looking to advance their sustainability efforts. Participants receive hands-on support, actionable insights, compliance guidance and guidance to lower risks and increase profitability – all

tailored to their businesses. For those who might not be ready for a full sustainability engagement, a five-hour sustainability assessment is available as an introduction to the importance of sustainability, which is cost-shared by FCC.

### Next generation

The next generation of agriculture and food entrepreneurs, innovators and business leaders is important to the ongoing growth and success of the Canadian agriculture and agri-food industry. FCC proudly supports these enthusiastic, hard-working people by offering products and services tailored to their needs, such as the Starter Loan, Transition Loan, Young Farmer Loan, Young Entrepreneur Loan, and on- and off-reserve financing for Indigenous businesses.

Our aim is to help the next generation:

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

## We support Government of Canada public policy objectives through consistent and ongoing dialogue and collaboration with federal departments and agencies

To support innovation, policy objectives, foreign direct investment and access to international markets for Canadian primary producers, agribusinesses 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
- Indigenous Services Canada (ISC)
- Innovation, Science and Economic Development Canada

Our employees collaborate with their peers at Agriculture and Agri-Food Canada on a range of topics important to the agriculture industry, including knowledge and insights on farmland values, commodity prices, interest rates, trade disruptions and the development of tools that enable farmers to tell their sustainability stories.

## 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 support our customers through all economic cycles and are dedicated to ensuring producers and agribusiness and agri-food operators have choice in the marketplace.

We lead a large agriculture and agri-food-focused research panel, FCC Vision, with over 3,900 active members. The panel is representative of the primary agriculture industry, including a variety of sectors and provinces, and has strong representation across underserved groups. Members share ideas and opinions about the Canadian agriculture and agri-food industry and how FCC can best serve the 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

Recognizing that environmental and societal conditions are continuously changing, FCC assesses and manages related risks and opportunities. Our sustainability program is based on four pillars to generate greater impact for the industry:

**1. Protect the environment** – We provide financial and non-financial offerings to enable and incentivize customers and industry partners to enhance the Canadian agriculture and agri-food

industry's ability to utilize and protect natural resources. We're focused on supporting efficiencies, resilience and adaptive nature-positive practices that support increased productivity and enhance risk mitigation.

**2. Build a resilient Canadian food industry** – FCC is committed to showcasing Canada as a global leader in food security, offering financial and non-financial products that support increased productivity. As a way to enhance the industry's resilience, we work with partners to support mental health initiatives for producers and agribusiness and agri-food operators.

**3. Enhance financial and social inclusion** – We help the industry and our customers thrive by addressing the needs of underserved groups such as Indigenous Peoples, women entrepreneurs and young farmers. This includes:

- exploring the integration of gender-based analysis plus (GBA+) principles when developing programs and lending products that support the participation of underserved groups
- becoming certified in the Canadian Council for Indigenous Business' (CCIB) Partnership Accreditation in Indigenous Relations (PAIR)
- supporting Indigenous economic development in all aspects of our business, including partnering with Indigenous financial institutions, having a dedicated Indigenous Financing team and intentionally seeking Indigenous partners when procuring goods and services

**4. Our responsible business fundamentals** – Our commitment is to act with integrity, maintain high ethical standards and protect data. This includes, but isn't limited to:

- ensuring our suppliers and their partners are 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
- enhancing and maintaining our cybersecurity maturity and privacy compliance program

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

### 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](#)

[FCC Capital](#)

[Indigenous agriculture and food](#)

[Young Farmer Loan](#)

[Stakeholder Engagement](#)

[Farm Credit Canada Act](#)

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

[2024-25 Corporate strategy overview and results](#)

# 2024-25 Corporate highlights



**241**

investments across  
21 funds, with a total  
capital commitment of

**\$631.8M**



**\$170M** in new  
direct investments



Lent **\$18.4B**

in ag production,  
agribusiness and  
agri-food and Alliances



**25,519**

users managed nearly

**6.39** million acres of land  
using AgExpert



**221**

companies supported  
through accelerator  
support programs



Invested in and donated

**\$8.75M**



to Canadian academic  
institutions to advance  
research and innovation

Provided

**\$240K**

to organizations leading  
Indigenous food sovereignty  
projects



**\$3.1M**

annual commitment  
in innovation farm  
technology

Working with communities  
and partners, raised

**514 million  
meals**

through Drive Away Hunger



**39,273**

customers belong to  
underserved groups

20,545 under 40,880 Indigenous,  
24,986 female

**\$1.4B**

lent to customers  
belonging to underserved groups



**\$200K**

in funding provided to  
school food programs

**Filed** first patent  
application for AgExpert  
Sustainability Model tool



**Offset**

operational emissions,  
Scope 1 & 2 emissions,  
and Scope 3 air travel  
emissions with the purchase  
of carbon credits and renewable  
energy credits (RECs)



**Maintained**

Partnership Accreditation  
in Indigenous Relations  
(PAIR) Committed status



**675** payments to  
customers rewarded  
with **\$1.1M**

for sustainable and  
biodiverse practices



**566**

net new agribusiness  
and agri-food customers

Customer Support programs

to **190** customers  
with uptake totaling

**\$374.1M**



**98.27%** of  
agribusiness and  
agri-food customers  
were small and  
medium-sized operators

**892** farm transition  
engagements  
through Advisory Services  
(156 IC Canada engagements)



**\$853.4K**

invested in mental health  
and well-being resources  
and initiatives to support  
the industry



Delivering exceptional  
customer experience,  
with a Net Promoter  
Score of **69**

Over

**2,500** employees

in 101 offices across Canada





# Corporate governance

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

- Access to Information Act
- Accessible Canada Act
- Canada Labour Code
- Canada's Anti-Spam Law
- Canadian Human Rights Act
- Employment Equity Act
- Impact Assessment Act
- Modern Slavery Act
- Official Languages Act
- Pay Equity Act
- Privacy Act
- Public Servants Disclosure Protection 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.

We have well-established roles, policies and procedures in place to ensure we achieve our strategic objectives and maintain a focus on sustainability and accountability across all levels, including the Board of Directors, its committees and our management committees and operational teams.

## Board of Directors

The FCC Board of Directors provides oversight to ensure FCC is serving the industry and Canadians. There are 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. All directors are independent from FCC's management, except the President and CEO, who sits as the only FCC member. Directors represent diversity and various skills and experiences across the agriculture, food and financial industries.

The Board ensures FCC remains focused on our corporate strategy and fulfills 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
- sustainability and our environmental, social and governance (ESG) framework
- 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 in providing oversight, insight and foresight to the corporation. The Enterprise Management Team, except for four vice-presidents, attend all Board meetings. Other senior leaders attend and engage with the Board regularly to maintain 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 participates in ongoing education and learning to advance their knowledge on emerging and relevant topics. This year, this included formal training, interactive seminars, workshops and discussions on topics including, but not limited to, sustainability, climate, and diversity, equity and inclusion.

The Board hosts an annual public meeting to report on FCC's activities and financial results. The August 2024 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 are noted below.

### Audit Committee

The Audit Committee oversees FCC's:

- financial performance and reporting, including the audit functions
- internal controls over financial and sustainability reporting
- regulatory compliance
- sustainability disclosures

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. The committee is also

responsible for reviewing and recommending FCC's sustainability disclosures (including climate-related disclosures) to the Board for approval.

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. This includes annually reviewing the number, structure and mandate of Board committees. The committee is also responsible for overseeing the Board's and CEO's relationship with government, industry and other stakeholders, and the appropriate allocation of sustainability and climate-related responsibilities across committees.

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 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.

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

\*Until January 31, 2025 \*\*As of February 1, 2025

### 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 risk management oversight responsibilities. It is responsible for overseeing the enterprise risk management framework, the ESG framework, and risk appetite framework, all of which foster a culture of integrity and shared risk management throughout the corporation.

The committee monitors the corporation's significant risks, including financial, strategic, operational and reputational. It reviews and discusses management's stress-testing results and advises on the risk impact of strategic and emerging issues and new products and services.

The committee reviews the reports of examinations by regulatory agencies. It also oversees compliance to risk management policies and monitors the effectiveness of systems and programs.

### 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 the same as the expense policy applicable to FCC employees.

2024-25 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	\$ 35,648	\$ 41,848	7/7	12/12	\$ 8,823
Bertha Campbell	\$ 5,198	\$ 20,613	\$ 25,811	5/5	9/9	\$ 9,740
Sylvie Chagnon	\$ 7,200	\$ 26,190	\$ 33,390	7/7	9/9	\$ 11,489
Sylvie Cloutier	\$ 7,200	\$ 24,493	\$ 31,693	7/7	10/12	\$ 11,285
Laura Donaldson	\$ 5,198	\$ 15,763	\$ 20,961	5/5	7/7	\$ 5,075
Jane Halford	\$ 12,400	\$ 35,163	\$ 47,563	7/7	18/21	\$ 8,301
Michele Hengen	\$ 7,200	\$ 25,705	\$ 32,905	7/7	12/12	\$ 8,823
James Laws	\$ 6,200	\$ 30,070	\$ 36,270	7/7	9/9	\$ 15,357
Michael Tees	\$ 6,200	\$ 18,188	\$ 24,388	6/7	7/9	\$ 18,265
Govert Verstralen	\$ 7,200	\$ 41,468	\$ 48,668	7/7	10/10	\$ 13,352
<b>Total</b>	<b>\$ 70,196</b>	<b>\$ 273,301</b>	<b>\$ 343,497</b>			<b>\$ 110,510*</b>

There were 7 Board, 5 Audit, 4 Corporate Governance, 7 Human Resources and 5 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. This team is comprised of Executive Vice-Presidents (EVPs) and Vice-Presidents (VPs). The Vice-Presidents represent key areas of FCC's strategy and ensure the perspective of Indigenous Relations, Sustainability, Internal Audit and Law and Corporate Secretary are discussed and embedded into decision-making.

### The Enterprise Management Team consists of:

- President and Chief Executive Officer
- EVP, Strategy and Impact
- EVP, Marketing and Public Affairs
- EVP, Growth and Innovation
- EVP, Ag Production
- EVP, Agri-Food, Alliances and FCC Capital
- EVP, Risk and Legal
- EVP, Technology Enablement
- EVP, Human Resources
- EVP, Finance
- VP, Indigenous Relations
- VP, Sustainability
- VP, Internal Audit
- VP, Law and Corporate Secretary

The Enterprise Management Team is responsible for business results and corporate decision-making, including the strategic vision and integration of sustainability principles, 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 2024-25, the base salary range for the position was **\$382,300 to \$448,700** 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 Executive Vice-Presidents includes a base salary range and a significant pay-at-risk component. This framework aligns with the philosophy of pay-for-performance. Positions 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 2024-25, the base salary for Executive Vice-Presidents ranged from **\$230,379 to \$435,588**. 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. Executive Vice-Presidents receive an amount equal to **12% to 18%** of base pay as perquisites, which is applied first to their individual pension contributions and thereafter to other approved purposes.



## Corporate Governance framework

In fiscal year 2024-25, FCC launched a new corporate governance structure to strengthen oversight. As part of this structure, there are committees that oversee sustainability matters as referenced in their respective Terms of Reference.

The role of the **Executive Committee** (EXCO) is to operate FCC in a way that's consistent with the Board's direction. EXCO makes all strategic and entity-level business decisions that impact the corporation as a whole. This includes endorsing and aligning business activities to the Risk Appetite framework. EXCO members include the President and CEO and nine Executive Vice-Presidents.

The **Investment Committee** oversees FCC's capital deployment operations (excluding the lending that occurs under the Lending Committee mandate).

The **Lending Committee** provides oversight of FCC's lending portfolio and risk appetite and makes decisions regarding lending programs, policies and procedures.

The **Enterprise Risk Management Committee** oversees the effective management of all risks within Board-approved risk appetite, provides a healthy risk culture, and sets the tone and standards for enterprise-wide risk management through approval of risk policies.

The **Asset Liability Committee** provides oversight, direction and decision-making related to the financial performance of FCC's assets and liabilities, ensuring achievement of short-term financial targets, long-term financial stability and risk appetite compliance.

The **Initiative Oversight Committee** governs FCC's strategy execution by prioritizing, sequencing and approving funding allocations to best achieve corporate objectives and key results, utilizing data from the performance monitoring system where necessary. The committee considers sustainability impacts in proposals for new initiatives.

The **Pension Management Committee** ensures that there is prudent oversight of the pension plan. The committee is responsible for supporting the Board in its Plan Sponsor and Plan Administrator responsibilities.

### ADDITIONAL INFORMATION

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

[Board Charters](#)

[Remuneration Guidelines](#)

**For more information about our climate disclosure, visit:**

[2024-25 FCC Climate-Related Disclosure Report](#)

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

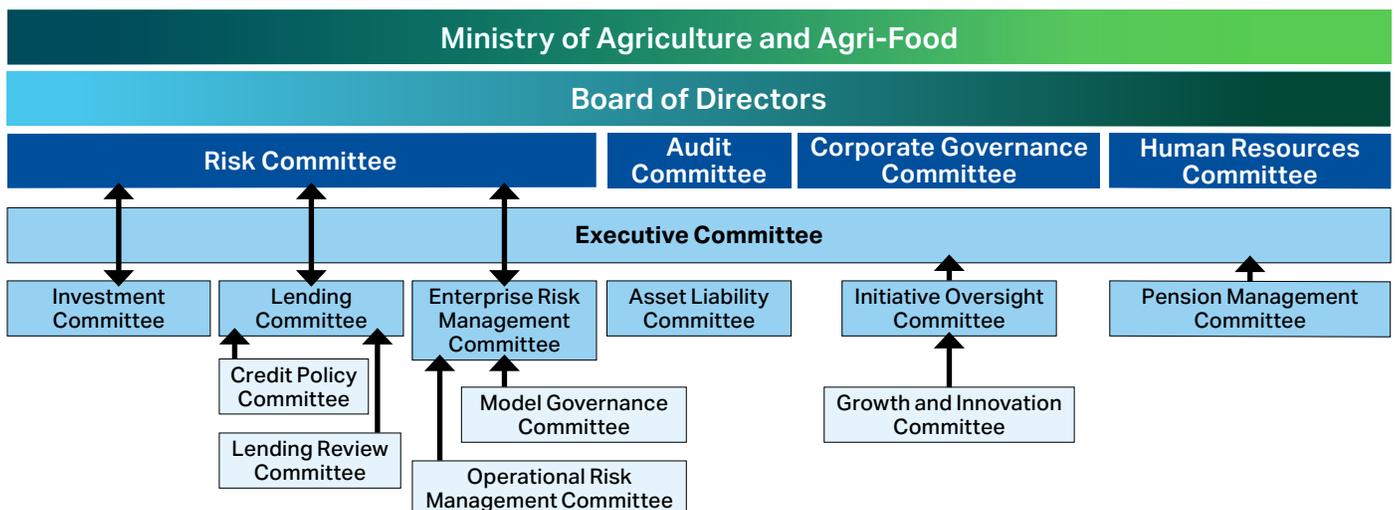
[2021 Special Examination Report](#)

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

[2024-25 corporate strategy overview and results](#)

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

[Note 16: Related party transactions](#)



**Note:** Dark Blue - Board Committees, Blue - Committees with EVPs, Light Blue - Committees with SLTs. Three committees report directly to the Board Risk Committee (IC, LC and ERMC).



# 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  
(Term ended January 31, 2025)

## **Sylvie Chagnon**

Montreal, Quebec

## **Sylvie Cloutier**

Bromont, Quebec

## **Laura Donaldson**

Qualicum Beach, British Columbia  
(Term ended January 31, 2025)

## **Michele Hengen**

Regina, Saskatchewan

## **James Laws**

Ottawa, Ontario

## **Michael Tees**

Vancouver, British Columbia

## **Govert Verstralen**

Scarborough, Ontario

# Enterprise Management Team

## **Justine Hendricks**

President and Chief Executive Officer  
Executive VP, Human Resources (*interim*)

## **Travis Asmundson**

Executive VP, Technology Enablement

## **Darren Baccus**

Executive VP, Agri-Food, Alliances and FCC Capital

## **Marie-Claude Bourgie**

VP, Sustainability

## **Megan Dolo**

VP, Law and Corporate Secretary

## **Jean-Philippe (J.P.) Gervais**

Executive VP, Strategy and Impact

## **Todd Klink**

Executive VP, Marketing and Public Affairs

## **Sameer Madhok**

Executive VP, Risk and Legal

## **Corinna Mitchell-Beaudin**

Executive VP, Finance

## **Sophie Perreault**

Executive VP, Growth and Innovation  
Executive VP, Ag Production (*interim*)

## **Shaun Soonias**

VP, Indigenous Relations

## **Karen Van Slyck**

VP, Internal Audit



# 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, 2025, and as compared to the year ended March 31, 2024. This MD&A was reviewed and approved for issue by FCC's Board of Directors at the June 10, 2025, 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, 2025, and our corporate plan documents.<sup>(1)</sup> 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, extreme weather conditions, inflationary pressure, interest rates, supply chain challenges and trade disruptions.

## 2024-25 Corporate strategy overview and results

As a lender 100% invested in Canadian agriculture and agri-food, we achieve our mandate and enhance rural Canada by providing products, services and customer solutions that meet the needs of the Canadian agriculture and agri-food industry. We support producers, agribusinesses and agri-food operators to grow their operations, access new market opportunities and innovate. We ensure operations of all sizes have access to capital through all business cycles by partnering with a broad system that includes funds, accelerators and advisors to bring innovative solutions to our customers.

As a federal Crown corporation, FCC is aligned to the priorities of the Government of Canada. We developed our strategy to live into our mandate priority of strengthening Canada's position as a world leader in sustainable agriculture. Our strategy is built on significant industry and stakeholder consultation and on industry best practices.

While FCC has a direct line of sight to many of the United Nations Sustainable Development Goals (SDGs), we focus on where we can make the most impact, given the nature of our business. We strive to make an impact on SDG 2 – Zero Hunger, SDG 10 – Reduced Inequalities, SDG 12 – Responsible Consumption and Production and SDG 13 – Climate Action.

<sup>(1)</sup> These documents are available at [fcc.ca/Reports](https://fcc.ca/Reports).

We have an exciting role to play in supporting our industry to change the face of Canadian food production. Our winning aspiration inspires and guides our renewed corporate strategy.

**Winning aspiration:** 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.

Our strategic intentions move us toward achieving our winning 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, 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 by supporting producers through weather-related challenges, investing in young farmers and supporting new entrants into the industry.

Our winning aspiration, revitalized culture and strategic intentions are designed to have short-term and long-term impact on the industry.

### Sustainability materiality

FCC conducts materiality assessments to identify and prioritize topics that can pose material risks to our operations and speak to opportunities related to our unique position as a Crown corporation

dedicated to Canadian agriculture and agri-food. In 2022, we conducted a materiality assessment that identified and prioritized environmental, social and governance (ESG) topics based on potential financial impacts and inherent short-, medium- and long-term risks. In 2023-24, we refreshed our materiality assessment to align it to our winning aspiration and the six key impact areas of our corporate strategy. As a result, nine material topics were prioritized under four pillars to help us deliver on the impact areas and to enhance our overall impact on the Canadian agriculture and agri-food industry. This year, the material topic plans were developed to support business units in reaching set targets.

### Governance and sustainability reporting standards

Our Board of Directors has oversight on our sustainability reporting. Over the past year, the Board has increased its oversight of sustainability to align with its growing importance in FCC's corporate strategy. In 2024-25, sustainability was a standing agenda item at five of the seven Board of Directors meetings, and two Board members completed the course Board Oversight of Climate Change and Resilience in the Face of Climate Risk.

We regularly review sustainability reporting regulations, standards and framework developments. This report was prepared in line with the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) standards. Although the report was externally reviewed, it was not assured by a third-party organization.

### 2024-25 results

The following tables present the 2024-25 fiscal year targets by the six impact areas outlined in our corporate strategy. These targets are aligned with our mandate and Government of Canada priorities.

## Impact area:

**Innovation, exports and economic growth** – investing for efficiency, sustainability and competitiveness

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We make investments in product and process innovations through the agri-food supply chain that will lead to higher productivity growth rates, enhancing the global competitive position of farm operations, food processors and agribusinesses, boosting exports and expanding the industry's economic footprint. Higher productivity growth enables Canada to make significant contributions towards the GDP and the United Nations Sustainable Development Goal of zero world hunger.



Measure	Material topic	2024-25 target	2024-25 results
Accelerate growth in net new agribusiness and agri-food customers*	n/a	400	<b>566</b>
Loans receivable change*	n/a	5.1%	<b>8.9%</b>
Venture Capital (FCC Capital) investments through new direct investment channels*	n/a	\$50M	<b>\$170M</b>
Economic impact measure*	n/a	Establish baseline and trend-based targets	<b>Complete</b>

\*Indicates a Corporate Plan planned result.

### Agribusiness and agri-food:

- Net-new agribusiness and agri-food customer acquisition grew across diverse industries, including commercial bakeries, frozen bakery product manufacturing, wineries, and support activities for crop and animal production.
- In 2019, we began a strategy to enhance support for the agribusiness and agri-food (A&A) sectors. At that time, we had **3,600** A&A customers and have since grown to over **6,600** customers, an increase of **83.3%**.

### Loans receivable change:

- The overall change in loans receivable exceeded planned results due to increased disbursements across all business lines, as customers capitalized on lower interest rates to invest in their businesses. Additionally, strong demand for farmland, rising costs of farm equipment and labour, and high crop input loans for the 2024 planting season contributed to this growth.

### FCC Capital:

- Previously called Venture Capital, FCC Capital launched its direct investment program this year, expanding its capital solutions offering to increase support for Canadian agriculture and agri-food businesses.
- FCC directly invested **\$170M** in **nine** companies. Investments have been deployed across companies focused on gene editing, consumer packaged goods, controlled environment agriculture and ag technology (embodied artificial intelligence, precision software and biological crop protection).
- FCC has **241** investments across **21** funds, with a total capital commitment of **\$631.8M**.
- FCC provides program support of approximately **\$5M** annually to agriculture- and agri-food-focused programs that provide training, mentorship and connection to investors or potential customers to build their businesses faster.

### Edge Financing:

- This lending initiative was launched in May 2024 and aims to support resilience, innovation, productivity and sustainability in the Canadian food value chain. It expands FCC's ability to support people and projects that have been difficult to fund in the past. The program targets high-impact and high-growth organizations that require innovative lending approaches,

companies with limited access to capital due to a lack of security, cash flow, or insufficient management experience, and traditionally underserved groups in the Canadian agriculture and agri-food industry.

- Edge Financing supports a diverse range of customers in the Canadian agriculture and agri-food industry. Some examples include:
  - **Tech-enabled exotic mushroom grower:** An existing customer required financing to fund working capital and growth as a tech-enabled exotic mushroom grower, facing risks including cash burning, fast growth and significant changes to the initial business model. FCC provided a flexible **\$750K** venture debt facility with no financial covenants and included warrants, underwritten to the caliber of investor.
  - **Indigenous on-reserve projects:** Due to drought causing poor crop production and a lack of capital, FCC provided **\$500K** for an irrigation system to support Indigenous on-reserve projects, addressing risks including financing on-reserve assets and navigating the complexities of having agencies align and approve installation.
  - **Dairy barn purchase:** A customer wanted to purchase a dairy barn they had been renting next to their house, facing risks that included no historical cash flow and limited management experience. FCC provided **100% financing** of the purchase price with elongated amortization (patient capital), leveraging the customer's excellent credit rating, realistic plan and strong work ethic.
- Since inception, a total of **\$68.4M** has been disbursed to **88** customers.

### Economic impact measure:

- FCC experienced a significant increase in gross disbursements, rising by **16.3%** in the 2024-25 fiscal year compared to the previous year. This growth contributed to an **18.4%** increase in GDP facilitated by FCC, totalling **\$13.65B**. Additionally, this economic activity facilitated the creation of **134,000** jobs, marking a **19.1%** year-over-year increase.
- The growth in disbursements can be attributed to investments from agribusinesses and food processors, and steady growth in the demand for capital from primary producers.

## Impact area:

### **Productivity, affordability and food security – increasing productivity through innovation**

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We contribute to food security at home and around the world by addressing current food security issues and long-term challenges. We focus on increasing productivity through innovation, recognizing that lower production costs make food more affordable for Canadians.



Measure	Material topic	2024-25 target	2024-25 results
<b>Drive Away Hunger**</b>	<b>Food security</b>	<b>60 million meals</b>	<b>514 million meals</b>
Smart Farm (Innovation Farm) engagement*	Food security	Establish baseline measure and identify key outcomes for Innovation Farm engagements	<b>Complete</b>

\*Indicates a Corporate Plan planned result.

### Drive Away Hunger†:

- During the 2024 Drive Away Hunger campaign, FCC employees, customers and industry partners from the entire value chain provided **514 million** meals to charitable food security agencies and programs across Canada. This was achieved through both donations and redirecting food that would otherwise be wasted to those in need. FCC contributed almost **5 million** meals, with the remaining meals donated by **113** agriculture and agri-food partners across the country.
- FCC contributed **\$1 million** to the Drive Away Hunger campaign to address logistical and transportation challenges. This included **\$500,000** to Harvest Manitoba to enhance food rescue capacity in the prairies, **\$200,000** to Second Harvest to support and promote their national online food rescue services and **\$50,000** for a pilot program with Food Mesh in British Columbia, facilitating food donations by Drive Away Hunger partners in the province.
- FCC allocated **\$200,000** to support school food programs at Indigenous and community schools across the nation. Additionally, we provided **\$200,000** in funding for provincial food bank associations to direct towards underserved rural and remote communities.
- FCC's AgriSpirit Fund provides capital project funding to rural communities across Canada. The fund awards between **\$5,000** and **\$25,000** to various community improvement initiatives that support agriculture and food, projects that improve accessibility and inclusion, and projects that support food recovery and reduction of food waste.

†Drive Away Hunger is an agriculture and food industry effort to connect the food we produce with the people who need it the most, connecting nutritious food to those in need, and redirecting food surpluses that would otherwise go to waste. The program supports **food security and sustainable food production** in Canada, contributes to **reducing greenhouse gas emissions**, and helps build public trust in the food system.

### Innovation farms:

- As part of our commitment to supporting more innovators in Canada, FCC expanded partnerships with innovation farms across the country. This expansion will enhance the FCC Innovation Farm Network, making it more representative and inclusive of the various sectors in agriculture and the diverse customers we serve.
- FCC provided financial contributions to four innovation farms to enhance the broader agriculture ecosystem. By supporting the testing and demonstration of new technologies and on-farm production practices, innovation farms help validate innovations that can increase efficiency and resiliency, thereby contributing to global food security.
  - **EMILI Innovation Farms Manitoba** supports broad-acre trials for innovators by providing access to leading-edge equipment and dedicated farmland for testing, validating and demonstrating new production practices and technologies.
  - **Innovation Farm ON** focuses on ag robotics, supporting innovators and new technologies by testing, validating and refining agricultural robots. They design and develop implements that lead to greater on-farm efficiency.
  - **Ottawa Smart Farm** provides an initial step for innovators in their testing and validation process, offering small-plot trials. They emphasize sustainability and products that support greenhouse gas reduction.
  - **Olds College Smart Farm** provides innovators with diverse options, including livestock, greenhouse and broad-acre farmland. They support numerous innovators each growing season, aiding in the development, validation, scaling and demonstration of innovative agricultural technologies. A notable study includes a four-year project that demonstrated the benefits of autonomous equipment for producers.

## Impact area:

**Industry long-term viability** – commitment, support and long-term strength

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We'll continue to champion our industry through increased public awareness, mental health support, and products and programs that strengthen the agriculture and agri-food workforce of tomorrow.



Measure	Material topic	2024-25 target	2024-25 results
Advisory services*	n/a	1,140 customer engagements	<b>1,379 customer engagements</b>
Public trust – how Canadians feel about our food system*	Social impact	34% in the right direction	<b>In-progress</b> (discussed below)
Percentage of FCC customers in small and medium-sized segments* <ul style="list-style-type: none"> <li>• Ag production</li> <li>• Agribusiness and agri-food operators</li> </ul>	n/a	AgP: > 90% A&A: > 90%	<b>AgP: 93.39%</b> <b>A&amp;A: 98.27%</b>
Support the mental wellness of our employees and the industry we serve	Social impact	n/a- newly identified material topic target from ESG strategy	<b>In progress:</b> 100% of leaders to complete mandatory mental health awareness training in 2025

\*Indicates a Corporate Plan planned result.

#### Advisory services:

- FCC's Farm Transition Advisory program offers complimentary support to farm families in their intergenerational transfer, including a will and estate pre-planning tool to help producers successfully plan for the future of their operation. Since its launch in November 2023, **1,006** assessments have been completed. Additionally, FCC business advisors completed **892** farm transition engagements, assisting farm families in initiating transition or overcoming obstacles in their business transition.
- The FCC Catalyst Academy, in partnership with the Ivey School of Business, offers an advanced four-day learning program for young producers. This year, **78** young farmers participated in the program.
- IC Canada accelerates the growth potential of small and medium-sized businesses by supporting their individual business needs with tailored support and expertise, as well as providing support for Indigenous businesses. This year, IC Canada assisted **108** small and medium-sized businesses.
- Facilitated by industry experts, FCC's food and beverage peer groups bring individuals together who are looking to share collective knowledge and expertise with one another. **45** producers and **48** business owners from across Canada participated in the peer group program.
- In partnership with IC Canada, the Sustainability Advisory program provides an initial assessment on the needs of the business and hands-on support to advance sustainability efforts.

**Strategic impact investments in academic research:**

- As part of FCC's commitment to strengthening the agriculture and the agri-food workforce of tomorrow, we provided investments in the form of donations to Canadian academic institutions that are advancing agricultural research and innovation. Our funding included:
  - **\$1.5M** to Laval University's Institute of Nutrition and Functional Foods (INAF) to address rising food insecurity and explore circular economy practices and technological innovations in food processing to develop sustainable and cost-effective food systems.
  - **\$500,000** to the University of New Brunswick's McKenna Institute to support the establishment of a Chair in Digital Agriculture who focuses on advancing research in crop simulation modelling, internet of things (IoT) integration and precision agriculture.
  - **\$500,000** to the University of Manitoba's National Centre for Livestock and the Environment to support establishing a chair in the Department of Animal Science who focuses on advancing the economic viability of the cow-calf industry through management best practices.
  - **\$250,000** to the University of Guelph's Honey Bee Research Centre (HBRC) to support research and outreach efforts in developing natural miticides and organic feed supplements that improve honey bee health, vitality of breeding programs and education to beekeepers.
  - **\$1M** to the University of British Columbia's Dairy Education and Research Centre (DERC) to create a Postdoctoral Fellow for Program Management to implement machine-learning and artificial intelligence integrations for data processing related to dairy practices at regional, national and global levels.
  - **\$5M** to the University of Saskatchewan's Global Institute for Food Security (GIFS) to create an accelerated breeding program.

**Public trust:**

- The launch of the program was postponed until next fiscal year to allow more time for engaging industry associations and to secure additional partners to build support for the campaign.
- Advisory groups made up of representatives from across the industry were established to provide perspective and input. In response to the external environment, preliminary work on a smaller pre-campaign is underway and will roll out in advance of the multi-faceted national campaign.
- FCC facilitated **103** external engagements for over **6,500** customers and industry stakeholders, and published **38** blogs and **12** industry narratives for stakeholder use. Additionally, FCC presented at the Future of Food conference in February, inviting the industry to further engage.

**Percent of FCC customers in small and medium-sized segments:**

- In the first quarter of the 2024-25 fiscal year, the ag production calculation was revised to include customers with exclusive farming revenue of up to **\$3 million**, an increase from the previous threshold of **\$2 million**, to account for inflationary adjustments. The increased threshold has brought the metric back within the target range for ag production. However, we continue to observe a consistent downward trend month over month that will be monitored going forward.



## Mental health and wellness support

### Customer support:

- The FCC Customer Crisis Fund offers financial support to eligible customers to help them manage the impact of unexpected events such as death, injury, illness or natural disaster. This year, **253** customers received funding through this program.
- At FCC's Young Farmer Summits and Women Entrepreneur Summits, as well as through FCC's AgriSuccess magazine, mental health experts and customers shared tools, resources and information for managing stress, anxiety and work-life balance to help individuals navigate their mental health challenges.
- FCC became a foundational partner of the Canadian Centre for Agricultural Wellbeing, which brings together national and global leaders in the agricultural mental health field. The organization conducts research to develop evidence-based, farmer-informed programming and education that addresses well-being-related challenges experienced by Canadian farmers. Through this partnership, the National Farmer Wellness Network was launched, providing in-person and online counselling at no cost to producers in provinces that have signed on to the network.
- As part of the program, the National Farmer Crisis Line (1-866-FARMS01) was also activated, offering 24/7, free, immediate and ag-informed support for farmers, farm families and agricultural workers across the country, in both official languages. FCC partnered with the following organizations to support mental health initiatives and programs in the industry:
  - **Do More Agriculture Foundation Community Fund**, presented by FCC, offers in-person and virtual mental health training sessions through their Ag Culture program and the Community Fund for Mental Health Education. These no-cost sessions are held across the country to reduce stigma and support those facing challenges. These sessions include:
    - Grief support for agricultural producers and their families
    - **Field of Mine** mental health support tailored to male producers
    - **AgCulture**, which educates mental health professionals about the unique stressors in the agriculture sector
  - **Ag Health and Safety Alliance™'s Gear Up for Ag program** offers tailored mental health training for students in agriculture-related post-secondary fields.
  - **L'Union des producteurs agricoles' Travailleurs de rang** is a network of social workers supporting producers across Quebec struggling with mental well-being.
  - **Canadian Agriculture Safety Association's (CASA) Mental Health Hub** provides access to resources and support lines tailored to the agriculture industry.

### Employee support:

- FCC shared resources and fostered dialogue on mental health and well-being through internal communication channels. While Human Resources led much of this engagement, FCC's Mental Health Alliance also played a crucial role by hosting fireside chats and keynote presentations focused on mental health strategies.
- We supported employee health and wellness with a variety of resources through our total rewards program, including:
  - coverage (**\$5,000 annually**) for costs associated with psychologist and social worker therapy through Sun Life for employees and their families
  - the TELUS Health Employee and Family Assistance Program (EFAP)
  - MindBeacon guided therapy program
  - TELUS Health Virtual Health Care, which is available for employees, their spouses and dependents to virtually consult with Canadian healthcare professionals at any time, from anywhere in Canada. As of March 31, 2025, **68.1%** of all FCC employees who registered for the app had used its services.
  - FCC's Employee Crisis Fund, co-funded by FCC and voluntary employee contributions, provides eligible employees with up to \$1,000 during times of crisis. This year, **26** employees accessed this fund.



## Impact area:

### **Climate change and nature-based solutions – protecting our environment with sustainable and nature-based solutions**

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We unlock opportunities to protect nature and biodiversity to mitigate and adapt to climate change impacts. We support the industry in developing and adopting sustainable solutions and production practices to build resilience and protect the environment. We're intentional in supporting the investments required for rapid impact, particularly to accelerate innovation and foster technology adoption.



Measure	Material topic	2024-25 target	2024-25 results
Sustainability Incentive program adoption measure*	Climate, nature and biodiversity	15% increase in program adoption from previous year for programs in market	<b>27%</b> increase in program adoption from previous year for programs in market

\*Indicates a Corporate Plan planned result.

**Sustainability Incentive program adoption measure:**

- The program offers financial incentives to customers for the adoption of beneficial management practices. Programs existing in the prior year included those built in collaboration with the Canadian Roundtable for Sustainable Beef (CRSB), McCain, Cargill, Dairy Farmers of Canada (DFC) and Lactanet, and Ducks Unlimited Canada (DUC), while a program with Fertilizer Canada’s 4R Nutrient Stewardship had its first year of applications in 2024-25. This year, the program was expanded to include additional incentives provided by PepsiCo Canada and Starbucks Canada in support of programs with DUC, as well as DFC and Lactanet, respectively.
- Program adoption increased by **27%** over the prior year, with **641** successful applicants for existing programs (up from 506 in 2023-24) and a total of **675** successful applicants for the year.
- In March 2024, FCC launched the pilot of the Sustainability Capital Investment Program (SCIP), offering one-time incentive payments to select agribusiness and agri-food customers for sustainable practices. The incentives are linked to financing for sustainability investments and must meet requirements under FCC’s Sustainable Finance Framework. The program aims to reduce financial barriers for customers investing in sustainability-focused projects like solar panels, electric fleet vehicles and LED grow lights. FCC plans to expand the pilot program further in 2025-26 and increase the amount of the incentives based on customer testing and feedback gathered from the initial pilot.

**AgExpert:**

- This year, nearly **6.39** million acres of land was managed in AgExpert by **25,519** users.
- **METOS** weather became accessible to AgExpert users through MyFarmConnect, offering farmers weather information to enhance crop management, strengthen operations and adapt to changing environmental conditions. METOS is a weather station data provider that gives farmers weather information for better crop management to enhance operational resiliency and the ability to adapt to changing environmental conditions. Historical data helps farmers analyze past activities and outcomes, while forecast data helps them anticipate weather changes to adjust their plans accordingly.
- The **AgExpert Sustainability Estimator Tool** is a digital solution designed to help Canadian producers tell their story of environmental stewardship by analyzing the environmental performance of their farm operations. By collecting and evaluating on-farm data, the tool calculates a comprehensive carbon score that includes emissions from fuel usage, nitrous oxide from fertilizer application, methane from livestock, and carbon sequestration through land management practices. This actionable insight empowers farmers to make informed decisions that align with sustainability practices, while also positioning them to share that data with their partners. As part of FCC’s broader digital ecosystem, the tool supports sustainability reporting across the agricultural value chain.

## Impact area:

### **Indigenous and underserved farmers and producers – creating space and addressing barriers within the Canadian food value chain**

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We strengthen relationships with Indigenous Peoples through a lens of reconciliation. We create space for the advancement of the emerging Indigenous economy and increase sector participation by supporting Indigenous agricultural producers to establish businesses and grow within the Canadian food value chain. We support the industry and our customers to thrive by addressing the barriers that exclude underserved groups, with an initial focus on women entrepreneurs and young farmers.



Measure	Material topic	2024-25 target	2024-25 results
Number of current customers who belong to underserved groups**			
Number of current Indigenous customers served by FCC*	Financial inclusion for underserved groups**	740	<b>880</b>
Number of current customers under age 40 served by FCC*	Financial inclusion for underserved groups**	21,600	<b>20,545</b>
Number of current lending customers who are female*	Financial inclusion for underserved groups**	24,950	<b>24,986</b>
Targets set and plans implemented required to submit for Partnership Accreditation in Indigenous Relations (PAIR)	Indigenous reconciliation	Targets and plans implemented	<b>Complete</b>
In partnership with National Circle for Indigenous Agriculture and Food (NCIAF), build a plan to secure investment for long-term sustainability	Indigenous reconciliation	Build and launch a plan to secure investments	<b>Complete</b>

\*Indicates a Corporate Plan planned result.

\*\*In 2024, we evolved our nomenclature and definition for financial inclusion of equity-deserving customers from "under-represented" to use the term "underserved."

#### Customers belonging to underserved groups:

##### Indigenous:

- FCC and our dedicated Indigenous Financing team are committed to empowering Indigenous entrepreneurs, economic development corporations and First Nations communities through tailored capital solutions and resources, both on- and off-reserve.
- We enhanced our approach by updating our Indigenous lending credit directive and risk appetite to ensure a consistent and tailored approach to lending opportunities for Indigenous customers. In 2024-25, **880** of FCC customers self-declared as Indigenous and FCC lent **\$66.8 million** to Indigenous customers.

##### Under 40:

- FCC is committed to fostering the growth and development of young producers and entrepreneurs in the agriculture and agri-food industry. Through various initiatives, FCC provides financial support, educational opportunities and access to resources to help the next generation succeed.
  - 4-H Canada** – FCC provided **\$275,000** to 4-H Canada in 2024-25, with **\$125,000** supporting **201** clubs across Canada through the FCC 4-H Club Fund.
  - FCC Advantage** – The product was launched to provide underserved groups with equitable access to FCC's non-capital solutions, such as advisory, peer groups and knowledge content through an online assessment that pairs young farmers and entrepreneurs with the appropriate partners and services.
  - AgExpert** – FCC conducted a university tour, bringing AgExpert into post-secondary classrooms to connect with non-agriculture students and promote careers in the agriculture and agri-food industry.
  - Young Farmer Summit** – **Seven** summits, including a national virtual event, were delivered for free across Canada, covering topics including resilience, farm transition, ag tech and financial management. In total, **1,321** young producers attended or viewed a summit.



#### Women:

- FCC is dedicated to empowering women producers and entrepreneurs through targeted financial support and specialized programs. This year, FCC lent **\$224.1M** to women producers and entrepreneurs.
- Since launching the FCC Women Entrepreneur Program in 2019, FCC has approved **4,722** Women Entrepreneur Loans, totalling more than **\$3.6 billion**.

#### Indigenous Relations:

The refreshed Indigenous Relations Strategy (IRS) provides a holistic approach to guiding FCC's Indigenous relations efforts. A critical initiative within this strategy is our Partnership Accreditation in Indigenous Relations (PAIR) certification, reinforcing FCC's commitment to Reconcili-ACTION and strengthening engagement with Indigenous communities. The PAIR drivers foster meaningful connections through leadership actions, community investment, employment initiatives and business development.

- Indigenous talent and recruitment: Programs were established to support post-secondary Indigenous students, including funding internships. Indigenous Relations is working with identified post-secondary institutions to gather feedback and develop a new program framework that will focus on strengthening relationships between FCC, educational institutions and student recipients. The program is set to launch in the 2026 school year.
- Indigenous community engagement: To strengthen FCC's external Indigenous Relations capacity, we engaged an Indigenous consulting firm to provide guidance and support in short-term community engagement efforts. This collaboration included working with customers and national Indigenous organizations to gather feedback on FCC's reconciliation progress and update FCC's Indigenous Relations Strategy. Lessons learned from this work will inform ongoing engagement efforts and relationship-building opportunities, guiding FCC's approach.
  - FCC AgriSpirit Fund provided **\$484,000** to 25 projects benefiting Indigenous communities and organizations.
  - Actua's National Indigenous Youth in STEM program, supported by FCC and other partners, engaged **56,399** First Nations, Métis and Inuit youth in culturally inclusive STEM experiences.

- **PAIR Certification:** For the 2024-25 year, we maintained the Committed level as we work towards certification. We focused on advancing our action plans, setting targets and implementing data tracking processes to position FCC for achieving certification.
  - We set PAIR targets and implemented data-tracking processes to aim for gold certification in the future. Actions included:
    - The PAIR working committee advancing the criteria established by CCIB for the recertification application in April 2025, with a goal of achieving silver certification next fiscal. A three-year roadmap will be developed to achieve gold certification by 2028.
    - FCC aligning with the federal government's call to achieve 5% total spend with Indigenous vendors. We increased our spending on services provided by Indigenous businesses, communities and Peoples. Our spending with Indigenous-owned businesses grew over the past three fiscal years from **0.18% (\$209,445)** in 2021-22 to **0.41% (\$575,724)** in 2022-23, and from **1.51% (\$2,426,485)** in 2023-24 to **1.51% (\$3,519,636)** in 2024-25.
- **Employee training: 2,594 (95%)** of FCC employees have completed Indigenous awareness training since it was launched in 2020. This past year, **242** employees completed the training.
- **National Circle for Indigenous Agriculture and Food (NCIAF):** This Indigenous-led, non-profit organization advances reconciliation in the agriculture industry by fostering national dialogue, removing barriers and connecting Indigenous communities with industry, government and knowledge keepers. The organization drives positive change through business acceleration, education and increased access to capital, while supporting the non-Indigenous agriculture sector in implementing reconciliation initiatives. Investments in Indigenous-led initiatives, such as NCIAF, enhance economic development and collaboration within the sector.
  - This year, FCC strengthened its partnership with NCIAF through strategic collaboration and direct contributions. Two FCC employees were seconded to NCIAF, serving as ambassadors to foster industry connections and support mutual growth. Monthly discussions were held to maintain strong relationships, promote transparency around financial relationships and enhance collaboration. Key initiatives included identifying opportunities for streamlined referrals, advisory support, and alignment with FCC's revised credit and risk directive.



## Impact area:

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

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Building a resilient and strong FCC for the long term is essential to maximize customer and industry impact. Investment in FCC's business foundation will enable us to continue providing exceptional service and product offerings to Canadian agriculture and agri-food producers, enable our employees to be productive and engaged, and deliver on our mandate now and in the future.



Measure	Material topic	2024-25 target	2024-25 results
Percentage of total employees hired are members of employment equity groups*	Diversity, equity and inclusion	29%	<b>36.3%</b>
Net Promoter Score®*	n/a	Within range: 69-73	<b>69</b>
Reduce greenhouse gas emissions from internal operations*	Climate, nature and biodiversity	New baseline and science-based target in development (identified below)	<b>Complete: 6%</b> reduction from 2023-24 baseline
Accessibility Act: FCC will be a more accessible organization through implementation of FCC's Accessibility Plan	Diversity, equity and inclusion	By December 31, 2024	

\*Indicates a Corporate Plan planned result.

#### Percent of total employees are members of employment equity groups:

FCC is dedicated to fostering an inclusive and equitable workplace by encouraging self-declarations, providing extensive learning opportunities, implementing equitable talent recruitment practices, supporting employee-led resource groups and promoting linguistic diversity.

- **Self-declarations:** In 2024, we conducted a three-week Inclusion Campaign that resulted in over 90% of employees sharing their diversity information, enabling us to better understand the makeup of our workforce.
- **Employee learning:** We prioritize employee development and learning to ensure our workforce remains adaptable and equipped with the skills needed to drive organizational success. We hosted over **36** equity and inclusion learning events, shared numerous articles and offered workshops on intentional inclusion, representation, gentle teaching and neurodiversity in the workplace.

- **Equitable talent recruitment:** Quarterly reports are provided to leaders for key insights.
  - We compared recruitment results to organizational diversity, equity and inclusion (DEI) targets and team composition to available underserved talent. Additionally, we collaborated with **25** diversity-serving organizations, including Indigenous career centres, newcomer centres and organizations serving people experiencing disabilities, to attract diverse talent.
  - Of the **57** students hired in our 2024 summer student program, **18** students (**31.6%**) self-declared as belonging to an equity group.
- **Employee-led resource groups (ERGs):** Over **400** employees have signed up to be part of the employee resource groups, which are led by an employee Chair and supported by a designated EVP as their executive sponsor.
- **Linguistic diversity:** **248** employees are enrolled in FCC's second language learning programs. **197** employees participated in language training classes, which varied from intensive training to one-hour per week coaching circles, and **51** employees pursued second language training through FCC's self-study learning platform.

**Net Promoter Score® (NPS):**

NPS is used to gauge customer loyalty, satisfaction and enthusiasm with a company. It's an important measure that helps us ensure we remain strong and built for long-term sustainability. Given that FCC has built the NPS metric internally using our own processes and methodologies, we aren't able to compare directly against other organizations. However, the range of 69-73 would be considered among the highest publicly reported NPS scores among Crown corporations and financial lending institutions.

**Reduce greenhouse gas emissions:**

FCC is committed to reducing our greenhouse gas emissions and we've set ambitious targets to achieve this goal. A new target of a **42%** reduction in emissions by 2030-31, compared to the 2023-24 baseline, was approved. This new target replaces the previous goal of a 40% reduction by 2025, which was retired a year early after achieving a 36.4% reduction by 2023-24.

- New target milestones:

- 2024-25: FCC achieved 6% of this target. We purchased **5,403** tCO<sub>2</sub>e of carbon credits and Renewable Energy Certificates (RECs) to offset our operational carbon footprint, which includes Scope 1 and 2 emissions, as well as Scope 3 air travel emissions.
- 2028-29: plans to achieve 30% of this target.



**Accessibility:**

- In 2022, FCC unveiled our three-year Accessibility Plan (2023-2025) in alignment with the Accessible Canada Act. This plan identifies gaps in accessibility and outlines the actions FCC will take to address these gaps. A key focus of the plan is to increase the retention of employees living with disabilities, ensuring they have the support and resources needed to thrive within the organization.
- In 2024, FCC developed and launched a training journey for Human Resources Business Partners to ensure they have consistent, effective understanding of accessibility and disability issues and terminology. This allows Human Resources Business Partners to better support managers and employees.
- FCC conducted a web page accessibility compliance assessment to classify the level of accessibility within applications against current Web Content Accessibility Guidelines (WCAG) standards.
- A new workplace adjustments and accommodation guide for employees and managers has been published. This employee-centric guide outlines the workplace adjustment process and the roles and responsibilities of employees, managers, Human Resources, FCC's wellness consultant and our third-party health management partner. The guide also provides explanations of numerous types and specific scenarios of workplace adjustments.

**ADDITIONAL INFORMATION**

**For more information about our climate disclosure, visit:**

 [2024-25 FCC Climate-Related Disclosure Report](#)

**For more information about our sustainability efforts, email:**

 [sustainability@fcc.ca](mailto:sustainability@fcc.ca)

**To view the 2024-25 GRI and SASB indices, visit:**

 [fcc.ca/Reports](https://fcc.ca/Reports)

**For more information on our strategy for next fiscal, refer to:**

 [2025-26 Corporate strategy](#)

**For more detailed information on FCC's workforce composition, refer to:**

 [2024-25 Appendix](#)

**For more detailed information on the United Nations Sustainable Development goals, visit:**

 [United Nations Sustainable Development Goals](#)





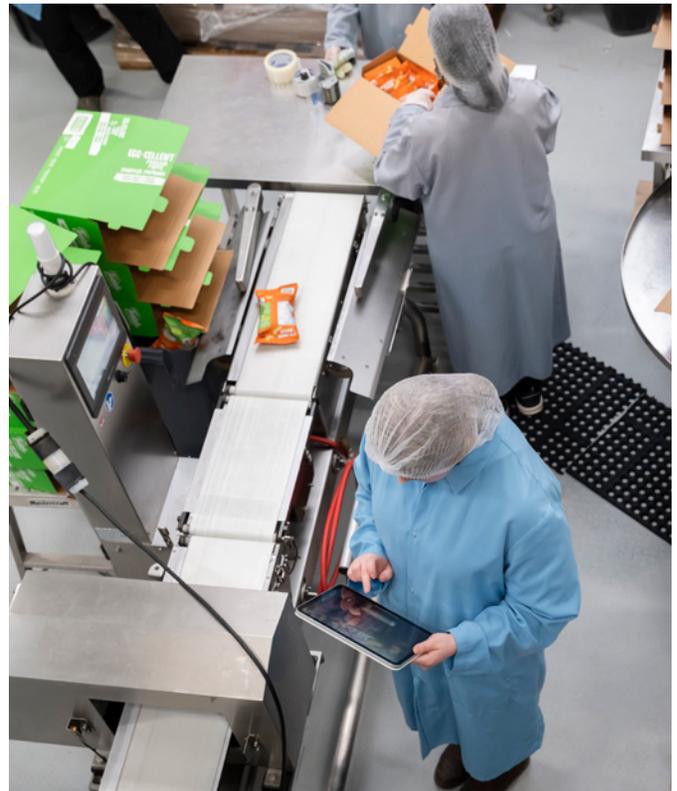
# 2025-26 Corporate strategy

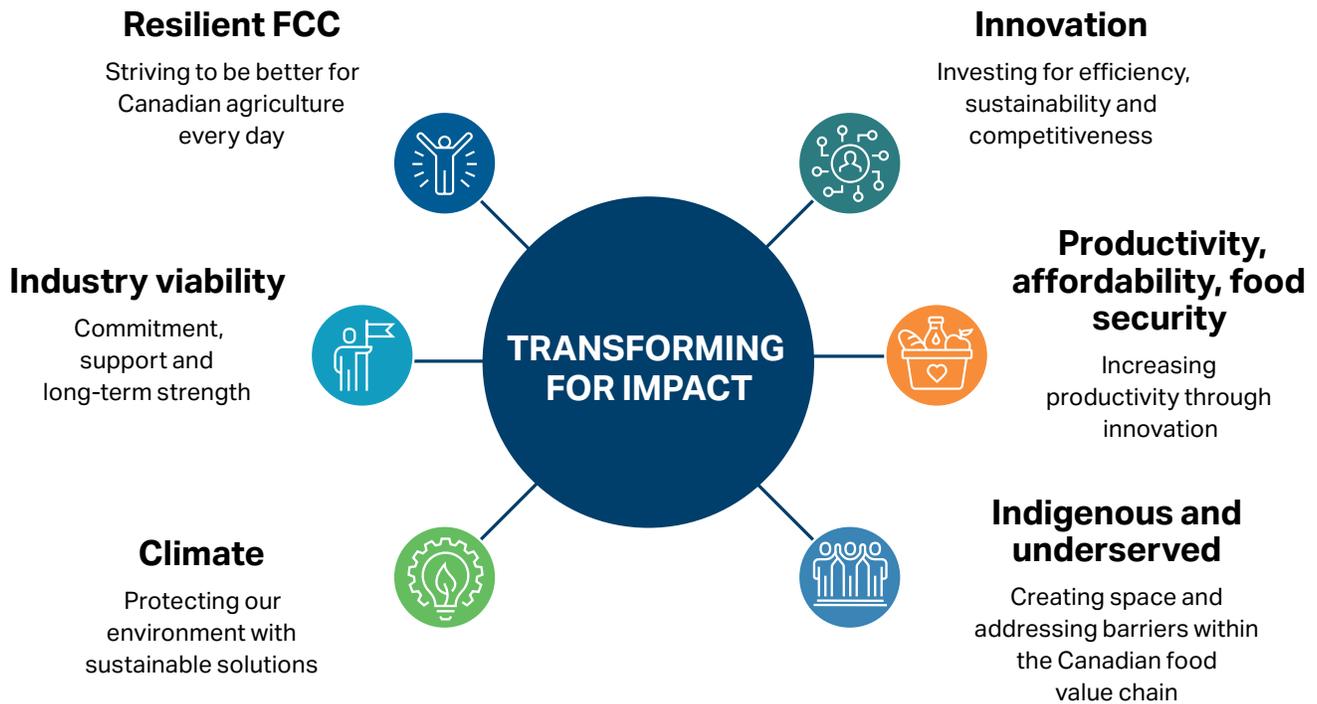
**Agriculture and agri-food is a complex and evolving industry. FCC customers face the enormous challenge of feeding a growing world population, which is set to increase over 20% by 2050. The industry is uniquely positioned to seize a generational opportunity to improve global health, address food insecurity, address climate change and drive economic prosperity all at the same time. By leveraging Canada's significant agricultural resources, FCC is prepared to support our industry in making the most of this opportunity through innovation and sustainability.**

The Canadian agriculture and agri-food industry is a strategic asset in supporting the country's economy, contributing over **\$150 billion** annually to Canada's gross domestic product (GDP) and accounting for one in nine Canadian jobs. It's one of the industries with the highest economic growth potential in Canada, with increasing Canadian agricultural productivity growth estimated to be a **\$30 billion** opportunity over the next 10 years.

FCC is committed to the Canadian agriculture and agri-food industry. For fiscal year 2025-26 and beyond, our corporate strategy is centred around our aspiration to be bold in positioning Canada as a leader in sustainable food production by fostering innovation and enhancing Canadian agriculture and agri-food's global reputation. This strategy sets the foundation for FCC to perform over the next 10 years. It involves proactively taking more calculated risks to stimulate growth and innovation in the industry so customers, including those who are underserved, have access to the capital they need.

The strategy also leads us in investing in our impact areas to maintain our position as a leader in providing capital solutions and support to the Canadian agriculture and agri-food industry. We're investing in innovative technologies, financing sustainable food production and forming new partnerships to connect the right people to the right customers so they can innovate and grow. We're also leveraging artificial intelligence (AI) technology internally to enhance operational efficiency and drive innovation.





## Impact areas:

FCC's strategy outlines the six key impact areas we've prioritized to maximize our impact on Canadian agriculture and agri-food over the plan period. Productivity has also been embedded within three of the key impact areas: Innovation, exports and economic growth; Productivity, affordability, food security; and Climate and nature-based solutions.

### Innovation, exports and economic growth

Product and process innovations through the agri-food supply chain will lead to higher productivity growth rates, enhancing the global competitive position of farm operations, food processors and agribusinesses, boosting exports and expanding the industry's economic footprint. Higher productivity growth enables Canada to make significant contributions towards the UN Sustainable Development Goal of zero world hunger and our commitments to developing science-based targets.

### Productivity, affordability, food security

Support the Government of Canada's efforts to address food availability, security and food inflation through a preliminary focus on increasing productivity through innovation. Lower production costs make food more affordable for Canadians.

### Indigenous relations and underserved groups

Strengthen relationships with Indigenous Peoples through a 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. Support the industry and our customers to thrive by addressing the barriers that exclude underserved groups with an initial focus on women entrepreneurs, young farmers and new entrants.

### Climate and nature-based solutions

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

### Industry long-term viability

FCC will continue to 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 and strong FCC

Building a resilient and strong FCC for the long term is essential to maximize customer and industry impact. Investment in FCC's business foundation will enable FCC to expand our exceptional service and product offerings to Canadian agriculture and agri-food producers, enable our employees to be productive and engaged, and deliver on our mandate now and in the future.

# Our responsible business fundamentals

FCC's responsible business fundamentals are at the core of how we operate and contribute to the resiliency of our business. These fundamentals help our employees provide the exceptional service and product offerings to the Canadian agriculture and agri-food industry that they're known for. We want to build on our engaged workforce to deliver on our mandate now and in the future. We act with integrity, maintain high ethical standards and protect data. We unlock the full potential of our employees by creating an environment that is inclusive and equitable, and by increasing engagement through our purpose and our value-driven culture.



Measure	Material topic	2024-25 target	2024-25 results
Code of Conduct is adhered to by FCC employees	Business ethics	100% of active employees complete mandatory training	<b>99%</b> of active employees completed mandatory training
Employee engagement	Talent and performance	Acceptable range of 7.5 and greater with a goal to maintain or increase	<b>7.7</b> engagement score (September 2024)
Cyber program maturity (NIST)	Data security	> 3.0/4.0	<b>3.03/4.0</b>
Privacy program (NIST)	Data security	3.0/4.0	<b>3.0/4.0</b>

#### Code of Conduct:

- FCC is committed to maintaining the highest ethical standards and ensuring compliance with our Code of Conduct, which guides employee behaviour and business practices.
- In 2025, **99%** of employees submitted their annual attestation to the Code of Conduct and completed the FCC Code of Conduct refresher online learning.
- There were **no** disclosures under the Public Servants Disclosure Protection Act that resulted in founded Wrongdoing defined in the Act, no significant risks tied to corruption or complaints related to human rights, and no instances of forced labour or child labour in our activities or supply chains.

#### Employee engagement:

- FCC's employee engagement in 2024-25, based on a September 2024 survey, had an average score of 7.7 and a response rate of **82%**. Employees actively participated in providing feedback, which was used to inform decision-making and directly influenced the focus areas within our corporate action plan.

#### Cyber program maturity (NIST):

- FCC continues to meet the targeted National Institute of Standards and Technology (NIST) cybersecurity maturity rating of Repeatable (Tier **3**). Efforts are focused on enhancing and maintaining this achievement in a complex and dynamic threat environment. Additionally, **100%** of active permanent FCC employees have completed Information Management and Privacy learning.

#### Privacy program (NIST):

- In 2024-25, we focused on building the components of a compliance-based Privacy program. Activities completed include:
  - governance, risk assessment methodology and templates
  - configuration of a privacy-dedicated module within FCC's governance, risk and compliance system
- FCC did not experience any privacy breaches due to third-party intrusion into our IT systems, although some contracted third parties did experience breaches of their customers' and employees' personal information. No privacy breaches in this fiscal year triggered the Treasury Board of Canada Secretariat breach reporting requirements, and no complaints were filed with the Office of the Privacy Commissioner of Canada.

## Ethics and integrity

### Code of Conduct

FCC's Code of Conduct guides how we behave as FCC representatives and in our business relationships. The Code addresses FCC's expectations on several topics, including:

- acting with integrity
- protecting FCC's assets
- avoiding conflicts of interest
- giving or receiving gifts, hospitality and other benefits
- activities permitted during election periods

FCC's Code of Conduct is reviewed on a biennial basis as per the Board of Directors Charter. The 2024-25 review included minor updates, given the previous review's substantial redesign. Compliance to our Code of Conduct, as well as to the Values and Ethics Code for the Public Sector, is a condition of employment. All new employees complete training activities to learn about the expectations set out in the Code. Each year, employees are required to complete mandatory training on the Code and attest that they understand and comply with the Code.

### Conflicts of interest

In 2024-25, **365** leaders (representing **91%** of management) participated in an interactive workshop on conflicts of interest. They were required to share the training with employees.

FCC's Ethics Office is responsible for reviewing declarations of conflicts of interest and providing recommendations on how to mitigate risks related to conflicts of interest. Mitigation measures can vary significantly depending on the circumstances of each declaration. The Ethics Office continues to expand the monitoring of these measures and applies a standardized process to ensure consistency and objectivity when issuing recommendations. A streamlined declaration process was introduced in 2024-25 and integrated into our human resource management system, allowing for more robust reporting of declarations. Since the implementation of this new

process on October 1, 2024, the Ethics Office has received **815** declarations from employees at all levels.

### Whistleblowing

Employees are accountable for reporting potential or actual violations of the Code of Conduct to their leaders, FCC's Ethics Officer, the 24-hour Confidence Line or the Office of the Public Sector Integrity Commissioner of Canada.

FCC is governed by the Public Servants Disclosure Protection Act (PSDPA). The PSDPA contains provisions to protect any employee who makes a disclosure, as well as all individuals involved in the management of a disclosure, against reprisal. We're legally obligated to protect the identity of all people involved in a disclosure, to the extent possible. The PSDPA also has strict confidentiality provisions that prevent FCC from disclosing more information than is publicly available through the annual report to the Office of the Chief Human Resources Officer of Canada.

### Ethical culture

An ethical culture assessment survey was conducted in November 2024 and achieved an employee participation rate of **50%**. This anonymous survey, administered externally by third-party organization Ethisphere, revealed FCC's areas of strength and opportunity and helped to identify and implement an action plan that will maintain and strengthen our ethical culture. Survey results indicated an overall culture quotient of **82.4%**, which reflects the overall positive perception of an ethical culture at FCC.

### Customer standards

All customers must attest that they comply with FCC's integrity declaration, which includes ensuring they aren't engaged in or associated with illegal activities or willfully neglect applicable operating laws and regulations.

In accordance with anti-money laundering, anti-terrorist financing and sanctions evasion legislation, FCC collects customer information and conducts risk-based due diligence to ensure accuracy and validity of the information provided. We ensure that any risks uncovered align with FCC's

risk appetite and commitment to sustainability, and if they're not aligned, the lending application is declined.

### Information management and governance

FCC has four policies (supported by technical standards, procedures, guides and training) that govern the protection and use of confidential and personal information:

- The Information Security policy provides direction on managing risks related to protecting FCC's technology and information assets from all types of threats, whether internal or external, deliberate or accidental, to maintain confidentiality, integrity and availability of information.
- The Information Management policy provides direction on managing all information.
- The Privacy policy provides additional direction on managing the personal information of customers, employees and third parties.
- The Acceptable Use of FCC Devices and Software policy provides direction on protecting FCC devices, systems and applications from unauthorized use or access.

We apply industry-standard frameworks, such as those developed by the National Institute of Standards and Technology (NIST), to ensure the capabilities and controls we have in place to safeguard information are effective.

FCC's Privacy program helps employees identify and manage privacy risks and ensure compliance with the Privacy Act and related Treasury Board of Canada Secretariat instruments. Concerns and complaints about FCC's privacy practices or our compliance with the Privacy Act can be escalated to the Office of the Privacy Commissioner of Canada. The program-level Privacy policy was approved in 2023-24.

FCC's IT infrastructure has outsourced contracts with service providers, and we follow security standards with regular audits embedded in the contracting process.

## Operating capabilities to support outcomes

### Enhancing risk management through lending process simplification

As we continue to simplify our lending processes and strengthen our risk management practices, we're undertaking a comprehensive review and redesign of our lending framework with a strong focus on automation. A key element of this transformation is segmenting our portfolio, based on exposure and complexity, into two distinct business lines: Small Business Lending (SBL) and Corporate and Commercial Lending (CCL).

Each segment will have its own tailored risk-rating models, allowing for more precise assessments that reflect the complexity of individual customers and loans. For the new risk-rating model, we'll assess customers at the time of a loan request using two distinct evaluations to enhance accuracy. Additionally, we'll introduce regular monitoring. The introduction of these models will enhance our ability to monitor and manage risk effectively.

These enhancements will enable us to report on portfolio risk with greater accuracy and timeliness. Regular monitoring will also allow us to continuously refine our models and risk thresholds in response to industry trends, economic conditions and customer behaviour shifts.

At the same time, we're integrating risk-control design directly into our solution redesign and process automation efforts, ensuring a risk-based approach is embedded from the outset. This includes:

- automating controls to mitigate higher-risk exposures
- implementing hard stops within systems to enforce critical risk thresholds
- enhancing oversight through real-time data insights and proactive risk adjustments

By embedding risk intelligence into our processes and leveraging automation, we're not only improving efficiency; we're

also reinforcing the resilience and responsiveness of our lending operations.

As we simplify our lending processes and enhance our risk management practices, our lending processes will be reviewed and redesigned, focusing on automation.

We've continued to improve our ability to generate risk analytics and insights to monitor our portfolio and evolving risk, and to maintain resilient operations.

### Procurement and vendor management

FCC's supply chain, typical of a financial institution, primarily procures IT hardware, software, professional services, leases and leasehold improvements, office supplies, equipment and office furnishings. We employ robust procurement and vendor risk management practices aligned with regulatory requirements. It's crucial that our suppliers share FCC's values and reflect our standards.

Customers, partners and vendors play a role in ensuring FCC's integrity, supported by our policies and processes. We engage with individuals or businesses that comply with applicable municipal bylaws, provincial and federal laws and regulations, hold all required permits and licenses, and conduct activities that respect the environment, animal welfare and labour standards.

Our procurement practices support fair consideration of suppliers, appropriate risk management for FCC and our shareholders, and follow the Treasury Board of Canada Secretariat recommendations. Our Supplier Code of Conduct outlines our expectations of vendors and assists employees in holding vendors accountable for their ethical business practices.

### Third-party risk management

FCC's third-party risk management program is guided by policy that defines the requirements and expectations of stakeholders to protect the organization, our shareholder and customers from these risks. The policy is further supported by a framework that provides detailed guidelines and risk practices, enabling the monitoring and reporting of third-party risk to leadership in alignment with industry best practices. The third-party

risk management program is embedded within the broader sourcing process and enables FCC to fulfil our legislative obligations, including accountabilities under the Fighting Against Forced Labour and Child Labour in Supply Chains Act.

FCC applies a risk-based due diligence process to identify, assess, mitigate and monitor risk when engaging with third parties. Program training is available to all employees and third parties, including contract owners who manage third-party relationships. Experts across FCC are engaged to conduct a broad assessment of the third party, including an analysis of the controls and business processes in place to manage risks. This allows FCC to confidently engage with third parties, manage risks throughout the relationships, and make risk-based decisions in determining suitability and partnership fit to meet strategic objectives.

### Compliance to the Fighting Against Forced Labour and Child Labour in Supply Chains Act

In addition to steps taken in the previous fiscal year, FCC has taken additional steps to reduce the risk of forced labour and child labour in our supply chain by:

- Developing and implementing a phased approach to ongoing training for employees that perform procurement and vendor management for all contracts valued at greater than \$5,000. The training program focuses on the ongoing issues of modern slavery and forced labour in many global markets and emphasizes the importance of human rights compliance for companies operating within global supply chains. The training also covers FCC's response to the Act and the crucial role employees play in supporting our initiatives.
- Establishing procedures for management to follow should forced labour or child labour be suspected or discovered within our supply chain.

### Occupational health and safety

As per the Canada Labour Code Part II, FCC is required to have one occupational health and safety (OHS) policy committee, OHS workplace committees for offices with more than 20 employees, and OHS

representatives for each office and floor. Each workplace committee meets nine times per year and includes one management and one employee representative. The policy committee meets quarterly and is comprised of both management and employee members. The committees perform a consultative role and report to the Enterprise Management Team through the Executive Vice-President of Technology Enablement. They're responsible for addressing (or bringing forward) any complaints related to the health and safety of employees. They also participate in the implementation of the hazard prevention program and in changes that may affect occupational health and safety, including work processes and procedures.

FCC worked with a third party to assess risks of harassment and violence employees may face while working. The assessment included a comprehensive survey that was available to all employees and voluntary focus groups. Data collected from this assessment will be used to inform future actions that FCC will take to address these risks.

FCC has enhanced accessible emergency management practices by providing additional resources to help employees and managers build the most appropriate evacuation plan based on their needs. Updated health and safety boards with more accessible information and emergency evacuation routes are posted throughout FCC's offices.

Improvements to the all-employee annual health and safety training were made based on employee feedback. This includes first aid program training and additional guidance for emergency evacuation. A post-training survey was launched to benchmark employee knowledge on FCC's OHS program and emergency management practices and results will be used for continuous improvement.

A total of **2,787** employees completed the Occupational Health and Safety, Emergency Management and Physical

Security training and of the **1,178** employees that completed the follow-up survey, **87%** strongly agreed that they understood their accountabilities to the Labour Code Part II and **91%** strongly agreed that they knew what to do in an emergency situation. **One-hundred percent** of employees that were new to an OHS role and **96%** of new leaders completed mandatory training on the Labour Code Part II and **377** employees who completed the training are certified as first aid attendants.

### Employee engagement

FCC's employee engagement strategy aims to continuously listen to and understand employees' experiences to promptly address challenges and identify opportunities that increase employee engagement. This strategy helps reinforce high-performance behaviours at all levels of the organization and deliver on strategic business objectives.

This year, we launched an engagement survey to create a new baseline measure for 14 drivers of engagement, including workload, environment, meaningful work and development opportunities. Our engagement score of 7.7/10 indicated areas of strength, particularly in management support and meaningful work. Based on these results, a corporate action plan was developed that focuses on additional initiatives to enhance employee understanding of our strategy, support leadership development and help employees adapt to change.

FCC also administers quarterly pulse surveys to continuously monitor changing priorities and alignment to our broader strategy. These surveys ensure that employee feedback is considered when developing strategic goals and they help to improve overall employee engagement and organizational performance to meet our business objectives. In February 2025, we launched a pulse survey to measure sentiment related to engagement and assess progress on employees' understanding of our strategy. We will continue with our efforts to deepen

employee awareness and understanding of strategy and support them through transformation.

### Employee learning and development

FCC supports employee development through a mix of mandatory learning and internally developed and delivered training programs geared to specific employee roles. We offer a wide range of skills-based learning solutions, assessments and courses through our partnerships with Precipio-Skillssoft and Udemy. FCC also offers second language training for employees who are required to grow or sustain their second language skills to ensure FCC can deliver on bilingual business needs or to help them prepare for future career opportunities at FCC.

Managers and employees are expected to have regular conversations related to performance and development. All managers have budget allocated to cover costs associated with external learning opportunities, including conferences, seminars and virtual learning that ties to employee development goals and needs. Employees can use designated learning days for required learning or to focus on activities that enhance their performance in their current roles or prepare them for career advancement.

### Diversity, equity and inclusion (DEI)

FCC's strategy is centered on the commitment to support an ever-changing agriculture and agri-food industry by driving innovation. At FCC, we believe this innovation comes from having a workforce that's strengthened by diversity, powered by inclusion and sustained by providing a fair and accessible workplace.

In 2024-25, we refreshed our diversity, equity, inclusion and accessibility (DEIA) strategic priorities by focusing on improving data integrity, enhancing personal accountability and driving impact. Quarterly DEI dashboards with key indicators, such as benchmarks and insights related to the diversity and strength of our talent pipeline, were provided to senior leaders. We also

conducted a three-week Inclusion Campaign that resulted in over **90%** of employees sharing their diversity information, enabling us to better understand the makeup of our workforce. We held **15** focus groups with over **90** employees and learned about their workplace experiences and challenges. This consultative research is being incorporated into our 2025-28 DEI strategy that's focused on the principles of fairness, inclusion, access and representation.

Our new DEIA information hub provides employees with information related to our strategic priorities and access to learning resources, such as intentional inclusion guides. Our employees are also encouraged to take an active role in creating a more inclusive and fairer workplace environment by getting involved with our employee resource groups (ERGs).

Our ERGs play an important role in creating safe spaces for employees to voice their concerns, share their experiences and build a sense of community with peers who share similar backgrounds or interests. Since launching in early 2024, membership across all ERGs has grown to over 400 members and provided team members numerous opportunities to connect, learn and support each other. Our six ERGs include:

- Black Professionals Alliance
- Disability and Accessibility Alliance
- Indigenous Affinity Group
- Mental Health Alliance
- Multicultural Alliance
- Women's Alliance

FCC is committed to helping make Canada barrier-free by 2040 and we're focused on embedding accessibility considerations in the design of physical spaces, devices, products, services, technology, communications and workplace practices. To accelerate our progress, we enhanced our Accessible Canada Act (ACA) governance and oversight, building

internal capacity and intentionally delivering systemic improvements. We've also launched an accessibility assessment to support the development of our 2026-28 ACA plan.

In addition to enhancing accessibility, FCC continues to make progress towards advancing bilingualism for our employees, customers, the industry and public. Our Official Languages team helps us create a work environment that promotes the use of both of Canada's official languages so all employees can work in their language of choice and contribute to their full potential. To adapt to the Modernized Official Languages Act, FCC has taken steps to build a more linguistically inclusive work environment, which includes:

- Training leaders to better understand FCC's official language accountabilities and their role in fostering a linguistically inclusive FCC.
- Bilingual events and meetings ensure that everyone can benefit and participate in meetings. This year, we supported **110** bilingual meetings with interpretation: **77** meetings with human interpretation and **33** meetings using a new AI interpretation tool we launched in January 2025.
- We celebrated both Official Languages Day and Francophonie month, hosting several events to encourage employees to use their second official language at work and celebrate our service offering to minority language customers. We also held a leadership panel on building a more bilingual and inclusive FCC workplace.

To better serve our bilingual customers and communities, FCC reviewed the language designation of our offices. As a result, **82** offices are now designated bilingual and employees have completed language training in these locations. FCC's Linguistic Duality Fund supported four projects that foster the use of French in minority language communities nationwide. We also consulted with French minority educational institutions and customers to learn how FCC can better

engage with their communities and recruit bilingual employees. Listening to the communities we serve will position us to meet their needs and enhance our brand as a bilingual employer.

## ADDITIONAL INFORMATION

**To view our Accessibility plan, visit:**

 [Accessibility](#)

**For more information about FCC's Code of Conduct, visit:**

 [Code of conduct and ethics](#)

**For more information about Fighting Against Forced Labour and Child Labour in Supply Chains Act, visit:**

 [Fighting Against Forced Labour and Child Labour in Supply Chains Act](#)



# Economic environment

**World gross domestic product (GDP) growth remained weak in 2024 amid still-elevated interest rates in major economies. That weighed on commodity prices impacting the Canadian economy. Canada's real GDP grew just 1.5% for a second consecutive year in 2024, below the economy's estimated potential growth rate. Much of the growth came from government spending, which contributed a full percentage point to the annual growth rate. In other words, the private sector had a particularly challenging 2024.**

Consumer spending, which accounts for about **60%** of Canada's economy, saw another year of slow growth due in large part to a heavy household debt burden – roughly **15%** of disposable income went towards debt servicing. Business investment and the housing sector, which together account for about **20%** of Canada's GDP, contracted last year, restraining economic growth as a result. International trade was neither a contributor nor a drag on the economy in 2024 as gains in exports and imports offset each other.

The overall economic weakness caused inflation to fall from **3.4%** at the end of 2023 to **2.6%** in February 2025. That allowed the central bank to provide stimulus by lowering its overnight rate from a peak of **5.00%** in May 2024 to **2.75%** in March 2025. And with the U.S. Federal Reserve not cutting interest rates as aggressively, the U.S.-Canada interest rate differential widened further, hurting the Canadian dollar in the process. The loonie, which started 2024 around 75 U.S. cents, was trading near 70 cents in late March 2025.

Looking ahead to 2025, earlier interest rate cuts should help support consumption spending, housing and business investment, although the addition of reciprocal tariffs from the United States on April 3, 2025, will bring about uncertainty and increased costs. While the application of tariffs remains fluid, this could sustain the two-decade long downtrend in the investment share of GDP, casting doubts about rekindling Canada's weak productivity growth. The Canadian dollar may remain under pressure, hampered by a large interest rate differential with the U.S. and ongoing uncertainties about American trade policy.





# Agriculture industry overview

**With lower commodity prices, farm cash receipts declined last year for the first time since 2010 (-\$2.1 billion), but there were some large divergences by sector. Crop receipts declined (-\$4.0 billion) while livestock receipts were up \$2.6 billion as cattle producers rode the wave of historical high prices and hog prices turned around. Program payments were also down slightly (-\$0.7 billion).**

Total Canadian crop production grew to **94.6 million tonnes** in 2024, which is **3.3%** above the prior five-year average (2019-2023). The increase in production is largely due to recovery in durum, lentil and pulse production after the 2023 drought. Despite increased production, the portion of the small crop from 2023 that was sold in 2024, along with lower commodity prices, explain the decline in overall crop receipts.



It's important to note that farm cash receipt measures gross revenues and doesn't take into account input costs, which rose again in 2024 (and have risen more than **30%** since 2019). This cost increase explains why profit margins remained tight in several sectors in 2024.

The grain and oilseed markets were influenced by the large U.S. crops produced in 2024 and large global supplies of soybeans, which drove down prices. Margins in Western Canada for the 2024-25 crop year, which runs from August 1 to July 31 of the following year for most crops, are expected to remain tight as a result. Eastern margins are also expected to be tight in 2024-25, although specific producer land costs will determine profitability. For the 2025-26 crop year, margins will be squeezed due to global trade disruptions. China's tariffs on Canadian canola products and field peas will weigh on Canadian crop prices. Projected margins in 2025-26 are expected to drop sharply in Western Canada. Profitability in Eastern Canada is also expected to be pressured, with estimated returns lower than last year.

Canadian hog margins for farrow-to-finish and isowean operations were pressured last year and were below break even due to soft demand and oversupply globally. However, at the end of 2024, hog prices pushed higher and feed costs continued to decline, enhancing profitability. This trend is expected to continue in 2025. Even then, isowean operations are still likely to see profits just below the break-even point.

There was strong profitability in the beef sector in 2024 and many drought-impacted areas from 2023 recovered, improving pasture and feed availability. Even with strong profitability, the Canadian beef herd in 2024 reached a three-decade low, while the number of replacement heifers was near an all-time low. The declining inventory trends started in 2006 because of the bovine spongiform encephalopathy (BSE) crisis impacting Canada, and the herd has shrunk 30% since then. It will take multiple years of good weather and high prices to see any rebuilding of the herd. Feedlot profitability improved thanks to declining feed grain costs but remained pressured due to higher feeder cattle costs for most feedlot operations. Looking ahead at 2025, feedlot margins are projected to improve slightly from 2024 as feed costs ease and as feeder steer prices increase relative to feeder calf prices.

The dairy industry had a good 2024. Demand for dairy products continued to grow, supported by population growth. Lower corn prices made feed more affordable in the east, while in the west, plentiful spring moisture resulted in better hay, alfalfa and barley production. Strong culled cow and calf prices also provided a boost to producers' bottom lines. However, the farm-gate milk price is expected to decline slightly, resulting in a small decline in profitability in 2025, but remaining above the five-year average.

The poultry sector has done a remarkable job in addressing the challenges that have come from outbreaks of avian influenza in recent years. Considering the challenges brought by avian flu, total broiler production in 2023 was surprisingly strong (**3.3% growth**). However, avian flu made a resurgence in North America towards the end of 2024. For 2024, broiler production was flat with a slight decline of **-0.4%**, the lowest rate of growth since 2014 (excluding 2020 and the onset of the pandemic). In Canada, there were (as of January 31, 2025) **47** infected locations, with most cases in B.C. flocks. In November 2024, the number of layers fell **10%**. This single month's decline was the largest decline since February 2023, a reflection of the impact of the various outbreaks that have occurred recently. The good news is that, as of November 2024, Canadian egg producers had produced over **820 million** dozen eggs in the previous 12 months – a record high. Egg stocks as of January 2025 were near the five-year low after the holiday season – a time when egg demand runs high – highlighting strong demand and the necessity for stocks to be rebuilt.

Farm input prices continued to climb in 2024 but fertilizer prices, with the exception of phosphate, trended lower through the year. Global phosphate supplies remain tight, which is keeping prices elevated into 2025. Nitrogen and potash prices are expected to ease but remain volatile as profitability pressures global demand.

### Farmland values continue to trend higher

Strong demand and low availability of farmland allowed farmland values to appreciate further last year by **9.3%** nationally. However, land value appreciation is projected to slow in 2025 as farmland affordability is at, or is approaching, an all-time low in many provinces.

### High interest rates and trade uncertainty are slowing investments

Canadian farm debt is expected to have increased **7.2%** in 2024. Investments on Canadian farms slowed amid high interest rates. Despite reduced investments on equipment and buildings, demand for farmland remains strong for well-capitalized producers who are seeing opportunities to enhance the efficiency of their operations. A recent FCC Vision survey showed that agricultural producers, food businesses and agribusinesses are cautious about making capital investments.

Food and beverage manufacturing capital expenditures as a percent of revenue increased in 2024 to **3.0%**, from **2.8%** in 2023. Investment in technology has become more important than ever given the tight labour market and long-term demographics as the population ages. It's unclear if food and beverage capital expenditures will continue to rise as a share of revenue in 2025, especially considering uncertainties related to trade disruptions.

### Food and beverage manufacturing margins

Canadian food and beverage manufacturers had a lean year in 2024 as labour costs pressured margins. Although manufacturers are likely to experience relief in their raw material costs in 2025, wages and benefits are expected to remain elevated, even as job vacancies ease. This is a testament to the structural labour market issues that continue to strain the labour supply over the long term.

Food inflation eased in 2024, rising at a slower pace of **2.7%** compared to 2023 (**7.5%**), a positive development for consumers who have been facing tightening budgets in recent years. Food manufacturers experienced a small decline in prices received for their goods last year, but an uptick in demand helped push up sales by **0.4%**. On the other hand, beverage manufacturing prices were up, but demand fell more on alcohol consumption, causing sales to decline **-1.7%** in 2024.

Prices are anticipated to return to steady growth in 2025, which will support overall sales, while real sales (that is, sales adjusted for inflation) will be dependent on the demand for food in the domestic and export market and, for beverage, on how well businesses can tap into new non-alcoholic markets. Demand in the export market will be challenged by trade disruptions, increasing the price of Canadian products compared to U.S. products. For those sectors highly reliant on the U.S. market for driving their sales, this is an added financial risk in 2025.

#### 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)	2025	2024	2023
Net interest income	1,456	1,365	1,354
Provision for credit losses	(211)	(77)	(108)
Non-interest income (expense)	12	(6)	24
Administration expenses	(668)	(605)	(548)
Net income	589	677	722
<b>Portfolio growth</b>			
Number of loans	163,503	160,919	160,354
Total loans receivable	55,520	50,995	47,881
Loans receivable growth rate (%) <sup>(1)</sup>	8.9	6.5	7.6
Investments <sup>(2)</sup>	456	225	193
<b>Profitability</b>			
Net interest margin (%) <sup>(3)</sup>	2.64	2.66	2.76
<b>Credit quality</b>			
Impaired loans	1,231	957	814
Allowance for credit losses	319	195	165
<b>Efficiency</b>			
Efficiency ratio (%) <sup>(3)</sup>	45.5	43.8	40.1
<b>Capital management</b>			
Total capital ratio (%) <sup>(4)</sup>	15.8	17.4	15.9
Debt to equity <sup>(5)</sup>	5.7	5.1	4.9
<b>Shareholder return</b>			
Return on equity (%) <sup>(6)</sup>	6.8	7.8	8.4
Dividends <sup>(7)</sup>	690	210	471

<sup>(1)</sup> Loans receivable growth is calculated as the change in total loans receivable compared to the prior period.

<sup>(2)</sup> Includes Investments and Investments in associates.

<sup>(3)</sup> This is a non-GAAP measure. For additional details, refer to the *Non-GAAP measures* section.

<sup>(4)</sup> Measure is calculated using capital adequacy requirements as defined by the Office of the Superintendent of Financial Institutions.

<sup>(5)</sup> Debt to equity is calculated as total liabilities as a percentage of total equity.

<sup>(6)</sup> Return on equity is calculated as net income as a percentage of the average equity for the period.

<sup>(7)</sup> Dividends are paid from retained earnings.

## Net income

Net income decreased by \$88 million in 2024-25, a 13% reduction compared to 2023-24. Customers experienced greater financial difficulty in 2024-25, with ongoing trade disruptions adding to the pressure. This resulted in higher past due balances, loan amendments and loss estimates, leading to a \$134 million increase in our provision for credit losses compared to the prior year.

We also saw a \$63 million increase in administration expenses due to additional employee, outsourced workforce and information technology costs required to support operational growth and advance our strategy. This was offset by an increase in net interest income of \$91 million primarily due to portfolio growth, and an increase of \$18 million in non-interest income as we experienced fewer net unrealized losses from investments compared to 2023-24.

## Net interest income, portfolio growth and profitability

### Net interest income

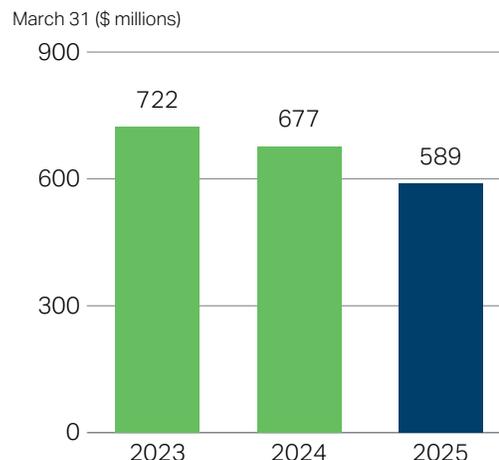
Net interest income consists of interest revenue from interest-earning assets (loans receivable, cash and short-term investments, and other loans receivable), offset by interest expense on interest-bearing borrowings used to support our operations.

Net interest income was \$1,456 million in 2024-25, an increase of \$91 million compared to \$1,365 million in 2023-24. Strong portfolio growth contributed to a \$116 million increase in net interest income in 2024-25. However, pricing pressures in a falling-interest-rate environment compressed our net interest margin by two basis points, leading to a \$25 million decrease in net interest margin.

March 31 (\$ millions)	2025			2024		
	Average balance	Interest <sup>(1)</sup>	Rate (%) <sup>(1)</sup>	Average balance	Interest <sup>(1)</sup>	Rate (%) <sup>(1)</sup>
Total loans receivable	52,978	2,896	5.47	49,255	2,694	5.47
Cash and short-term investments	2,105	96	4.57	2,024	108	5.34
Other loans receivable	10	3	29.17	86	5	5.81
Total interest-earning assets	55,093	2,995	5.44	51,365	2,807	5.46
Total interest-bearing liabilities	46,515	1,539	3.31	43,694	1,442	3.30
Total interest spread			2.13			2.16
Impact of equity	8,578		0.51	7,671		0.50
<b>Total net interest income on interest-earning assets</b>	<b>55,093</b>	<b>1,456</b>	<b>2.64</b>	<b>51,365</b>	<b>1,365</b>	<b>2.66</b>
<b>Year-over-year change in net interest income due to:</b>						
Increases in volume		116			53	
Changes in margin		(25)			(42)	
<b>Total change to net interest income</b>		<b>91</b>			<b>11</b>	

<sup>(1)</sup> This is a non-GAAP measure. For additional details, refer to the *Non-GAAP measures* section.

### Net income



## Loans receivable and portfolio growth

Loans receivable at March 31, 2025, increased by \$4,532 million or 8.9% compared to March 31, 2024.

### Loans receivable by sector distribution

As at March 31 (\$ millions)	Total loans receivable		
	2025	2024 <sup>(1)</sup>	Variance
<b>Loans receivable<sup>(2)</sup></b>			
Primary production			
Oilseed and grain	17,501	16,194	1,307
Dairy	7,684	7,368	316
Beef	4,678	4,318	360
Other	4,527	4,289	238
Poultry	3,619	3,341	278
Greenhouse	2,638	2,373	265
Alliances	2,254	1,764	490
Hogs	1,626	1,659	(33)
Fruit	1,573	1,499	74
Total primary production	46,100	42,805	3,295
Agribusiness	5,739	5,186	553
Agri-food	3,721	3,037	684
<b>Loans receivable by sector distribution</b>	<b>55,560</b>	<b>51,028</b>	<b>4,532</b>

<sup>(1)</sup> Comparative figures have been reclassified. See [Note 4](#).

<sup>(2)</sup> Excludes deferred loan fees.

Loans receivable for primary production increased by \$3,295 million and represent 83% of our total loans receivable.

The oilseed and grain sector grew by \$1,307 million, the largest annual increase. Lending in this sector was driven by strong demand for farmland and rising farm equipment prices, with the western provinces experiencing the most significant growth.

Alliances grew by 27.8% year over year, the largest rate of annual growth in our primary production portfolio. Seasonal lending in alliances contributed to this sector's growth, driven by increased financing for cattle, as well as higher crop input purchases for the 2024 planting season due to elevated prices. Increased past-due crop input loans, typically payable by mid-March, also contributed to the overall increase compared to the previous year. These past-due loans were caused by difficulties in moving products due to weather conditions and elevator capacity, along with profitability issues stemming from last year's drought and lower commodity prices.

Loans receivable in the hog sector decreased by \$33 million year over year due to ongoing profitability challenges, such as slaughter capacity, tight margins and soft global demand. These factors contributed to delayed investments, particularly in Ontario, compared to the previous year.

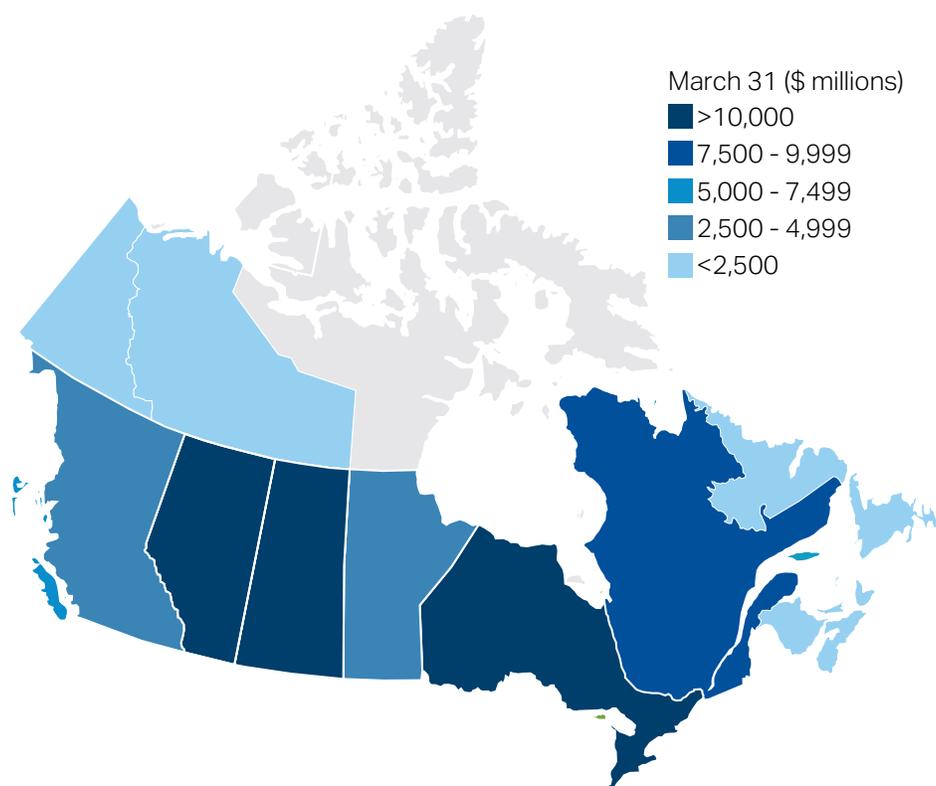
At March 31, 2025, agribusiness and agri-food loans receivable had increased by \$553 million and \$684 million, respectively, compared to the previous year. High prices and costs for agribusinesses drove growth. Increased lending in the agri-food sector was driven by capital investment, along with high labour and input costs. Additionally, both sectors saw growth due to higher-risk lending aimed at promoting innovation, exports and productivity growth.

### Loans receivable by geographic distribution

As at March 31 (\$ millions)	Total loans receivable		
	2025	2024	Variance
<b>Loans receivable<sup>(1)</sup></b>			
Ontario	16,918	15,601	1,317
Saskatchewan	10,408	9,179	1,229
Alberta	10,022	9,176	846
Quebec	7,613	7,262	351
British Columbia <sup>(2)</sup>	4,831	4,433	398
Manitoba	4,085	3,781	304
Atlantic	1,683	1,596	87
<b>Loans receivable by geographic distribution</b>	<b>55,560</b>	<b>51,028</b>	<b>4,532</b>

<sup>(1)</sup> Excludes deferred loan fees.

<sup>(2)</sup> Includes the Yukon and Northwest Territories with \$24 million as at March 31, 2025 (2024 - \$25 million).



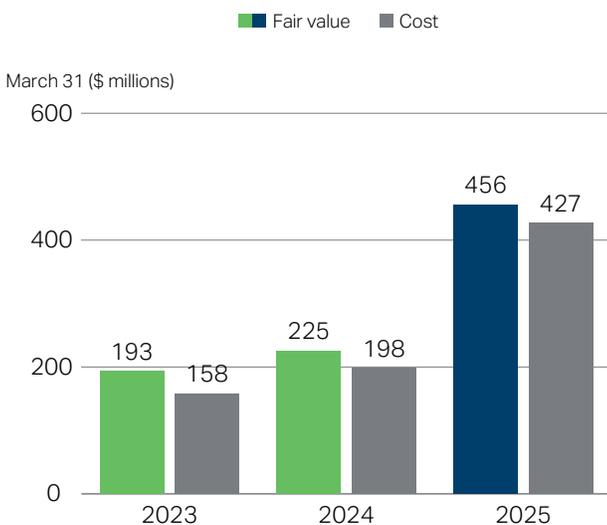
## Investments

FCC’s investment portfolio helps strengthen innovation and productivity in the agriculture and food industry through diverse capital solutions. The portfolio includes investments in externally managed funds and investments held directly by FCC.

FCC’s corporate strategy includes expanding our investment portfolio, with the objective of attracting capital and providing catalytic impact to the industry to advance innovation. This resulted in a \$231 million increase in investments this fiscal year. The increase is mainly comprised of \$190 million in new private equity and fund investments and \$39 million in follow-on investments made within existing funds.

The fair values of these investments have consistently exceeded their cost, reflecting the strength of entrepreneurs and the value creation FCC offers through our various non-financial and ecosystem supports. As at March 31, 2025, FCC had an unfunded capital commitment of \$130 million to our existing fund investments.

Investment portfolio



## Provision for credit losses and credit quality

As a financial and business service provider dedicated to the growth of the Canadian agriculture and food industry, we offer financing and services specifically tailored to meet the industry’s needs. By closely monitoring our loan portfolio and the industry, we proactively identify and develop solutions to assist customers through challenging times. For instance, in 2024-25, we implemented a support program to help the industry navigate trade disruptions. Our customized programs and product offerings provide the flexibility and support customers need, whether they’re facing challenges or pursuing opportunities, ensuring the long-term success of the industry.

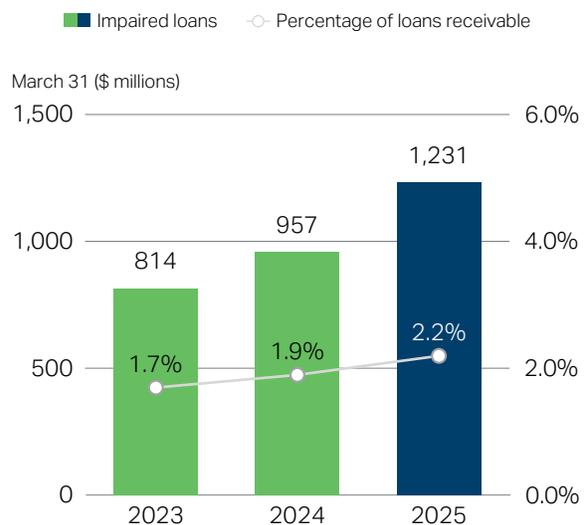
We use sound business practices to analyze credit quality and monitor loans demonstrating financial difficulty. From this analysis, we can better assess the appropriate level of allowance for credit losses and determine whether risks are within the tolerances stated in our Board-approved risk management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

### Impaired loans

At each reporting date, we assess our loan portfolio using internal measures that evaluate 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 of collecting the full amount of principal and interest in a timely manner.

Our impaired loan balance increased by \$274 million at March 31, 2025, compared to March 31, 2024. This increase was driven by a higher number of customers requesting loan amendments and more loans being past due. Industry and economic realities, including elevated cost of production, lower commodity prices and high interest rates, contributed to the increase in repayment challenges. We also saw an increase in deferrals related to a program launched last year to assist fruit producers in British Columbia affected by unfavourable weather conditions.

Impaired loans



**Impaired loans by sector distribution<sup>(1)</sup>**

As at March 31 (\$ millions)	Impaired loans			Percentage of impaired loans by sector		
	2025	2024	Variance	2025	2024	Variance
Primary production						
Oilseed and grain	211	150	61	1.2%	0.9%	0.3%
Dairy	106	50	56	1.4%	0.7%	0.7%
Beef	83	103	(20)	1.8%	2.4%	(0.6%)
Other	119	91	28	2.6%	2.1%	0.5%
Poultry	27	45	(18)	0.7%	1.3%	(0.6%)
Greenhouse	194	89	105	7.4%	3.8%	3.6%
Alliances	19	14	5	0.8%	0.8%	0.0%
Hogs	88	27	61	5.4%	1.6%	3.8%
Fruit	106	89	17	6.7%	5.9%	0.8%
Total primary production	953	658	295	2.1%	1.5%	0.6%
Agribusiness	140	127	13	2.4%	2.4%	(0.0%)
Agri-food	138	172	(34)	3.7%	5.7%	(2.0%)
<b>Impaired loans by sector distribution</b>	<b>1,231</b>	<b>957</b>	<b>274</b>	<b>2.2%</b>	<b>1.9%</b>	<b>0.3%</b>

<sup>(1)</sup> Comparative figures have been reclassified. See [Note 4](#).

Impaired loans in primary production accounted for 77.4% of all impaired loans. Impaired loans in the greenhouse sector increased by \$105 million, representing the largest dollar change in our primary production portfolio, with loans in British Columbia and Quebec contributing the most to this increase. Greenhouse producers faced challenges from tight margins due to inflationary pressures on inputs and labour costs, as well as disease.

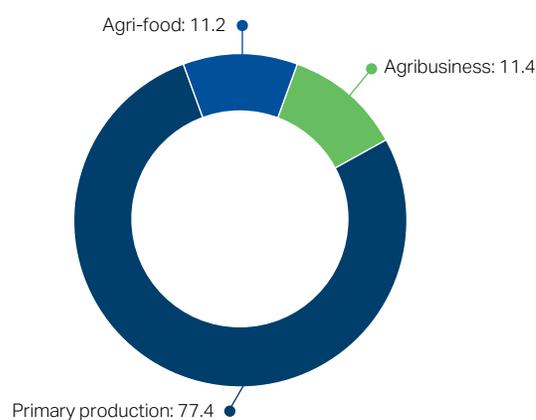
Impaired loans in grains and oilseeds and the hog sector each increased by \$61 million. In Canada's grains and oilseed sector, impaired loans rose due to adverse growing conditions and rising costs adding financial pressures on producers, particularly in Manitoba and Ontario. In the hog sector, impaired loans primarily increased because of customers in Ontario that faced profitability challenges, including slaughter capacity constraints and tight margins.

Impaired loans in the beef and poultry sectors decreased by \$20 million and \$18 million, respectively. Strong cattle prices and reduced feed costs supported a reduction in beef impaired loans. The decrease in poultry impaired loans was primarily due to customers in British Columbia and Quebec recovering from impairment.

The agribusiness sector experienced a \$13 million increase in impaired loans, accounting for 11.4% of all impaired loans, while the agri-food sector saw a decrease of \$34 million, representing 11.2% of all impaired loans. The rise in impaired loans within the agribusiness sector was mainly attributed to customers in Ontario with past due loans and facing financial difficulties. The decrease in impaired loans in the agri-food sector was driven by the recovery of customers from impairment, particularly in British Columbia, Ontario and Quebec. Additionally, write-offs, as discussed in the *Allowance for credit losses* section below, contributed to this decrease.

**Impaired loans by sector distribution**

March 31, 2025 (%)



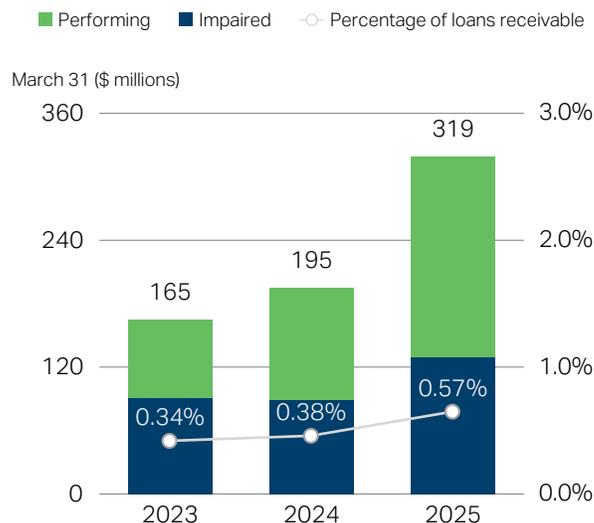
### Allowance for credit losses

The allowance for credit losses reflects our best estimate of potential credit losses. In 2024-25, our allowance for credit losses increased by \$124 million to \$319 million, representing 57 basis points of our loans receivable, an increase of 19 basis points from 2023-24.

Our allowance for credit losses on performing loans increased by \$84 million. This is primarily due to portfolio growth along with higher expected credit losses, reflecting realized and potential impacts of trade disruptions.

Our allowance for credit losses on impaired loans increased by \$40 million due to challenges faced by customers from various sectors and geographical locations, leading to higher past-due balances and loan amendment requests. This increase was partially offset by write-offs in the latter half of the year, mostly in the agri-food, agribusiness and greenhouse sectors. In 2024-25, write-offs increased by \$48 million to \$106 million, representing 19 basis points of loans receivable, compared to 11 basis points in 2023-24. Despite this increase, our credit risk management practices have kept write-offs as a percentage of loans receivable low compared to other financial institutions, demonstrating the effectiveness of our strategies in mitigating credit losses and supporting customers through challenges.

### Allowance for credit losses



### Provision for credit losses

For the year ended March 31 (\$ millions)	2025	2024
Impaired loans (Stage 3)	(127)	(43)
Performing loans (Stages 1 & 2)	(84)	(34)
<b>Total provision for credit losses</b>	<b>(211)</b>	<b>(77)</b>

The provision for credit losses represents the amount needed to adjust our allowance for credit losses to a level reflective of potential credit losses. For more information, refer to the *Allowance for credit losses* section above.

### Non-interest income

For the year ended March 31 (\$ millions)	2025	2024
Insurance distribution income	18	17
Net loss from financial instruments carried at fair value	(4)	(19)
Other expenses	(2)	(4)
<b>Total non-interest income (loss)</b>	<b>12</b>	<b>(6)</b>

In 2024-25, the increase in non-interest income was mainly due to a \$15 million decrease in net unrealized losses from financial instruments designated at fair value. Although overall losses were experienced, FCC saw year-over-year improvements in many of our investments, whereas in 2023-24, almost all investments saw a decrease in fair value due to unfavourable market conditions.

## Administration expenses

For the year ended March 31 (\$ millions)	2025	2024
Employee compensation and benefits	385	343
Outsourced workforce	107	90
Technology and communication, including depreciation and amortization	75	68
Occupancy, including depreciation	32	32
Marketing and industry support	31	27
Professional services	18	25
Travel	8	9
Other	12	11
<b>Total administration expenses</b>	<b>668</b>	<b>605</b>

Administration expenses represent costs associated with delivering on our mandate and corporate strategy which was developed to adapt to changing customer expectations and evolving industry standards. Overall, administration expenses increased due to growth and strategic investment in new capabilities aimed at enhancing the success of the Canadian agriculture and food sector. We actively manage administration expenses to stay within our plan to ensure business efficiency and value creation.

Employee compensation and benefits and outsourced workforce costs are our largest administration expenses. Increases in 2024-25 were required to support our operational growth and strategic transformation.

Technology and communication expenses increased in 2024-25 due to software expenses as well as deployment of new technologies to advance data management along with network capacity enhancements.

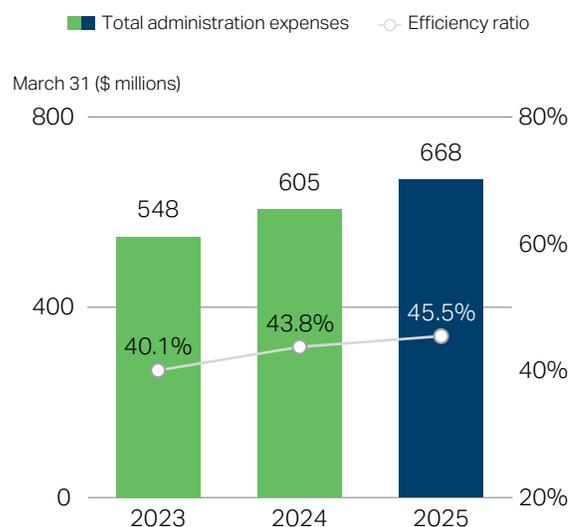
Professional services are used to support critical areas of strategic investment, customer engagement and industry programming. In conjunction with travel expenses, the \$8 million decrease in 2024-25 reflects our commitment to reducing professional service and travel expenses, as required by Federal Budget 2023.

## Efficiency ratio

Our efficiency ratio measures how effectively our business operations generate income. In 2024-25, our efficiency ratio increased to 45.5%, which is consistent with our strategic intentions to invest in new offerings and to transform FCC to deliver greater impact to the Canadian agriculture and food industry. For additional details, refer to the *Net interest income* and *Administration expenses* sections above.

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

### 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, uncertainty from a changing climate 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 material risks, including credit, market, operational and strategic, along with considerations for stress testing, business development, operating range, regulatory changes and uncertainties.

In Budget 2024, the Government of Canada announced an amended Capital and Dividend Policy Framework for Financial Crown Corporations. In alignment with the amendments, we've set our target capital ratio at 14% of risk-weighted assets. This represents a 1% decrease, driven by adjusting our credit rating target from AA solvency to A solvency. Additionally, this change is informed by international peer benchmarking and an assessment of our operating capital requirements.

We've also established a capital injection plan using our cumulative stress testing program experience to identify potential scenarios and expected timelines for government to inject capital.

These changes unlocked approximately \$500 million in additional capital, which we'll invest to support underserved groups and help the industry manage risk, improve resilience and increase productivity.

### Capital adequacy

In 2024-25, we exceeded our required target capital ratio by 1.8%. This was mainly due to the unlocked capital described above, along with excess capital identified in previous years, which is being held to support new higher-risk lending, underserved groups, innovation, growth and productivity.

### Total capital ratio continuity

<b>2024 capital ratio</b>	<b>17.4%</b>
Capital generation	1.3%
RWA growth	(1.5%)
Dividends paid	(1.4%)
<b>2025 capital ratio</b>	<b>15.8%</b>

### Total capital ratio

The total capital ratio decreased 1.6% from March 31, 2024, to March 31, 2025, from higher asset growth and our dividend payment, partially offset by capital generation. The asset growth was driven by \$4,473 million in loan portfolio growth and increased investments. Capital generation was driven by 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 amended in 2024 by the Department of Finance and the Treasury Board Secretariat. This framework allows us to distribute surplus capital over the Corporate Plan planning horizon.

### 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, 2025, FCC's total direct and contingent liabilities were 5.7 times shareholder's equity (2024 – 5.1 times shareholder's equity).

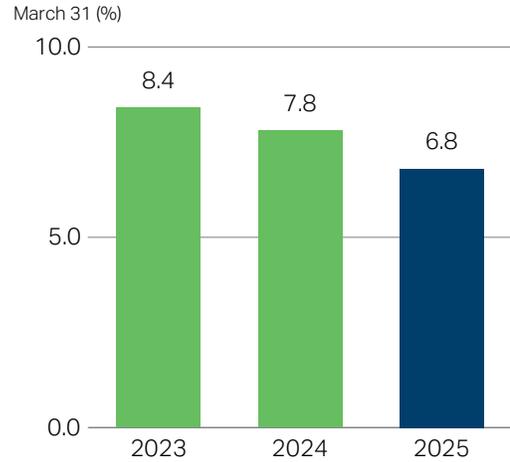
We're operating well above the statutory limit, demonstrating our healthy balance between liabilities and equity while maintaining the ability to handle any potential financial challenges that may arise. Additionally, our total capital ratio has surpassed our target, which not only shows that we're well-capitalized but also that we have excess funds available to support a dividend while continuing to execute on our strategy.

## Shareholder return

### Return on equity

Our return on equity measures how efficiently we use our equity to generate income. In 2024-25, trade disruptions and industry challenges significantly increased our provision for credit losses. This, combined with increased administration expenses, led to a decrease in net income and a reduction to our return on equity, even with a decreased equity base resulting from paying a \$690 million dividend to the Government of Canada.

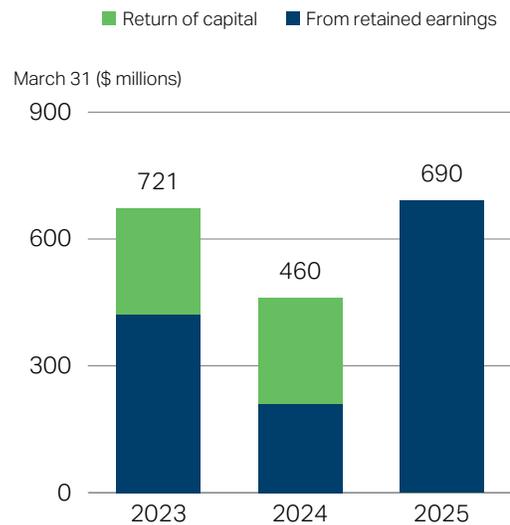
### Return on equity



### Dividends

In 2024-25, we paid a \$690 million dividend to the Government of Canada from retained earnings. This was higher than the \$460 million dividend paid in 2023-24, which included a \$250 million return of capital. In the prior year, a new capital measurement methodology for credit risk resulted in a lower dollar amount of capital required to support identified risks, lowering our target capital requirements by \$1,000 million. Half of the excess capital was returned to the Government of Canada with a special dividend of \$500 million in addition to a \$190 million dividend from regular earnings. In June of 2025, a dividend of \$50 million was declared based on fiscal 2024-25 performance.

### Dividends





# Financial position

As at March 31 (\$ millions)	2025	2024 <sup>(1)</sup>
Cash and cash equivalents	1,514	1,559
Short-term investments	485	446
Total loans receivable	55,520	50,995
Allowance for credit losses – loans receivable	(319)	(195)
Investments <sup>(2)</sup>	456	225
Other	499	491
<b>Total assets</b>	<b>58,155</b>	<b>53,521</b>
Borrowings	48,942	44,246
Other	563	539
<b>Total liabilities</b>	<b>49,505</b>	<b>44,785</b>
<b>Equity</b>	<b>8,650</b>	<b>8,736</b>

<sup>(1)</sup> Comparative figures have been reclassified to reflect current year presentation.

<sup>(2)</sup> Includes Investments and Investments in associates.

## Cash and cash equivalents

As at March 31 (\$ millions)	2025	2024
Cash used in operating activities	(3,758)	(2,296)
Cash used in investing activities	(269)	(273)
Cash provided by financing activities	3,982	2,338
<b>Change in cash and cash equivalents</b>	<b>(45)</b>	<b>(231)</b>

Cash used in operating activities increased by \$1,462 million in 2024-25 primarily due to higher loan disbursements and increased administration expenses.

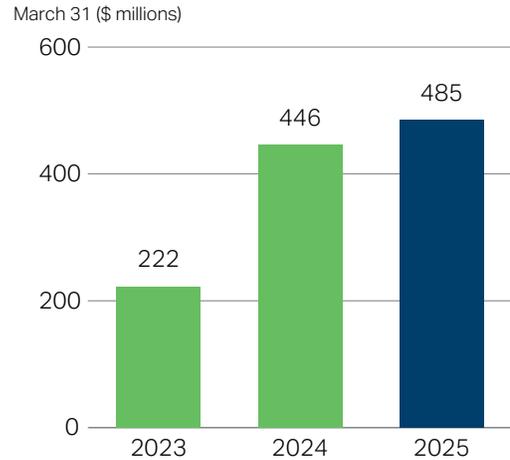
Cash used in investing activities stayed relatively consistent to the prior year, with a decrease of \$4 million. Less cash was used to manage short-term liquidity requirements compared to 2023-24 but more cash was invested in new private equity and fund investments.

In 2024-25, cash provided by financing activities increased by \$1,644 million. This was due to higher net borrowings held to fund our growing loan portfolio offset by an increased dividend paid to the Government of Canada.

## Short-term investments

Short-term investments are high-quality, liquid investments maturing between 91 and 365 days. They are used alongside cash and cash equivalents to support our overall liquidity management. In 2024-25, short-term investments increased \$39 million to support loan portfolio growth and address short-term business needs. The allocation between short-term investments and cash and cash equivalents may vary based on market conditions and/or timing of expected liquidity needs during the year.

Short-term investments



## Loans receivable and borrowings

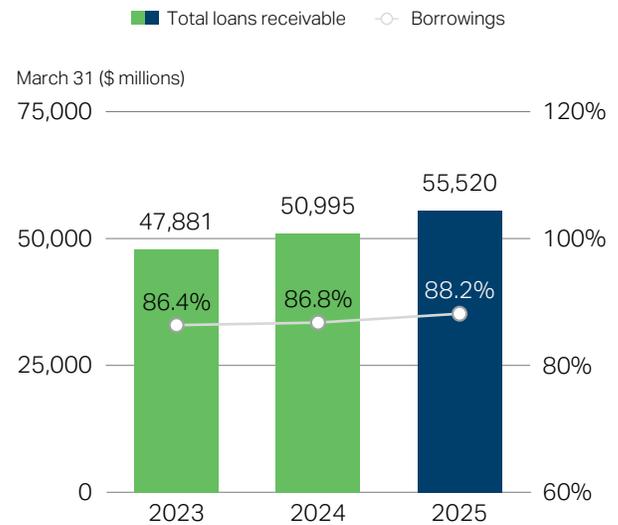
Loans receivable increased in 2024-25, resulting in increased borrowings to fund portfolio growth. For additional details on loans receivable, refer to the *Loans receivable and portfolio growth* section above.

### 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 is 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 overdraft protection through a demand operating line of credit and a portfolio of high-quality liquid investments sufficient to cover projected cash requirements for a minimum of 30 days.

We conduct our borrowing program to meet business requirements and manage risks. Interest rates and market conditions can drive changes in customer preferences or interest rate exposures on the balance sheet. Given the declining interest rate environment and expectations of further rate cuts through all of 2024-25, customers continued to show a preference for variable-rate products and shifted from a preference of the five-year term to the one-year term in the latter half of the year. The increase in borrowings is consistent with the growth in the loans receivable portfolio.

Total loans receivable and borrowings



**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. Interest rates on floating-rate borrowings reset based on treasury bill rates. The outstanding short-term debt at March 31, 2025, was \$10,933 million, compared to \$8,314 million at March 31, 2024. Of the total short-term debt outstanding, \$9,708 million was Canadian funds obtained through the Crown Borrowing Program and \$1,225 million was USD funding raised in capital markets.

**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. Interest rates on floating-rate borrowings reset based on treasury bill rates. The outstanding long-term debt at March 31, 2025, was \$38,009 million, compared to \$35,932 million at March 31, 2024. In 2024-25, 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, 2025, were:

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

**Investments**

Investments increased significantly in 2024-25. For additional details on investments, refer to the *Investments* section above.

**Other assets**

The \$8 million increase in other assets as at March 31, 2025, was primarily due to the net impact of other comprehensive income remeasurement gains on our post-employment benefit assets offset by repayments on our other loans receivable.

**Other liabilities**

The \$24 million increase in other liabilities this fiscal year was primarily due to the net impact of increases in our post-employment benefit liabilities and transition loan liabilities offset by a decreased lease obligation.



# Performance against plan

## Financial performance

For the year ended March 31 (\$ millions)	2026 Plan <sup>(1)</sup>	2025 Actual	2025 Plan
Net interest income	1,554	1,456	1,473
Provision for credit losses	(65)	(211)	(52)
Non-interest income	19	12	19
Administration expenses	(750)	(668)	(705)
<b>Net income</b>	<b>758</b>	<b>589</b>	<b>735</b>

<sup>(1)</sup> 2026 Plan figures reflect FCC's Corporate Plan which was approved prior to recent trade disruptions and is scheduled to be published publicly this fall.

Net income was \$146 million lower than the 2024-25 plan primarily due to increased provision for credit losses, partly offset by lower administration expenses. The introduction of a customer support program in response to recent trade disruptions paired with higher-than-expected losses on a few larger accounts drove the higher provision for credit losses. Administration expenses were lower than planned primarily due to fewer new positions added as a result of thoughtfully paced recruitment and onboarding for new and vacant positions. In addition, a more gradual pace of strategic initiative spending due to a more rigorous approach to initiative development, planning and resourcing also reduced growth in administration expenses.

In 2025-26, net income is projected to increase by \$169 million, driven by higher net interest income and lower provision for credit losses, partly offset by higher administration expenses. Net interest income is projected to increase by \$98 million primarily due to growth in the portfolio, which contributes to higher earning assets, and an increase in net interest margin as interest rates stabilize. Administration expenses are projected to increase by \$82 million from increased employee compensation and benefits, and outsourced workforce to support strategic investment needs in key impact areas. Additionally, the full-year impact of new positions added throughout 2025 will contribute to the increase. Despite these increases, we'll continue to meet the federal government's cost reduction requirements established in Budget 2023.

## Financial position

As at March 31 (\$ millions)	2026 Plan <sup>(1)</sup>	2025 Actual	2025 Plan <sup>(2)</sup>
Cash and cash equivalents	1,550	1,514	1,320
Short-term investments	550	485	580
Total loans receivable	56,708	55,520	53,322
Allowance for credit losses – loans receivable	(261)	(319)	(181)
Investments <sup>(3)</sup>	423	456	311
Other assets	543	499	512
<b>Total assets</b>	<b>59,513</b>	<b>58,155</b>	<b>55,864</b>
Borrowings	49,716	48,942	46,624
Other liabilities	564	563	554
Equity	9,233	8,650	8,686
<b>Total liabilities and equity</b>	<b>59,513</b>	<b>58,155</b>	<b>55,864</b>

<sup>(1)</sup> 2026 Plan figures reflect FCC's Corporate Plan which was approved prior to recent trade disruptions and is scheduled to be published publicly this fall.

<sup>(2)</sup> 2025 Plan figures have been reclassified to reflect current year presentation.

<sup>(3)</sup> Includes Investments and Investments in associates.

Loans receivable growth for 2024-25 was \$2,198 million higher than planned due to higher disbursement volumes. High demand for farmland and elevated production costs increased financing needs, while the lower interest rate environment relative to 2023-24 incentivized customers to invest within their businesses.

Allowance for credit losses was \$138 million higher than plan, primarily due to increased loss expectations resulting from trade disruptions and the related customer support program. Additionally, our impaired loans receivable was \$335 million higher than plan, also contributing to the higher allowance for credit losses.

In 2025-26, we expect loans receivable to continue growing, although at a slower pace than in 2024-25. Growth is projected in all business lines, with additional growth anticipated in agribusiness and agri-food reflecting our strategic intention to serve more

customers with higher-risk lending activity. This planned growth creates additional access to capital in support of underserved groups, innovation and productivity, leading to economic growth in Canada.

The allowance for credit losses is expected to decrease from 2024-25, although continuing at a somewhat elevated level driven by portfolio growth and a shift in our portfolio and customer risk profiles.

Investment activity exceeded planned levels in 2024-25 and is expected to outpace 2025-26 plan expectations due to our focused commitment on deploying higher-risk capital to the industry, allowing producers, agribusinesses and agri-food operators to develop and adopt innovative technologies, practices and business models.

## Key financial measures

For the year ended March 31	2026 Plan <sup>(1)</sup>	2025 Actual	2025 Plan
Loans receivable growth rate (%)	5.1	8.9	5.1
Net interest margin (%)	2.70	2.64	2.72
Efficiency ratio (%)	48.1	45.5	47.5
Total capital ratio (%)	16.3	15.8	16.6
Debt to equity	5.4	5.7	5.4
Return on equity (%)	8.4	6.8	8.4

<sup>(1)</sup> 2026 Plan figures reflect FCC's Corporate Plan which was approved prior to recent trade disruptions and is scheduled to be published publicly this fall.

Loans receivable growth was higher than the 2024-25 plan due to higher disbursement volumes as customer demand for financing increased, and interest rates encouraged investment within businesses. Loans receivable is projected to grow in all business lines in 2025-26, but at a slower pace than in 2024-25, in line with long-term growth estimates.

Net interest margin was lower than the 2024-25 plan due to the decreasing interest rate environment, which put pressure on pricing. The lower rate environment also lessened the benefit we receive from funding our portfolio with equity, further decreasing our net interest margin. Net interest margin is projected to increase by 0.06% in 2025-26 as interest rates stabilize.

Our efficiency ratio was 2.0% lower than the 2024-25 plan due to lower administration expenses, partially offset by lower net interest income. In 2025-26, the efficiency ratio is expected to increase to 48.1%, driven by increased spending on strategic initiatives in key impact areas, and from new positions being added throughout the year. This increased spending will be partly offset by the increased earnings from lending through net interest income.

Our total capital ratio was 0.8% lower than the 2024-25 plan primarily due to additional loan and investment growth in our portfolio, and reduced earnings from higher provisions for credit losses. The total capital ratio is projected to increase to 16.3% in 2025-26, primarily due to growth in retained earnings, driven by net income, partially offset by growth in the investment portfolio and increased higher risk lending.

The debt-to-equity ratio was higher than the 2024-25 plan due to higher debt requirements to fund the portfolio. Debt to equity is projected to decrease in 2025-26 due to lower debt requirements to fund portfolio growth relative to the growth of retained earnings.

Return on equity was 1.6% lower than the 2024-25 plan primarily due to higher provision for credit losses, which was partly offset by lower administration expenses. Return on equity is projected to increase in 2025-26 due to lower provision for credit losses and higher net interest income, partly offset by 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 for the calculation of adjusted total revenue). 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)

	2025	2024
Total revenue	1,468	1,359
Net loss from financial instruments carried at fair value	4	19
Net foreign exchange (gain) loss	(3)	2
<b>Adjusted total revenue</b>	<b>1,469</b>	<b>1,380</b>

## 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 investments – and are non-GAAP financial measures. Balances used are disclosed in the *Net interest income, portfolio growth and profitability* section above.



# 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 risk appetite framework 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 supports 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 level and type of risk that FCC is willing to accept in pursuit of our strategy, objectives and mandate. It ensures that critical risk-taking considerations are understood and embedded in risk-taking guardrails to promote the right balance between taking risk and pursuing opportunities when making key business decisions. 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, key risks 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, and develop and monitor risk management processes and practices, previously discussed in the *Corporate Governance framework* section of this report.

### 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, Executive Vice-President, Risk and Legal, 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 Executive Vice-President, Risk and Legal, maintains independence through a direct reporting relationship to the Board's Risk Committee and leads a Risk and Legal 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 coordinating 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 and annually reaffirms a risk appetite statement for FCC through the Risk Appetite framework, which 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.

Given FCC's new strategy, our risk appetite is being refreshed to reflect a risk-taking environment conducive to achieving our strategic objectives and living into our vision, which we define as our winning aspiration. Along with a refreshed risk appetite, FCC's risk-aware culture will be reviewed to reinforce the new strategy and risk appetite.

## 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, operational or reputational.

### Strategic risk

Strategic risk refers to risk arising from the external environment or our ability to develop and implement effective business strategies and maintain our relevance in the marketplace. The Board of Directors discusses the key risks during the corporate strategic planning cycle.

**Enterprise risk register:** The key 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, with a focus on top risks. Enterprise Management Team members are accountable for developing risk mitigation plans and reporting progress to the Board on a quarterly basis. The risks in the enterprise risk register 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

Financial risks include credit, liquidity and market risks.

**Credit risk** is the risk of financial loss if a borrower or other counterparty fails to meet its financial commitments to FCC. We're exposed to credit risk in our loans, venture fund holdings and investments. We assess credit risk at the transactional and portfolio levels using best practices for financial institutions.

Credit assessment tools and models are in place to quantify risks on an ongoing basis, allowing us to establish the required allowance for loan losses and monitor capital adequacy. We also closely monitor the operating environment in the agriculture and agri-food industry to ensure our lending policies, activities and practices adequately account for risk and opportunity in the marketplace.

**Market risk** is the potential for financial loss due to adverse changes in market interest rates and foreign exchange rates. Market risk exists in our financial instruments, such as loans, debt and investments. Interest rate risk can adversely impact FCC's net interest income and economic value. Foreign exchange risk exists from loans and expenditures denominated in U.S. dollars and Euros. Our market risk policy and risk management practices ensure we identify, measure, limit, manage and monitor interest rate and foreign exchange risks on a timely basis.

**Liquidity risk** is the risk that we have insufficient funds to meet payment obligations. Due to FCC's approach and the readily available funds we have through the Crown Borrowing framework and other tools, our overall liquidity risk is negligible and isn't reflected in our capital requirements. Our focus remains on responsible lending and capital management to ensure that we remain financially sound.

### Operational risk

Operational risk is the risk of direct or indirect loss due to inadequate or failed internal processes, people, systems or external events. Operational risk events can affect our ability to deliver on our strategy and achieve our objectives through lost opportunities and inefficiency, business disruption, customer impact or financial loss.

FCC focuses on organizational resilience and develops future-fit risk practices that align with our mandate, risk appetite and customer experience priorities. We continue to enhance our established operational risk management policies to support the application of consistent, effective and timely operational risk management practices across all areas of day-to-day work.

We conduct internal audits to assess the effectiveness of the control environment and provide the Board with assurance that operational risks are effectively managed.

### Reputational risk

Reputational risk is the risk that key stakeholders or the public develop negative perceptions about FCC that could adversely affect our reputation and ability to attract and retain customers, business partners and employees. Exposure to reputational risk is often a function of our ability to manage and respond to other risks.

We build relationships with customers and partners who meet our high standards for integrity. We have a structure to guide employee conduct in interactions with co-workers, customers, industry partners, suppliers, media and the public to avoid reputational damage associated with actions that are misaligned with our mandate, strategy or values. We assess any risk event that exceeds FCC's risk appetite for reputational implications.

#### ADDITIONAL INFORMATION

**For more information on our FCC Management Committees, refer to:**

 [Corporate Governance Framework section of Corporate Governance](#)



# Climate and nature-related disclosure overview

## Overview of climate and nature reporting

**In line with the Government of Canada's requirements, FCC produces a climate and nature-related disclosure report annually that aligns with industry practices. This report, available on our website, is guided by the recommendations of the Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD).**

Evolving disclosure expectations are an important consideration when maturing our climate-related disclosures. The TCFD paved the way for the International Sustainability Standards Board (ISSB) to create a global baseline for corporate sustainability reporting through the issuance of the International Financial Reporting Standards (IFRS) S1 and S2. In 2024, the Canadian Sustainability Standards Board (CSSB) adopted these voluntary standards with a phased-implementation approach, implementing them over the next five annual reporting cycles. IFRS S1 covers sustainability more broadly than just climate, and ISSB is working to integrate nature, extending on work from the Taskforce on Nature-related Financial Disclosures (TNFD). While not required to meet these standards, we're monitoring these trends to inform our disclosures.

## Climate and nature in the agriculture and agri-food industry

Agriculture is deeply linked to climate and nature. Natural systems are essential for food production, and food production impacts natural systems. As the global population is projected to reach 9.8 billion by 2050, the agriculture and agri-food industry is expected to increase food production, requiring resilience and adaptation. At the same time, there are increasing expectations for the industry to manage its reliance and impact on natural systems. This is a part of the generational opportunity the sector is uniquely positioned to seize and that FCC's strategy is designed to support.

## Climate and nature progress highlights

FCC is dedicated to fulfilling our mandate priority of enhancing Canada's position as a global leader in sustainable agriculture. As a result, sustainability has been integrated into our governance, risk management and strategy processes. Below are highlights from a climate and nature perspective, summarized from our 2024-25 Climate-Related Disclosure Report.

### ADDITIONAL INFORMATION

**For more information about our climate disclosure, visit:**

 [2024-25 FCC Climate-Related Disclosure Report](#)

Key areas	Progress
Governance	Topics related to climate and nature were included in five Board meetings, two Board Audit Committee meetings and four Board Risk Committee meetings. FCC's updated management governance committees now integrate climate and nature risks and opportunities.
Risk management	Climate and nature-related risks have been identified through our Top and Emerging Risk process, resulting in a risk-mitigation plan and quarterly reporting to the Board's Risk Committee. FCC's target capital ratio also incorporates a provision for climate-related risks to maintain adequate capital.
Strategy	Sustainability is integral to FCC's strategy, with climate and nature represented as one of our six transforming-for-impact areas and integrated into other impact areas, as shown in the <i>Management's discussion and analysis</i> section under <i>2024-25 results</i> .
Metrics & targets	FCC has approved a new target of a 42% reduction in operational emissions by 2030-31, compared to the 2023-24 baseline. We have achieved a 6% reduction towards this target.

FCC's GHG emissions	Unit	2024-25	2023-24	2022-23
<b>Total location-based operational emissions</b>	<b>tCO<sub>2</sub>e</b>	<b>5,403</b>	<b>5,142</b>	<b>4,687</b>
Operational emissions reductions from carbon credits and RECs	tCO <sub>2</sub> e	5,403	5,142	177
<b>Net operational emissions<sup>(1)</sup></b>	<b>tCO<sub>2</sub>e</b>	<b>0</b>	<b>0</b>	<b>4,510</b>
<b>Financed emissions (Scope 3, category 15)</b>	<b>MtCO<sub>2</sub>e</b>	<b>9.0</b>	<b>8.4</b>	<b>8.0</b>
Economic financed emissions intensity	tCO <sub>2</sub> e/ \$Million of loans receivable	<b>161</b>	<b>165</b>	<b>167</b>

<sup>(1)</sup> Prior year emissions are adjusted for comparison to FCC's redefined scope of 2024-25 operational emissions.



# 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

Regina, Canada  
June 11, 2025

**Corinna Mitchell-Beaudin, CPA, CA, CFA**

Executive Vice-President and  
Chief Financial Officer



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 2025, 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 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

#### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 IFRS Accounting Standards as issued by the IASB, 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision, and review of the audit work performed for purposes 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*.

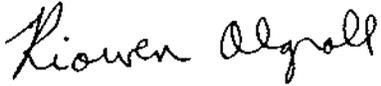
In our opinion, the transactions of Farm Credit Canada that came to our notice during the audit of the consolidated financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Financial Administration Act*, we report that,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

#### *Responsibilities of Management for Compliance with Specified Authorities*

Management is responsible for 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.

A handwritten signature in black ink that reads "Riowen Abgrall". The signature is written in a cursive, flowing style.

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

Ottawa, Canada  
11 June 2025

## Consolidated Balance Sheet

As at March 31 (millions of Canadian dollars)	Note	2025	2024
<b>Assets</b>			
Cash and cash equivalents	<u>5</u>	1,514	1,559
Short-term investments	<u>6</u>	485	446
Accounts receivable and prepaid expenses		43	34
Loans receivable			
Loans receivable – total	<u>7</u>	55,520	50,995
Allowance for credit losses	<u>9</u>	(319)	(195)
Loans receivable - net		55,201	50,800
Other loans receivable – net	<u>8, 9</u>	8	21
Investments	<u>8, 10</u>	449	225
Investments in associates	<u>8</u>	7	-
Right-of-use assets	<u>11</u>	147	154
Property and equipment		21	24
Intangible assets		6	9
Post-employment benefit assets	<u>12</u>	267	245
Other assets		7	4
<b>Total assets</b>		<b>58,155</b>	<b>53,521</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities		111	105
Borrowings			
Short-term debt	<u>13</u>	10,933	8,314
Long-term debt	<u>13</u>	38,009	35,932
Total borrowings		48,942	44,246
Transition loan liabilities		186	177
Lease liabilities	<u>11</u>	153	158
Post-employment benefit liabilities	<u>12</u>	104	91
Other liabilities		9	8
<b>Total liabilities</b>		<b>49,505</b>	<b>44,785</b>
<b>Equity</b>			
Retained earnings		8,650	8,736
<b>Total equity</b>		<b>8,650</b>	<b>8,736</b>
<b>Total liabilities and equity</b>		<b>58,155</b>	<b>53,521</b>

Commitments, guarantees and contingent liabilities (Note 15).

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 11, 2025, 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	2025	2024
Interest income		2,995	2,806
Interest expense		(1,539)	(1,441)
<b>Net interest income</b>		<b>1,456</b>	1,365
Insurance distribution income		18	17
Net loss from financial instruments carried at fair value		(4)	(19)
Other expenses		(2)	(4)
<b>Non-interest income (expense)</b>		<b>12</b>	(6)
<b>Total revenue</b>		<b>1,468</b>	1,359
Provision for credit losses		(211)	(77)
Administration expenses	14	(668)	(605)
<b>Net income</b>		<b>589</b>	677

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	2025	2024
<b>Net income</b>		<b>589</b>	677
<b>Other comprehensive loss</b>			
<b>Item that will never be reclassified to net income</b>			
Remeasurement gain (loss) on post-employment benefit assets and liabilities	12	15	(58)
<b>Total comprehensive income</b>		<b>604</b>	619

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 2024	Net income	Other comprehensive income	Dividend paid	Balance 2025
<b>Contributed capital</b>	-	-	-	-	-
<b>Retained earnings</b>	<b>8,736</b>	<b>589</b>	<b>15</b>	<b>(690)</b>	<b>8,650</b>
<b>Total equity</b>	<b>8,736</b>	<b>589</b>	<b>15</b>	<b>(690)</b>	<b>8,650</b>

For the year ended March 31 (millions of Canadian dollars)	Balance 2023	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

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)	2025	2024
<b>Operating activities</b>		
Net income	589	677
<b>Adjustments to determine net cash (used in) provided by operating activities:</b>		
Interest income	(2,995)	(2,806)
Interest expense	1,539	1,441
Provision for credit losses	211	77
Net unrealized loss from financial instruments carried at fair value	4	22
Depreciation of right-of-use assets	16	16
Depreciation of property and equipment	9	9
Amortization of intangible assets	4	5
Net unrealized foreign exchange gains	(57)	(3)
Miscellaneous expenses	1	-
Net cash outflow from loans receivable	(4,545)	(3,078)
Net change in other operating assets and liabilities	12	4
Interest received	2,985	2,718
Interest paid	(1,531)	(1,378)
<b>Cash used in operating activities</b>	<b>(3,758)</b>	<b>(2,296)</b>
<b>Investing activities</b>		
Purchase of short-term investments	(860)	(1,256)
Proceeds from maturity of short-term investments	816	1,039
Repayments from other loans receivable	13	5
Purchase of investments	(225)	(49)
Proceeds from sale and repayment of investments	1	7
Acquisition of investments in associates	(7)	-
Purchase of property and equipment	(6)	(8)
Purchase of intangible assets	(1)	(4)
<b>Cash used in investing activities</b>	<b>(269)</b>	<b>(266)</b>
<b>Financing activities</b>		
Long-term debt issued	11,045	10,781
Long-term debt repaid	(8,485)	(7,006)
Short-term debt issued	15,864	13,502
Short-term debt repaid	(13,737)	(14,464)
Principal repayment of lease liabilities	(15)	(15)
Dividend paid	(690)	(460)
<b>Cash provided by financing activities</b>	<b>3,982</b>	<b>2,338</b>
<b>Change in cash and cash equivalents</b>	<b>(45)</b>	<b>(224)</b>
Cash and cash equivalents, beginning of year	1,559	1,782
Effects of exchange rate changes on the balances of cash held and due in foreign currencies	-	1
<b>Cash and cash equivalents, end of year</b>	<b>1,514</b>	<b>1,559</b>
<b>Cash and cash equivalents consists of:</b>		
Cash	1,347	1,339
Cash equivalents	167	220

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 our 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.

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. The purpose of FCC, as stated in the Act, 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 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. FCC continues to comply with 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 our 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 our legal obligations. FCC continues to comply with the directive.

In March 2017, FCC was issued a directive (P.C. 2017-242) pursuant to Section 89 of the Financial Administration Act to ensure equitable and balanced cost-sharing between employee and employer for pension contributions and set the normal retirement age to 65. FCC 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. 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. The consolidated funds are venture capital limited partnerships for which FCC is a limited partner holding majority partnership interests. FCC consolidates these funds as we have control over them. FCC controls these funds as we are exposed, or have rights, to variable returns from our involvement with these funds and FCC can affect those returns through our 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, 2025 and 2024.

<b>Fund</b>	<b>Principal activity</b>	<b>Country of incorporation and residence</b>	<b>Proportion of ownership and voting power held<sup>(1)</sup></b>	<b>Basis of control</b>
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
Natural Products Canada Investment Fund <sup>(2)</sup>	Investments in venture capital	Canada	77%	Voting power and contractual agreements

<sup>(1)</sup>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.

<sup>(2)</sup>Natural Products Canada Investment Fund has been consolidated as at March 31, 2025 only.

*2. Basis of preparation (continued)***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, especially due to the uncertainties arising from ongoing tariff discussions. Information about the significant judgments, estimates and assumptions that is critical to the recognition and measurement of assets, liabilities, income and expense is discussed throughout.

**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 the table below for reference purposes.

Note	Topic	Accounting policy	Accounting estimates and judgments	Page
<a href="#">5</a>	Cash and cash equivalents	X		<a href="#">91</a>
<a href="#">6</a>	Short-term investments	X		<a href="#">91</a>
<a href="#">7</a>	Loans receivable – net	X		<a href="#">92</a>
<a href="#">8</a>	Interests in other entities	X	X	<a href="#">95</a>
<a href="#">9</a>	Allowance for credit losses	X	X	<a href="#">98</a>
<a href="#">10</a>	Fair value of financial instruments	X	X	<a href="#">102</a>
<a href="#">11</a>	Leases	X	X	<a href="#">104</a>
<a href="#">12</a>	Post-employment benefits	X	X	<a href="#">107</a>
<a href="#">13</a>	Borrowings	X		<a href="#">112</a>

### 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 21 – The Effects of Changes in Foreign Exchange Rates	In August 2023, the IASB issued Lack of Exchangeability, which amended IAS 21. The amendments provide guidance to determine if a currency is exchangeable and how to estimate a spot rate when a currency lacks exchangeability. We have completed the assessment of the standard amendments and have determined that there is no transition impact.	April 1, 2025
IFRS 7 – Financial Instruments: Disclosures  IFRS 9 – Financial Instruments	In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments, which amended IFRS 7 and IFRS 9. The amendments: <ul style="list-style-type: none"> <li>clarify the date of recognition and derecognition of financial assets and liabilities</li> <li>introduce an accounting policy choice to derecognize financial liabilities settled using an electronic payment system before the settlement date</li> <li>update the criteria for assessing the contractual cash flow characteristics of financial assets, including those with non-recourse features and environmental, social and governance (ESG)-linked attributes</li> <li>revise the disclosure requirements for equity investments designated at fair value through other comprehensive income</li> <li>introduce new disclosure requirements for financial instruments with contingent features, including ESG-linked features</li> </ul> We are currently evaluating how the standard amendments will impact our consolidated financial statements and accounting processes.	April 1, 2026
IFRS 18 – Presentation and Disclosure in Financial Statements	In April 2024, the IASB issued IFRS 18, which will replace IAS 1 – Presentation of Financial Statements. The standard aims to improve the quality of financial reporting by requiring entities to: <ul style="list-style-type: none"> <li>define subtotals in the statement of income</li> <li>disclose management-defined performance measures; and</li> <li>implement new principles for the grouping, labelling and location of information across the financial statements and accompanying notes.</li> </ul> We are currently evaluating the impact of adopting the standard on our consolidated financial statements and accounting processes.	April 1, 2027

## 4. Reclassification of comparative figures

### Change in presentation of gross and impaired loans by sector distribution

FCC has reclassified certain loans across sectors to ensure consistent categorization and relevant stakeholder information.

Therefore, the following comparative figures have been reclassified to align with current year classification. The impacts for the year ended March 31, 2024, are shown below.

### Loans receivable – net (Sector distribution) (Note 7)

As at March 31, 2024	Gross			Impaired		
	As previously reported	Reclassification	As reclassified	As previously reported	Reclassification	As reclassified
Oilseed and grain	16,371	(177)	16,194	151	(1)	150
Agribusiness	6,311	(1,125)	5,186	153	(26)	127
Other	3,396	893	4,289	68	23	91
Agri-food	2,628	409	3,037	168	4	172

## 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, 2025, short-term investments were \$485 million (2024 – \$446 million) with a yield of 3.27% (2024 – 5.13%). They consisted of promissory notes and treasury bills. As at March 31, 2025, the allowance for credit losses on short-term investments was \$nil (2024 – \$nil).

## 7. 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 9](#), 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.

## 7. Loans receivable – net (continued)

**Supporting information**

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

As at March 31	2025			
	Within 1 year	1 – 5 years	Over 5 years	Total
Floating	4,152	12,684	382	17,218
Fixed	7,638	23,400	7,304	38,342
Loans receivable – gross	11,790	36,084	7,686	55,560
Deferred loan fees				(40)
Loans receivable – total <sup>(1)</sup>				55,520
Allowance for credit losses (Note 9)				(319)
<b>Loans receivable – net</b>				<b>55,201</b>

<sup>(1)</sup> Loans receivable – total at March 31, 2025, includes accrued interest and fees of \$472 million and transition loans receivable of \$186 million.

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 <sup>(1)</sup>				50,995
Allowance for credit losses (Note 9)				(195)
Loans receivable – net				50,800

<sup>(1)</sup> 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, 2025, \$1,072 million (2024 – \$911 million) of loans receivable were denominated in USD, and \$11 million (2024 – \$0 million) of loans receivable were denominated in EUR.

## 7. 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<sup>(1)</sup>**

	Gross		Impaired	
	2025	2024	2025	2024
As at March 31				
Oilseed and grain	17,501	16,194	211	150
Dairy	7,684	7,368	106	50
Agribusiness	5,739	5,186	140	127
Beef	4,678	4,318	83	103
Other	4,527	4,289	119	91
Agri-food	3,721	3,037	138	172
Poultry	3,619	3,341	27	45
Greenhouse	2,638	2,373	194	89
Alliances	2,254	1,764	19	14
Hogs	1,626	1,659	88	27
Fruit	1,573	1,499	106	89
<b>Total</b>	<b>55,560</b>	<b>51,028</b>	<b>1,231</b>	<b>957</b>

<sup>(1)</sup>Comparative figures have been reclassified. See Note 4.

**Geographic distribution**

	Gross		Impaired	
	2025	2024	2025	2024
As at March 31				
Ontario	16,918	15,601	300	149
Saskatchewan	10,408	9,179	107	127
Alberta	10,022	9,176	171	156
Quebec	7,613	7,262	280	217
British Columbia <sup>(1)</sup>	4,831	4,433	259	194
Manitoba	4,085	3,781	66	55
Atlantic	1,683	1,596	48	59
<b>Total</b>	<b>55,560</b>	<b>51,028</b>	<b>1,231</b>	<b>957</b>

<sup>(1)</sup>Includes the Yukon and Northwest Territories with \$24 million gross loans and \$nil impaired loans as at March 31, 2025 (2024 – \$25 million and \$nil, respectively).

**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	2025	2024
<b>Past due but not impaired</b>		
Up to 30 days	284	181
31 – 60 days	25	114
61 – 89 days	47	6
	<b>356</b>	<b>301</b>

**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, 2025, was \$2,359 million (2024 – \$2,510 million). The gross carrying value of previously modified Stage 2 or Stage 3 loans that have returned to Stage 1 during the year ended March 31, 2025, was \$2,355 million (2024<sup>(1)</sup> – \$2,577 million).

<sup>(1)</sup>FCC has changed our approach to disclose loans that were modified since their initial recognition, rather than limiting the disclosure to only those modified in the current year. As a result, the comparative information has been reclassified from the previously reported amounts of \$508 million to conform to the current year's presentation.

## 8. Interests in other entities

### Structured entities

FCC uses structured entities (SEs) to provide financing to the agriculture and agri-food industry through our fund investments. SEs are created to achieve well-defined objectives and have restrictions on ongoing activities.

Our fund investments 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 intention of providing such support in the future.

### Accounting policy

#### Other loans receivable

FCC includes the investments held by consolidated SE 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. Other loans receivable are stated net of an allowance for credit losses. We record loan interest on other loans receivable on an accrual basis 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

Included within investments are those that do not meet the "solely payments of principal and interest" (SPPI) test. These investments are held by SEs and made through direct investment channels. They 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.

#### Investments in associates

FCC holds investments that are associates of FCC. An associate is an entity over which FCC has significant influence whereby FCC has the power to participate in the financial and operating policy decisions of the investee but does not have control over those policies. These investments are accounted for using the equity method of accounting.

## 8. Interests in other entities (continued)

**Accounting judgments**

Management exercises judgment in determining whether our fund investments meet the typical characteristics of an SE. SEs that FCC controls are consolidated as discussed in [Note 2](#). When criteria for control is not met, SEs are not consolidated.

**Supporting information**

The following table provides a summary of FCC's capital portfolio by type of investment.

As at March 31	2025		2024	
	Fair value	Cost	Fair value	Cost
Other loans receivable – net	8	7	21	20
Investments	449	409	225	198
Investments in associates	7	7	-	-
<b>Total</b>	<b>464</b>	<b>423</b>	246	218

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

As at March 31	2025			2024		
	Within 1 year	1 – 5 years	Total	Within 1 year	1 – 5 years	Total
Other loans receivable – gross <sup>(1) (2)</sup>	8	-	8	14	11	25
Allowance for credit losses ( <a href="#">Note 9</a> )			-			(4)
<b>Other loans receivable – net</b>			<b>8</b>			<b>21</b>

<sup>(1)</sup> All loans are fixed-rate loans.

<sup>(2)</sup> Other loans receivable – gross at March 31, 2025, includes accrued interest of \$1 million (2024 – \$2 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	2025	2024
Agri-food	8	10
Agribusiness	-	15
<b>Total</b>	<b>8</b>	<b>25</b>

**Geographic distribution**

As at March 31	2025	2024
Quebec	8	20
Saskatchewan	-	3
Ontario	-	2
<b>Total</b>	<b>8</b>	<b>25</b>

*8. Interests in other entities (continued)***Investments**

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

**Sector distribution**

As at March 31	2025	2024
Agri-food	304	47
Agribusiness	110	146
Other	42	32
<b>Total</b>	<b>456</b>	<b>225</b>

**Geographic distribution**

As at March 31	2025	2024
International	164	32
Saskatchewan	86	63
Ontario	74	48
British Columbia	71	43
Alberta	29	17
Manitoba	12	13
Quebec	12	6
Atlantic	8	3
<b>Total</b>	<b>456</b>	<b>225</b>

**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.

	2025	2024
<b>On balance sheet:</b>		
Investments	184	106
<b>Off balance sheet:</b>		
Investment commitments	130	132
<b>Maximum exposure to loss from unconsolidated structured entities</b>	<b>314</b>	<b>238</b>

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

## 9. 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.

### 9. 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 our measurement of expected credit losses by using a base case forecast along with two probability-weighted scenarios representing different macroeconomic outcomes. To achieve this, FCC has developed national and provincial-level models for farm cash receipts, farmland values and farm debt outstanding. In our models, we rely 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.

## 9. 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.

When estimating our future cash flows, 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. 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. At March 31, 2025, FCC applied an overlay using expert credit judgment to adjust the modelled expected credit loss results due to uncertainties arising from ongoing tariff discussions.

**Supporting information**

As at March 31

	2025			
	Stage 1	Stage 2	Stage 3	Total
<b>Loans receivable<sup>(1)</sup></b>				
Allowance for credit losses, beginning of year	34	72	89	195
Transfer to Stage 1	16	(14)	(2)	-
Transfer to Stage 2	(8)	68	(60)	-
Transfer to Stage 3	(2)	(24)	26	-
Changes due to new loans originated	38	5	6	49
Loans that have been derecognized during the period	(14)	(7)	(19)	(40)
Net remeasurement of loss allowance <sup>(2)</sup>	13	14	194	221
Write-offs	-	(1)	(105)	(106)
Recoveries of amounts previously written off	-	-	-	-
<b>Total allowance, end of year</b>	<b>77</b>	<b>113</b>	<b>129</b>	<b>319</b>
<b>Other loans receivable</b>				
Allowance for credit losses, beginning of year	-	4	-	4
Transfer to Stage 1	4	(4)	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Other loans that have been derecognized during the period	(4)	-	-	(4)
<b>Total allowance, end of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>(1)</sup> Included within the loans receivable total is \$11 million of allowance for credit losses on loan commitments that have not been partially drawn at March 31, 2025.

<sup>(2)</sup> Includes partial repayments.

## 9. Allowance for credit losses (continued)

As at March 31	2024			Total
	Stage 1	Stage 2	Stage 3	
<b>Loans receivable<sup>(1)</sup></b>				
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 <sup>(2)</sup>	(13)	(35)	115	67
Write-offs	-	(3)	(55)	(58)
Recoveries of amounts previously written off	-	-	2	2
<b>Total allowance, end of year</b>	<b>34</b>	<b>72</b>	<b>89</b>	<b>195</b>
<b>Other loans receivable</b>				
Allowance for credit losses, beginning of year	-	4	-	4
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Other loans that have been derecognized during the period	-	-	-	-
<b>Total allowance, end of year</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>4</b>

<sup>(1)</sup> 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.

<sup>(2)</sup> Includes partial repayments.

## 10. 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 capital investments classified as FVTPL, which are investments held directly and by structured entity funds, is based on guidelines issued by the capital investment 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	2025	2024
Balance, beginning of year	225	193
Net acquisitions	225	42
Net foreign exchange gains	3	-
Net fair value losses	(4)	(10)
<b>Balance, end of year</b>	<b>449</b>	<b>225</b>

*10. 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, determined using the methods and assumptions described below, is as follows:

As at March 31	2025		2024	
	Carrying value	Estimated fair value	Carrying value	Estimated fair value
<b>Assets</b>				
Loans receivable	55,201	55,358	50,800	49,579
<b>Liabilities</b>				
Short-term debt	10,933	10,945	8,314	8,243
Long-term debt	38,009	38,005	35,932	35,044

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, short-term investments, accounts receivable, other loans receivable, assets held for sale, other assets, accounts payable and accrued liabilities, transition loan liabilities and other liabilities.

## 11. 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.

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.

## 11. Leases (continued)

**Accounting estimates and judgments****Right-of-use assets**

In determining the lease term for lessee perspective ROU assets and lease liabilities, 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.

	<b>Buildings</b>
<b>Cost</b>	
Balance as at March 31, 2023	220
Additions	16
Disposals	(3)
Balance as at March 31, 2024	233
Additions	10
Disposals	(1)
<b>Balance as at March 31, 2025</b>	<b>242</b>
<b>Accumulated depreciation</b>	
Balance as at March 31, 2023	63
Depreciation	16
Balance as at March 31, 2024	79
Depreciation	16
<b>Balance as at March 31, 2025</b>	<b>95</b>
<b>Carrying value</b>	
March 31, 2024	154
<b>March 31, 2025</b>	<b>147</b>

## 11. 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<sup>(1)</sup> range from five to 25 years, including optional renewal periods.

**Amounts recognized on the balance sheet**

As at March 31	2025	2024
<b>Maturity analysis – contractual undiscounted cash flows</b>		
Less than 1 year	18	18
From 1 – 5 years	66	66
Over 5 years	87	94
<b>Total undiscounted lease liabilities</b>	<b>171</b>	<b>178</b>
<b>Lease liabilities on the balance sheet</b>	<b>153</b>	<b>158</b>
Less: current portion of lease liabilities	15	15
Non-current portion of lease liabilities	138	143

**Amounts recognized on the statement of income**

For the year ended March 31	2025	2024
Interest on lease liabilities	3	3
Variable lease payments not included in the measurement of lease liabilities	2	2

**Amounts recognized on the statement of cash flows**

For the year ended March 31	2025	2024
Interest on lease liabilities	3	3
Principal repayment of lease liabilities	15	15
<b>Total cash outflow for leases</b>	<b>18</b>	<b>18</b>

Future cash flows for leases not commenced to which FCC is committed are \$8 million (2024 – \$1 million).

<sup>(1)</sup> Lease terms calculated from the later of the lease commencement date or April 1, 2019, the IFRS 16 adoption date.

## 12. Post-employment benefits

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 our 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.

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

### Accounting policy

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 our 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.

## 12. 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):

As at March 31	Defined benefit pension plans		Other benefits	
	2025	2024	2025	2024
<b>Defined benefit obligation</b>				
Discount rate	<b>4.70%</b>	5.00%	<b>4.70%</b>	5.00%
Rate of compensation increase	<b>3.25%</b>	3.25%	<b>4.00%</b>	4.00%
Consumer price index	<b>2.00%</b>	2.00%	-	-
<b>Defined benefit costs</b>				
Discount rate	<b>5.00%</b>	5.10%	<b>5.00%</b>	5.10%
Consumer price index	<b>2.00%</b>	2.00%	-	-

At March 31, 2025 and 2024, 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 (2024 – 1.03) and for females of 1.15 (2024 – 1.15). As at March 31, 2025, the average life expectancy of an individual retiring at age 65 is 23 years for males (2024 – 23 years) and 24 years for females (2024 – 24 years).

Assumed health care cost trend rates are as follows:

As at March 31	2025	2024
<b>Extended health care and dental care cost escalation</b>		
Initial rate	<b>5.30%</b>	5.10%
Ultimate rate	<b>4.00%</b>	4.00%
Year ultimate rate reached	<b>2040</b>	2040

## 12. Post-employment benefits (continued)

## Supporting information

## Financial position of benefit plans

FCC measures our 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:

As at March 31	Registered pension plan		Supplemental pension plans		Other benefits		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
<b>Fair value of plan assets, beginning of year</b>	<b>1,036</b>	1,023	<b>74</b>	69	-	-	<b>1,110</b>	1,092
Interest income on plan assets	<b>52</b>	52	<b>3</b>	4	-	-	<b>55</b>	56
Return on plan assets greater (less) than the discount rate	<b>68</b>	(28)	<b>5</b>	3	-	-	<b>73</b>	(25)
Contributions by FCC	<b>3</b>	8	<b>1</b>	1	<b>2</b>	1	<b>6</b>	10
Contributions by employees	<b>8</b>	8	<b>1</b>	1	-	-	<b>9</b>	9
Benefits paid	<b>(30)</b>	(26)	<b>(4)</b>	(4)	<b>(2)</b>	(1)	<b>(36)</b>	(31)
Plan administration costs	<b>(1)</b>	(1)	-	-	-	-	<b>(1)</b>	(1)
<b>Fair value of plan assets, end of year</b>	<b>1,136</b>	1,036	<b>80</b>	74	-	-	<b>1,216</b>	1,110
<b>Defined benefit obligation, beginning of year</b>	<b>791</b>	731	<b>89</b>	85	<b>76</b>	68	<b>956</b>	884
Current service cost	<b>11</b>	11	<b>1</b>	1	<b>6</b>	4	<b>18</b>	16
Interest cost on the defined benefit obligation	<b>40</b>	37	<b>4</b>	4	<b>4</b>	4	<b>48</b>	45
Contributions by employees	<b>8</b>	8	<b>1</b>	1	-	-	<b>9</b>	9
Benefits paid	<b>(30)</b>	(26)	<b>(4)</b>	(4)	<b>(2)</b>	(1)	<b>(36)</b>	(31)
Experience adjustments on plan liabilities	<b>9</b>	18	-	1	-	2	<b>9</b>	21
Actuarial loss from changes in financial assumptions	<b>40</b>	12	<b>4</b>	1	<b>5</b>	-	<b>49</b>	13
Actuarial gain from changes in demographic assumptions	-	-	-	-	-	(1)	-	(1)
<b>Defined benefit obligation, end of year</b>	<b>869</b>	791	<b>95</b>	89	<b>89</b>	76	<b>1,053</b>	956
Unfunded obligation	-	-	<b>13</b>	13	<b>89</b>	76	<b>102</b>	89
Wholly or partly funded obligation	<b>869</b>	791	<b>82</b>	76	-	-	<b>951</b>	867
<b>Total defined benefit obligation</b>	<b>869</b>	791	<b>95</b>	89	<b>89</b>	76	<b>1,053</b>	956
<b>Total net defined benefit asset</b>	<b>267</b>	245	-	-	-	-	<b>267</b>	245
<b>Total net defined benefit liability</b>	-	-	<b>(15)</b>	(15)	<b>(89)</b>	(76)	<b>(104)</b>	(91)
<b>Duration of the defined benefit obligation, in years</b>	<b>15</b>	15	<b>15</b>	14	<b>18</b>	18	-	-

## 12. Post-employment benefits (continued)

**Defined benefit costs**

As at March 31	Registered pension plan		Supplemental pension plans		Other benefits		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
<b>Defined benefit costs recognized in net income</b>								
Current service cost	12	11	1	1	6	4	19	16
Net interest	(12)	(15)	1	-	4	4	(7)	(11)
Plan administration costs	1	1	-	-	-	-	1	1
<b>Defined benefit costs recognized in net income</b>	<b>1</b>	<b>(3)</b>	<b>2</b>	<b>1</b>	<b>10</b>	<b>8</b>	<b>13</b>	<b>6</b>
<b>Defined benefit costs recognized in other comprehensive income</b>								
Experience adjustments on plan liabilities	(9)	(18)	-	(1)	-	(2)	(9)	(21)
Return on plan assets greater (less) than the discount rate	68	(28)	5	3	-	-	73	(25)
Actuarial loss from changes in financial assumptions	(40)	(12)	(4)	(1)	(5)	-	(49)	(13)
Actuarial gain from changes in demographic assumptions	-	-	-	-	-	1	-	1
<b>Remeasurement gain (loss)</b>	<b>19</b>	<b>(58)</b>	<b>1</b>	<b>1</b>	<b>(5)</b>	<b>(1)</b>	<b>15</b>	<b>(58)</b>

The cumulative net remeasurement gains recognized in OCI as at March 31, 2025, were \$141 million (2024 – \$126 million).

**Plan assets**

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

As at March 31	Registered pension plan		Supplemental pension plans	
	2025	2024	2025	2024
Debt securities	582	513	-	-
Equity securities	349	327	58	53
Infrastructure	106	95	-	-
Real estate	94	98	-	-
Cash*	5	3	22	21
	<b>1,136</b>	<b>1,036</b>	<b>80</b>	<b>74</b>

\* 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.

## 12. 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	<b>2025</b>		
<b>Increase (decrease) defined benefit obligation</b>	<b>Registered pension plan</b>	<b>Supplemental pension plans</b>	<b>Other benefits</b>
1% increase in discount rate	(123)	(12)	(14)
1% decrease in discount rate	157	15	18
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	120	12	-
1% decrease in consumer price index	(99)	(11)	-
One-year increase in expected lifetime of plan participants	20	2	2
1% increase in assumed overall health care cost trend rates	-	-	16
1% decrease in assumed overall health care cost trend rates	-	-	(12)

**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, 2025, the expense was \$20 million (2024 – \$16 million).

**Total cash payments**

Total cash payments for post-employment benefits, consisting of cash contributed by FCC to our funded pension plans, cash payments directly to beneficiaries for our unfunded other benefit plans and cash contributed to our defined contribution pension plan, were \$26 million (2024 – \$27 million). We expect to contribute approximately \$22 million for post-employment benefits during the next fiscal year.

Under the Income Tax Act, employer contributions must pause if the going-concern ratio exceeds 125%, the three-year average solvency ratio is at least 100% and the one-year solvency ratio is above 105%. As of December 31, 2023, the pension plan's going-concern ratio was 125.9% (with a surplus in excess of \$7.9 million), the three-year average solvency ratio was 104.9% and the one-year solvency ratio was 110.4%. Therefore, the contribution pause started after the funding valuation report was filed with the regulators on June 30, 2024. This will be reassessed annually following the release of the subsequent funding valuation results.

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. FCC made no statutory solvency payments during the year (2024 – \$nil) as the defined benefit pension plan is fully solvent.

## 13. 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	2025	2024
<b>Government of Canada debt</b>		
Floating-rate borrowings	641	413
Fixed-rate borrowings	9,067	6,974
	<b>9,708</b>	7,387
<b>Capital markets debt</b>		
USD fixed-rate promissory notes	1,225	927
	<b>10,933</b>	8,314

#### Short-term debt by maturity date

As at March 31	2025				
	Government of Canada		Capital markets		Total
	Carrying value	Yield	Carrying value	Yield	
From 0 – 3 months	1,946	2.93%	1,225	4.31%	3,171
From 4 – 6 months	2,207	2.91%	-	-	2,207
From 7 – 9 months	3,253	2.75%	-	-	3,253
From 10 – 12 months	2,302	2.92%	-	-	2,302
	<b>9,708</b>		<b>1,225</b>		<b>10,933</b>

As at March 31	2024				
	Government of Canada		Capital markets		Total
	Carrying value	Yield	Carrying value	Yield	
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

## 13. Borrowings (continued)

**Short-term debt continuity**

As at March 31	<b>2025</b>	2024
Short-term debt, beginning of year	<b>8,314</b>	7,697
Financing cash flows		
Debt issued	<b>15,864</b>	13,503
Debt repaid	<b>(13,737)</b>	(14,463)
Non-cash changes		
Change in short-term portion of long-term debt	<b>478</b>	1,567
Change in interest accrual	<b>12</b>	10
Change due to unrealized foreign exchange gain	<b>2</b>	-
<b>Short-term debt, end of year</b>	<b>10,933</b>	8,314

FCC has a demand operating line of credit that provides overdraft protection in the amount of \$75 million (2024 – \$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, 2025, there were no draws on this credit facility (2024 – \$nil).

**Long-term debt**

As at March 31	<b>2025</b>	2024
<b>Government of Canada debt</b>		
Floating-rate borrowings	<b>16,384</b>	14,055
Fixed-rate borrowings	<b>21,625</b>	21,877
	<b>38,009</b>	35,932

**Long-term debt by maturity date**

As at March 31	<b>2025</b>		2024	
	<b>Government of Canada</b>		Government of Canada	
	<b>Carrying value</b>	<b>Yield</b>	Carrying value	Yield
From 1 – 2 years	<b>7,511</b>	<b>2.82%</b>	7,118	2.93%
From 2 – 3 years	<b>6,762</b>	<b>3.07%</b>	5,695	2.82%
From 3 – 4 years	<b>4,703</b>	<b>3.17%</b>	4,905	3.38%
From 4 – 5 years	<b>3,034</b>	<b>2.33%</b>	3,538	3.82%
Over 5 years	<b>15,999</b>	<b>2.60%</b>	14,676	4.07%
	<b>38,009</b>		35,932	

**Long-term debt continuity**

As at March 31	<b>2025</b>	2024
Long-term debt, beginning of year	<b>35,932</b>	33,672
Financing cash flows		
Debt issued	<b>11,045</b>	10,781
Debt repaid	<b>(8,485)</b>	(7,007)
Non-cash changes		
Change in short-term portion of long-term debt	<b>(479)</b>	(1,567)
Change in interest accrual	<b>(4)</b>	53
<b>Long-term debt, end of year</b>	<b>38,009</b>	35,932

## 14. Administration expenses

For the year ended March 31	2025	2024
Employee compensation and benefits	385	343
Outsourced workforce	107	90
Technology and communication, including depreciation and amortization	75	68
Occupancy, including depreciation	32	32
Marketing and industry support	31	27
Professional services	18	25
Travel	8	9
Other	12	11
	<b>668</b>	<b>605</b>

## 15. Commitments, guarantees and contingent liabilities

### Loan commitments

As at March 31, 2025, loans approved but undisbursed amounted to \$13,079 million (2024 – \$12,292 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.

### Operating commitments

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

As at March 31	2025	2024
<b>Amounts due</b>		
Less than 1 year	52	41
From 1 – 5 years	71	85
Over 5 years	40	44
	<b>163</b>	<b>170</b>

### 15. Commitments, guarantees and contingent liabilities (continued)

#### Guarantees

In the normal course of our business, FCC issues guarantees in the form of letters of credit that represent an obligation to make payments to third parties on behalf of our customers if customers are unable to make the required payments or meet other contractual obligations. The maximum amount potentially payable as at March 31, 2025, is \$17 million (2024 – \$12 million). In the event of a call on these letters of credit, FCC has recourse in the form of security against our 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, 2025 (2024 – \$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 FCC's operations; therefore, no amount has been included in the financial statements as at March 31, 2025, (2024 – \$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, 2025, (2024 – \$nil) for these indemnifications and contingencies.

## 16. Related party transactions

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 our investments. These services 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 8](#) 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.

#### 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, 2025, \$1,479 million (2024 – \$1,384 million) was recorded in interest expense relating to these borrowings.

FCC has \$nil (2024 – \$50 million) short-term investments with the Government of Canada. In the prior year, these investments were included in cash and cash equivalents because they had a maturity date of less than 90 days.

At the discretion of the Board, FCC may pay a dividend to the Government of Canada on an annual basis, as detailed in [Note 17](#).

#### 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 \$7 million (2024 – \$4 million).

## 17. Capital management

FCC manages capital in compliance with our Board-approved Capital Management policy. The Capital Management policy and supporting framework outline FCC's approach to assessing capital requirements for risks identified through our 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, uncertainty from a changing climate and periods of extended losses.

Although not formally regulated, FCC manages our 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 our Internal Capital Adequacy Assessment Process.

As part of the Federal Budget 2024, the Government of Canada issued updates to the Capital and Dividend Policy Framework for Financial Crown Corporations, which FCC adopted this year. The revisions include more specific guidance on the determination of capital requirements, with increased emphasis on the Government's preparedness to inject capital in severe conditions, requirements for outcome-based performance metrics focused on economic growth and increased disclosure requirements.

FCC's total capital consists of retained earnings and eligible Stage 1 and Stage 2 allowances, 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. The majority of FCC's capital is considered Common Equity Tier 1 (CET1) capital, with the exception of eligible Stage 1 and Stage 2 allowances considered Tier 2 capital.

As at March 31, 2025 and 2024, FCC's total capital ratio was greater than both the minimum regulatory capital ratio and the target capital ratio; therefore, FCC is adequately capitalized in accordance with OSFI's CAR guideline and FCC's Internal Capital Adequacy Assessment Process.

As at March 31	2025	2024
<b>Capital</b>		
Retained earnings	8,650	8,736
Eligible stage 1 and 2 allowances	90	-
Required regulatory adjustments:		
Intangible assets	(6)	(9)
Post-employment benefit assets	(267)	(245)
<b>Total capital</b>	<b>8,467</b>	8,482
<b>Risk-weighted assets</b>		
Credit risk-weighted assets	51,235	46,493
Operational risk-weighted assets	2,244	2,114
<b>Total risk-weighted assets</b>	<b>53,479</b>	48,607
<b>Total capital ratio</b>	<b>15.8%</b>	17.4%
<b>Target capital ratio</b>	<b>14.0%</b>	15.0%
<b>Minimum regulatory capital ratio</b>	<b>10.5%</b>	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, 2025, FCC's total direct and contingent liabilities were 5.72 times the shareholder's equity (2024 – 5.13 times the shareholder's equity).

### Dividend

We paid a dividend of \$690 million from retained earnings in 2024-25 based on capital requirements and fiscal 2024 performance to FCC's shareholder, the Government of Canada. On the date of approval of the 2024-25 financial statements, a dividend of \$50 million was declared based on fiscal 2025 performance.

## 18. Financial risk management

FCC has identified the major categories of financial risk to which we are 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 function 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.

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 ratings 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

*18. Financial risk management (continued)*

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 of maximizing the system's ability to predict probability of default.

<b>Credit risk category</b>	<b>PD range</b>
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 9](#).

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.

**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 uses a base case forecast along with two probability-weighted scenarios representing different economic outcomes. 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.

As at March 31	2025		2024	
	Next 12 months	2 to 5 years	Next 12 months	2 to 5 years
<b>Macroeconomic variables</b>				
Nominal gross domestic product	3.4%	3.6%	4.5%	3.9%
USD/CAD exchange rates	\$ 0.68	\$ 0.73	\$ 0.76	\$ 0.79
Interest rates				
- Bank	2.40%	2.40%	4.80%	2.90%
- 5-year	5.20%	5.50%	6.30%	5.80%

*18. Financial risk management (continued)*

As at March 31, 2025, the impact of weighting the multiple scenarios increased FCC's allowance for credit losses on performing loans, relative to the base case scenario, by \$nil (2024 – \$1 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 \$115 million (2024 – \$82 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 \$185 million (2024 – \$125 million). The allowance for credit losses for all loans in Stage 1 and Stage 2 ranges from approximately \$189 million to \$191 million (2024 – \$87 million to \$121 million) under the most optimistic and pessimistic scenarios. These values are components of FCC's weighted-allowance calculation used for the financial statements.

**Collateral**

FCC uses collateral as a method to mitigate our 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, 2025, the loan-to-security ratio for secured loans is 48.2% (2024 – 49.0%) and the collateral held against total gross impaired loans represents 89.1% (2024 – 90.7%) of total gross impaired loans.

**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 15](#) 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	2025	2024
Loan commitments	13,079	12,292
Financial guarantees	17	12
<b>Total maximum exposure to credit risk</b>	<b>13,096</b>	<b>12,304</b>

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.

## 18. Financial risk management (continued)

**Exposure to credit risk by credit risk rating grades**

As at March 31	Stage 1	Stage 2	Stage 3	2025 Total
<b>On balance sheet:</b>				
<b>Loans receivable</b>				
Investment grade	19,346	644	-	19,990
Non-investment grade	17,080	14,461	-	31,541
Watch list	33	371	-	404
Default	-	-	1,210	1,210
Unassigned credit risk rating <sup>(1)</sup>	2,107	247	21	2,375
<b>Loans receivable – total</b>	<b>38,566</b>	<b>15,723</b>	<b>1,231</b>	<b>55,520</b>
Allowance for credit losses	(77)	(113)	(129)	(319)
<b>Loans receivable – net</b>	<b>38,489</b>	<b>15,610</b>	<b>1,102</b>	<b>55,201</b>
<b>Other loans receivable</b>				
Low risk	8	-	-	8
Medium risk	-	-	-	-
High risk	-	-	-	-
<b>Other loans receivable – gross</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>8</b>
Allowance for credit losses	-	-	-	-
<b>Other loans receivable – net</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>8</b>
<b>Off balance sheet:</b>				
<b>Loan commitments</b>				
Investment grade	3,940	48	-	3,988
Non-investment grade	3,350	1,653	-	5,003
Watch list	2	3	-	5
Default	-	-	11	11
Unassigned credit risk rating <sup>(1)</sup>	4,035	37	-	4,072
<b>Loan commitments – gross<sup>(2)</sup></b>	<b>11,327</b>	<b>1,741</b>	<b>11</b>	<b>13,079</b>

<sup>(1)</sup> 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.

<sup>(2)</sup> Allowance for loan commitments is included in the allowance for credit losses on loans receivable.

## 18. 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 <sup>(1)</sup>	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 <sup>(1)</sup>	4,351	31	-	4,382
Loan commitments – gross <sup>(2)</sup>	10,634	1,652	6	12,292

<sup>(1)</sup> 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.

<sup>(2)</sup> Allowance for loan commitments is included in the allowance for credit losses on loans receivable.

*18. 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 function 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, 2025, the largest total investment in any one counterparty was \$379 million (2024 – \$161 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	2025		2024	
	Cash equivalents	Short-term investments	Cash equivalents	Short-term investments
<b>Government and government guaranteed</b>				
AAA	-	-	50	-
AA	11	-	25	163
AA-	69	485	93	164
A+	30	-	44	98
A	57	-	8	21
	<b>167</b>	<b>485</b>	<b>220</b>	<b>446</b>

**Other loans receivable**

FCC is exposed to credit risk through our debt-related capital arrangements. Credit risk is managed by having a Board-approved FCC Capital Investment policy and internal committees, divisions and business units to effectively manage capital debt credit risk. FCC also manages 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.

## 18. 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 function 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 potential for losses that arise from changes in interest rates to adversely affecting FCC's net interest income and economic value. Interest rate risk arises from interest rate mismatches between assets and liabilities and embedded options in FCC's loan products. Interest rate mismatches occur because of differences in the time to reprice and mature, the timing and size of payments and principal outstanding, and differences in 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 management model. Various scenarios are analyzed at least monthly to assess policy limit compliance and the sensitivity of net interest income, and the economic value of equity to a change in interest rates. The model and assumptions are validated on a regular basis to ensure reasonability.

FCC's Market and Liquidity Risk Management policy defines limits for the maximum decline in projected earnings and economic value for an immediate and sustained parallel rate shock. The policy limits are that forecasted net interest income for the next 12 months and the economic value of equity should not decline by more than 10% for a 2% rate shock. Based on FCC's financial position and assuming a 2% rate shock, the projected values for net interest income and the economic value of equity are as follows:

	2025 Impact of		2024 Impact of	
	2% increase	2% decrease	2% increase	2% decrease
Net interest income variability	46	(72)	15	(36)
Limit	(158)	(158)	(70)	(70)
Economic value of equity variability	(307)	184	(313)	210
Limit	(864)	(864)	(874)	(874)

## 18. 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 2025	2024
<b>Assets</b>								
Cash and cash equivalents	1,347	166	-	-	-	1	1,514	1,559
Yield	3.43%	2.96%	-	-	-	-	-	-
Short-term investments	-	323	157	-	-	5	485	446
Yield <sup>(1)</sup>	-	3.32%	3.17%	-	-	-	-	-
Loans receivable	16,436	3,571	8,505	22,718	3,801	170	55,201	50,800
Yield <sup>(1)</sup>	5.82%	5.68%	4.74%	4.89%	4.37%	-	-	-
Other loans receivable	-	-	8	-	-	-	8	21
Yield <sup>(1)</sup>	-	-	9.60%	-	-	-	-	-
Other	-	-	-	-	-	947	947	695
<b>Total assets</b>	<b>17,783</b>	<b>4,060</b>	<b>8,670</b>	<b>22,718</b>	<b>3,801</b>	<b>1,123</b>	<b>58,155</b>	<b>53,521</b>
<b>Liabilities and equity</b>								
Borrowings	-	20,146	7,079	18,568	2,902	247	48,942	44,246
Yield <sup>(1)</sup>	-	2.86%	2.85%	2.93%	1.92%	-	-	-
Other	-	-	-	-	-	563	563	539
Shareholder's equity	-	-	-	-	-	8,650	8,650	8,736
<b>Total liabilities and equity</b>	<b>-</b>	<b>20,146</b>	<b>7,079</b>	<b>18,568</b>	<b>2,902</b>	<b>9,460</b>	<b>58,155</b>	<b>53,521</b>
<b>Total gap 2025</b>	<b>17,783</b>	<b>(16,086)</b>	<b>1,591</b>	<b>4,150</b>	<b>899</b>	<b>(8,337)</b>	<b>-</b>	<b>-</b>
<b>Total cumulative gap 2025</b>	<b>17,783</b>	<b>1,697</b>	<b>3,288</b>	<b>7,438</b>	<b>8,337</b>	<b>-</b>	<b>-</b>	<b>-</b>
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	-	-	-

<sup>(1)</sup> Represents the weighted-average effective yield based on the earlier of contractual repricing or maturity date.

*18. 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. This foreign currency risk is partially hedged by matching foreign currency loans and borrowings. This risk cannot be perfectly hedged because of the differences in the principal and interest cash flows. However, FCC has determined that the residual risk is insignificant.

Foreign exchange gains in the year were \$58 million (2024 – \$12 million). Foreign exchange losses in the year were \$56 million (2024 – \$15 million).

**Investments**

FCC is exposed to market risk in our investments due to the potential for financial loss that may arise from volatility in equity markets, marketplace conditions and market value fluctuations. We manage investment market risk through a Board-approved FCC Capital Investment policy and Risk Appetite policy. Due diligence processes and executive management investment committee approval are required before any 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 is as follows:

<b>Portfolio</b>	<b>Allocation (%)</b>	<b>Duration (years)</b>
Canadian and Global Equities	30%	-
Real Return Bonds with Overlay	20%	25
Canadian Long Bonds	19%	15
Real Assets and Global Infrastructure	15%	-
Canadian Long-term Private Debt	10%	15
Leveraged Canadian Long Bonds	6%	42
Registered Pension Plans' assets	-	11
Registered Pension Plans' liabilities	-	15
Supplemental Pension Plans' liabilities	-	15

*18. Financial risk management (continued)*

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.

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 management committees and the treasury function to effectively manage liquidity risk. The policy and limits ensure FCC has sufficient funds to meet customer and business operational requirements should a market or operational event disrupt FCC's access to funds. FCC's policy limits 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 our liquidity management. FCC maintains liquidity through:

- a liquid investment portfolio – cash, cash equivalents and short-term investments of \$1,999 million were on hand as at March 31, 2025 (2024 – \$2,005 million)
- access to a \$75 million bank operating line of credit

## 18. 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	2025						
	Carrying value	Gross nominal outflow	Less than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years
<b>Financial liabilities</b>							
Accounts payable and accrued liabilities	111	111	38	54	19	–	–
Borrowings	48,942	48,942	1,385	1,896	7,827	21,811	16,023
Transition loan liabilities	186	196	14	14	57	111	–
	<b>49,239</b>	<b>49,249</b>	<b>1,437</b>	<b>1,964</b>	<b>7,903</b>	<b>21,922</b>	<b>16,023</b>

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
<b>Financial liabilities</b>							
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	–
	<b>44,528</b>	<b>44,537</b>	<b>1,149</b>	<b>1,446</b>	<b>6,088</b>	<b>21,225</b>	<b>14,629</b>



# Glossary

**Agribusiness and agri-food** – The agribusiness and agri-food sector includes suppliers who provide inputs or equipment to farmers. It also encompasses food processors, transportation and storage services that add value to primary production commodities, transforming them into consumable products. This sector also contributes to the delivery of these products to retailers.

**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 share the same borrowers, guarantors and security.

**Credit rating** – A classification of credit risk determined by evaluating 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 eligible Crown corporations to borrow Canadian-dollar funding directly from the federal government.

**Customer support program** – A customer support program (CSP) is a credit directive designed to streamline standard lending policies and procedures, equipping employees with additional tools to provide efficient and effective support to customers negatively impacted by industry or geographical events. These directives remain active for a year and are proactively tailored to the number of customers affected and the severity of the events.

**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** – A measure that is calculated based on the net present value of cashflows from assets less liabilities and is used to assess interest rate risks.

**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-GAAP (Generally Accepted Accounting Principles) 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 a changing climate. 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.

**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.

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

**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, uncertainty due to a changing climate 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, that is prescribed by regulations issued by the Office of the Superintendent of Financial Institutions (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 Accreditation in Indigenous Relations (PAIR)** – The Partnership Accreditation in Indigenous Relations (PAIR) Program is administered by the Canadian Council for Indigenous Business (CCIB) and is designed to help companies better support the social and economic inclusion of Indigenous Peoples

**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)** – An estimate of the likelihood that a borrower will default over a given time horizon.

**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.

**Sustainability** – Supporting a process over time without depleting natural or physical resources; meeting the needs of the present without compromising the ability of future generations to meet their own needs.

**Task Force on Climate-Related Financial Disclosures (TCFD) Framework** – 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, Ottawa, Owen Sound, Sarnia, Simcoe, St. Catharines, Stratford, Thornton, Toronto, Walkerton, Woodstock

## Quebec

Ange-Gardien, Beauharnois, Blainville, Drummondville, 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

## Head office

1800 Hamilton Street  
P.O. Box 4320  
Regina SK S4P 4L3  
Telephone: 306-780-8100  
TTY: 306-780-6974  
Toll-free TTY: 1-866-205-0013

## Customer Service Centre

Hours: M-F: 7 a.m. – 7 p.m. Eastern  
Telephone: 1-888-332-3301  
Fax: 1-800-284-6436  
Email: [csc@fcc.ca](mailto:csc@fcc.ca)

## FCC AgExpert Customer Care

1800 Hamilton Street  
P.O. Box 4320  
Regina SK S4P 4L3  
Toll-free: 1-800-667-7893  
Fax: 306-721-1981  
Email: [support@fccagexpert.ca](mailto:support@fccagexpert.ca)

## Government Relations

1460 – 100 Queen Street  
World Exchange Plaza,  
Ottawa ON K1P 1J9

(S) Satellite office – limited hours





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