Farm Credit Canada

Second Quarter Financial Report 2025-26

As at and for the three and six months ended September 30, 2025

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Contact Corporate Communication at communications@fcc-fac.ca for more information.

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 Farm Credit Canada (FCC) and was prepared by management. Pursuant to the authority delegated by FCC's Board of Directors, the MD&A was reviewed and approved for issue by the Audit and Risk Committee of the Board on November 24, 2025. The MD&A was prepared in accordance with the Treasury Board of Canada's Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Reports.

The MD&A is based on FCC's unaudited condensed consolidated quarterly financial statements as at and for the three and six months ended September 30, 2025, and may be read in conjunction with the most recent Annual Report and Corporate Plan Summary.[1]

Caution regarding forward-looking statements

The 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 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.

Overview

FCC is a federal Crown corporation reporting to Canadians and Parliament through the Minister of Agriculture and Agri-Food. FCC provides financing and other services to more than 103,000 customers. We have more than 2,500 employees operating from 101 offices located primarily in rural Canada and the head office in Regina, Saskatchewan.

[1] These documents are available at fcc.ca/Reports.

Economic environment[1]

Canadian agriculture and agri-food sectors continue to face uncertainty stemming from global trade disruptions. Slow economic growth in Canada and around the world has pressured most agricultural commodity prices. Farm cash receipts declined 1.6% in 2024, after reaching a new record the previous year. For 2025, farm cash receipts are projected to increase 3.1% as higher livestock receipts are expected to more than offset softer crop receipts. If those projections materialize, receipts will reach record highs, strengthening the financial position of farms. But with ongoing uncertainties, particularly regarding international trade, those forecasts could be revised downward.

Canada is on track for a third consecutive year of sub-2% GDP growth in 2025, highlighting that the country's economic challenges run deeper than just cyclical factors like the ongoing trade disruptions with the U.S. Lower immigration continues to slow population growth in 2025, dampening the country's potential GDP. A weak labour market and declining household purchasing power are curbing consumer spending, which makes up about 60% of GDP. Meanwhile, business investment is being held back by low confidence amid global trade disruptions and uncertainty. Projections indicate that 2026 may present continued challenges from ongoing low economic growth potential, which is influenced by slow increases in population and productivity.

The Bank of Canada lowered its policy rate to 2.50% in September and will likely offer additional stimulus over the coming months as it works to prevent the ongoing slowdown from turning into a recession. We expect the overnight rate to fall below 2% before the end of 2026. While short-term rates have room to fall further, longer-term rates may not fall as much – barring a recession – since they're driven by U.S. bond market dynamics. This means borrowers tapping into variable-rate products will see lower debt servicing costs. But for households renewing their fixed-rate mortgages, where rates are often tied to the five-year Canadian bond yield, there may not be much relief.

The outlook for the Canadian dollar is harder to predict. The loonie has benefitted from generalized U.S. dollar weakness since the start of the year, but less so than other major currencies, highlighting some underlying issues with the Canadian economy. The decline in exports has undoubtedly weighed on the Canadian dollar. We believe these mixed dynamics of U.S. dollar weakness offset by weak domestic economic fundamentals will persist over the near to medium term, leaving the loonie trading in the U.S. at a range of $0.72-$0.74 over the next year or so.

Further macroeconomic shocks could, however, cause GDP growth, interest rates and the Canadian dollar to be even lower than predicted.

High demand and low availability of farmland continue to be defining factors in farmland appreciation. Over the past five years, the value of farmland and buildings increased nearly 10% per year. This increase was mainly due to strong farm revenues, low interest rates and strong farm cash flow. The pace of land value growth has slowed, however, as farm revenues and profitability have started to decline. But even with limited supply of farmland for sale, farmland values rose by 4.5% in 2024. Those dynamics are likely to persist over the next few years, with limited supply pushing up land prices while lower expected farm cash receipts and tighter profit margins could cap demand. At the start of the year, we expected farmland values to increase by 4.3% in 2025 and 5.7% in 2026. However, according to the latest FCC mid-year update, Canadian farmland values rose by 6.0% in the first half of 2025. If this trend continues, land prices could end up higher than forecasted.

Geopolitical tensions have had a substantial impact on global markets in recent years, and Canadian agriculture is facing significant uncertainty due to major disruptions in international trade.

[1] References within *Economic environment* refer to calendar year. At the time of writing, references to 2025 economic data are still estimates and are referred to as such throughout the overview. These values will change in subsequent reports as actual data becomes available.

The U.S. applied a new set of tariffs on its imports over the summer months, ranging from 15% to 50% on some countries and threatening others with even higher rates. So far, Canada has been exempt for CUSMA-compliant exports. However, non-compliant CUSMA goods are subject to the minimum tariff rate of 35%, while steel, aluminum and copper all have a 50% tariff. The steel and aluminum tariffs will impact the cost of agricultural equipment currently being manufactured as well as cans imported for the food and beverage sector. The scheduled review of CUSMA in 2026 also adds a layer of uncertainty to the trade environment.

In March 2025, India applied tariffs on its lentil imports but has extended the yellow pea duty-free access until March 2026. In August 2025, China imposed a 75.8% tariff on Canadian canola seed imports, citing anti-dumping concerns. This is in addition to existing 100% tariffs on Canadian canola oil and canola meal. China also applied 100% tariffs on peas and a 25% tariff on pork and seafood. These trade actions could significantly impact Canadian agribusinesses by lowering export prices and disrupting key markets.

The Canadian agriculture and food industry is also being impacted by trade tensions between the U.S. and China since Canadian markets use U.S. agricultural futures as price benchmarks. Although, at the time of writing, the U.S.-China trade war is paused and both countries have agreed to a temporary deal with lower tariffs, global markets are still feeling the effects. This ongoing uncertainty is expected to cause serious economic challenges around the world and slow down global economic growth even more. Financial markets, especially commodities, are likely to stay unstable for the near future. In the agriculture industry specifically, a major concern is that China still hasn't purchased any new crop soybeans from the U.S. due to tariffs, adding more risk to the market.

Agriculture and agri-food industry overview[1]

Primary production

In 2024, total Canadian grain and oilseed production was 5.7% above the five-year average. The increase in production was largely due to recovery from the 2023 drought. Despite increased production, the portion of the small crop from 2023 but sold in 2024, along with lower commodity prices, resulted in a 10.8% decline in field crop receipts in 2024. In early 2025, grain and oilseed receipts increased slightly, though results vary by crop and region. Overall, total Canadian production for 2025 is expected to increase 2.6%. Despite the increase, receipts for grains and oilseeds are expected to decline by 6.0% due to declining prices and trade uncertainty.

Futures prices in U.S. dollars have declined mostly due to trade issues and a significant increase in crop production largely driven by an expected record-breaking U.S. corn crop. China's tariffs on Canadian canola seed, oil and meal have caused canola prices to fall. As a result, expected profit margins have decreased in both Western and Eastern Canada.

The dairy industry had a very positive year in 2024 after a challenging five years. Milk production has increased, driven by strong demand for dairy products. Marketing boards have responded by issuing additional quota and incentive days to boost supply, which has contributed to improved dairy profitability. Dairy margin estimates have improved throughout 2025 as costs have eased slightly along with an increase in estimated revenue. Stronger than expected blended prices are supporting the outlook for the rest of the year and into 2026.

As of July 1, 2025, Canada's beef herd size increased for the first time since 2021 according to the latest national cattle inventory. While this could be an early sign that ranchers might be starting to rebuild their herds, it's too soon to say if the trend will continue. Cattle inventory numbers across North America – mainly influenced by the U.S. herd – remain low, which is keeping prices high.

There was strong profitability in the beef sector last year and margins for cow-calf producers are expected to remain significantly above the five-year average for the remainder of 2025 and next year. Feedlot profitability has improved since last year and remains above the five-year average due to the strong cattle prices. However, abundant feed supplies this year are expected to boost margins and feedlot profitability over the coming months.

The poultry sector has effectively handled the challenges from avian influenza outbreaks over the last several years. However, the industry still underproduced relative to its allocation last year due to disease outbreaks. In 2024, broiler chicken production fell by 0.4%, the slowest rate since 2014 (excluding the pandemic year). Despite these challenges, this year's production targets are well above normal. Broiler production is expected to rise sharply in the second half of the year, with recent quota allocations averaging over 7% above base. Egg layer production has also seen steady growth since last year. In June, Western Canada saw a nearly 14% increase in the number of laying hens compared to the same time last year. Part of this growth is due to the region's recovery from the impact of avian influenza. The expanding poultry sector remains a growing area of opportunity for Canadian agriculture.

Canadian potato growers had a record-breaking harvest in 2024 with production increasing by 1.2%. This resulted in Canadian supplies of potatoes remaining plentiful. Larger supplies and uncertainty around trade weighed on contract prices and acreage for the 2025-26 growing season. As a result of softer prices, potato cash receipts declined slightly by 0.3% in the first half of 2025. Due to reduced acreage and mixed growing conditions including dry conditions in Eastern Canada, the 2025 potato crop is currently estimated to be down 4.7%. With both prices and production falling, potato cash receipts could decline further in 2025.

[1] References within *Agriculture and agri-food industry overview* refer to calendar year. At the time of writing, references to 2025 economic data are still estimates and are referred to as such throughout the overview. These values will change in subsequent reports as actual data becomes available.

Greenhouse vegetable cash receipts rose 8.5% in 2024 and are projected to rise 8.3% for 2025. Greenhouse profitability has remained tight in 2025 as input and labour costs remain high. Field vegetable cash receipts were up 6.2% in 2024, but profitability was pressured due to labour challenges and high input costs. For 2025, vegetable receipts are up 6.5% at mid-year and are projected to increase 3.8% overall. However, dry conditions in Eastern Canada are expected to weigh on production and could impact final field vegetable cash receipts and profitability for 2025. Fresh fruit receipts declined 1.7% in 2024 but are projected to increase 5.7% in 2025.

In the hog sector, profitability was pressured in 2024 due to soft global demand and oversupply of pork. However, at the end of the year, hog prices improved and feed costs declined, improving profitability. Profitability for the hog sector has continued to improve through the first half of 2025, driven by cheaper feed costs and stronger than expected prices. Farrow-to-finish operations are expected to earn profits above the five-year average. Despite the positive outlook, trade tensions between Canada, the U.S. and China could still pose risks to prices and profitability heading into 2026.

Agribusiness and agri-food

Farm equipment sales were slow in 2024, and current indicators suggest that 2025 won't show much improvement. High equipment prices and reduced farm profitability are already limiting demand. On top of that, global trade disruptions – especially tariffs on steel and aluminum – are increasing manufacturing costs. These rising costs are expected to push equipment prices even higher, and as a result, orders for 2026 are expected to drop significantly.

Food and beverage manufacturing sales increased by 0.7% in 2024. Sales growth is expected to be restricted to just 0.2% in 2025 due to a challenging trade and economic environment. Cost pressures for major inputs are beginning to ease, albeit slowly, and that trend is likely to continue into 2026. That, coupled with an expected recovery in sales, should allow margins to improve in 2026. The overall outlook for Canadian food processors remains positive, although the impact of tariffs is unknown. About 30% of all food and beverage manufacturing sales are exposed to the U.S. market, and while most exports can move tariff-free through CUSMA compliance, not all will. The administrative burden of proving compliance is likely to challenge many, especially small and medium-sized businesses or those with complex ingredient sourcing. The labour market is also key to industry performance. Declining job vacancy rates, rising unemployment and falling wages indicate there may be some relief coming in terms of labour costs. The temporary foreign worker program remains a critical source of labour for processors and farm operators.

Enterprise risk management

As a financial institution, we take risk into account when lending to customers, delivering services, identifying priorities, and developing business strategies and initiatives. Our four major categories of risk are strategic, financial, operational and reputational. Each category has distinct risks that are assessed for likelihood and impact using various tools.

Our Enterprise Risk Management framework provides the governance structure for managing these risks as well as the process to identify, assess and measure, control and mitigate, and monitor and report on risk. We continually improve our enterprise risk management practices and measure our activities against a formal risk appetite and tolerance statement that defines and measures acceptable risk.

We continue following our Enterprise Risk Management framework as outlined in the 2024-25 Annual Report.

Financial performance

The discussion of net income is a comparison of the results for the three and six months ended September 30, 2025, to the results for the three and six months ended September 30, 2024.

Net income

	Three months ended September 30			Six months ended September 30		
($ millions)	**2025**	2024	Variance	**2025**	2024	Variance
Net interest income	**403**	364	39	**791**	713	78
Provision for credit losses	**(17)**	(20)	3	**(35)**	(45)	10
Non-interest (expense) income	**(3)**	2	(5)	**–**	12	(12)
Administration expenses	**(166)**	(147)	(19)	**(338)**	(305)	(33)
Net income	**217**	199	18	**418**	375	43

Three months ended September 30

Net income increased by $18 million, a 9% increase compared to the same period in 2024. This growth was primarily driven by higher lending volumes, which contributed to an increase in net interest income. Non-interest income became an expense this quarter due to increased insurance claims and a weaker Canadian dollar, which led to higher foreign exchange losses. Higher administration expenses were attributed to increased employee compensation from new positions and outsourced workforce costs to advance our strategy and drive initiatives forward.

Six months ended September 30

Net income increased by $43 million, an 11% increase compared to the same period in 2024. Higher net interest income resulted from an increase in both lending volume and margin. The provision decreased compared to the prior year, requiring a smaller increase in the allowance for credit losses and reflecting stable portfolio health this fiscal year. In contrast, we experienced declines in portfolio health during the same period last year. Non-interest income declined as net unrealized gains on capital investments shifted to unrealized losses, alongside higher insurance claims and increased foreign exchange losses. Administration expenses increased due to internal and outsourced workforce costs and technology investments to enable lending and investment within our enhanced risk appetite and evolving strategic priorities.

Net interest income, loans receivable and borrowings

Net interest income

($ millions)	**Three months ended September 30, 2025**	**Six months ended September 30, 2025**
Year-over-year increase in net interest income due to:		
Increase in volume	**37**	**67**
Increase in net interest margin	**2**	**11**
Total increase in net interest income	**39**	**78**

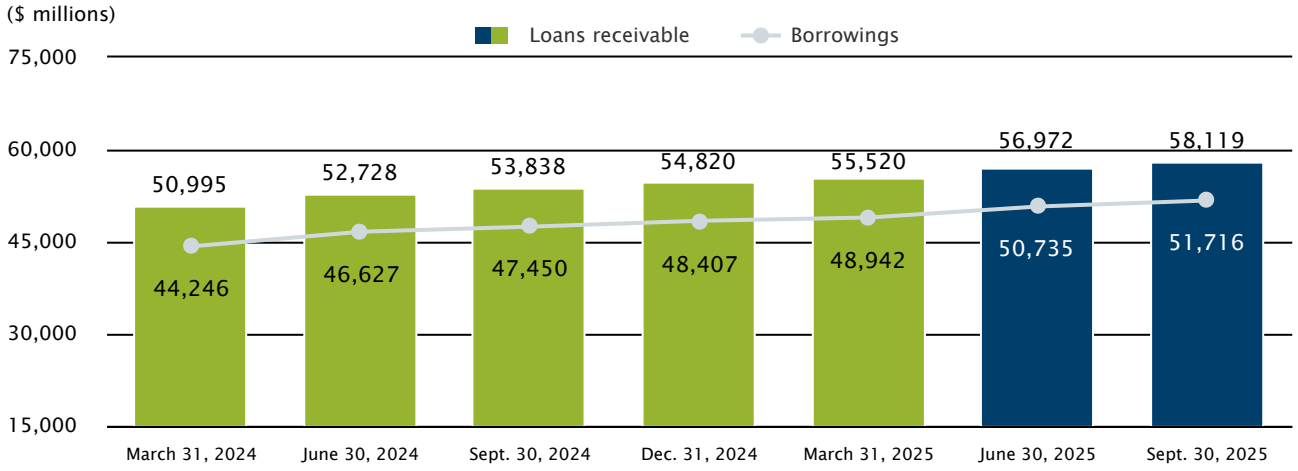
Three months ended September 30

Net interest income increased by $39 million. This growth was primarily driven by stronger disbursements and lower prepayments, contributing $37 million. The net interest margin improved slightly, contributing an additional $2 million, as the interest rate environment experienced rate cuts.

Six months ended September 30

FCC's interest-earning assets expanded significantly, resulting in a $67 million increase in net interest income. The $11 million increase in net interest margin was attributed to shifts in portfolio composition, as customers adjusted their risk tolerance and product selection in response to decreasing interest rates.

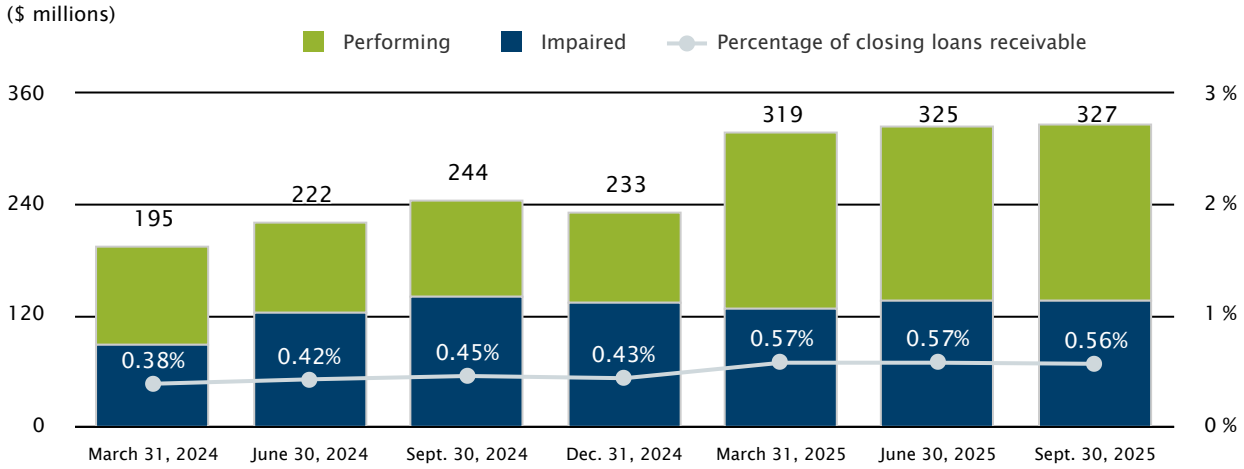
Loans receivable and borrowings



Loans receivable increased 4.7% since March 31, 2025, with growth observed across all industry sectors and geographic regions. Alliance lending led the increase, driven by seasonal crop input purchases for the 2025 planting season. Lending in the oilseed and grain sector also remained strong, supported by sustained demand for farmland and increased borrowing tied to rising farm equipment costs.

Borrowings increased 5.7% over the same period, primarily from short-term borrowings that included new short-term borrowings to fund the growth of loans receivable as well as growth in liquidity and capital investments.

Allowance for credit losses and credit quality



Overall, the allowance for credit losses increased by $8 million since March 31, 2025. This was primarily driven by a $7 million rise in the allowance for credit losses on impaired loans. This increase reflects ongoing economic challenges faced by customers across various sectors and geographic locations, resulting in higher past-due loan balances and requests for loan amendments. These impacts were most pronounced in the greenhouse and oilseed and grain sectors. Write-offs totalled $39 million at September 30, 2025, compared to $106 million for the year-ended March 31, 2025, with the agri-food sector accounting for the majority of these write-offs.

Financial position

($ millions)	September 30, 2025	March 31, 2025	Variance
Cash and cash equivalents	**1,921**	1,514	407
Short-term investments	**601**	485	116
Loans receivable – net	**57,792**	55,201	2,591
Investments	**510**	456	54
Other	**487**	499	(12)
Total assets	**61,311**	58,155	3,156
Borrowings	**51,716**	48,942	2,774
Other	**577**	563	14
Total liabilities	**52,293**	49,505	2,788
Equity	**9,018**	8,650	368

In addition to the growth in loans receivable and borrowings discussed above, cash and cash equivalents and short-term investments – which collectively support overall liquidity management – rose by $523 million, driven by increased liquidity and cash flow requirements. Investments continue to grow as FCC advances our strategy to offer diversified capital solutions to innovative agriculture and agri-food businesses. The increase in equity was due to year-to-date net income of $418 million offset by a $50 million dividend payment made to the Government of Canada on June 24, 2025.

Performance against plan

	Six months ended September 30, 2025	
Key financial measures	**Actual**	**Plan**
Net income	$418M	$380M
Loans receivable growth rate[1]	8.0%	5.2%
Return on equity[1]	7.2%	8.2%
Efficiency ratio[1][2]	45.4%	49.0%
Total capital ratio[3]	15.8%	16.3%
Administration expenses	$338M	$372M

[1] These measures are calculated using 12-month rolling data up to September 30, 2025.

[2] This measure may not have a standardized meaning under generally accepted accounting principles (GAAP) and may not be comparable to similar measures disclosed in industry. For further details, refer to the non-GAAP measures section of the 2024-25 Annual Report.

[3] The Plan value for this measure is projected for the year ended March 31, 2026.

As of the second quarter, many key financial measures exceeded plan expectations. This strong performance was driven by favourable portfolio growth and interest rate conditions, and lower-than-expected administration expenses. The efficiency ratio was stronger than plan due to lower administration expenses primarily from delays in project spend and savings on outsourced workforce expenses, coupled with increased revenues from stronger loans receivable growth.

Return on equity was below plan, primarily driven by above plan provision for credit losses over the last twelve months. Total capital ratio was below plan as a result of higher portfolio growth and increased portfolio risk, which increased capital requirements.

Statement of management responsibility

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

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

Justine Hendricks, MBA
President and Chief Executive Officer

Corinna Mitchell-Beaudin, CPA, CA, CFA
Executive Vice-President, Finance

Regina, Canada
November 24, 2025

Consolidated Balance Sheet

(Unaudited) (millions of Canadian dollars)	**As at September 30, 2025**	As at March 31, 2025
Assets		
Cash and cash equivalents	**1,921**	1,514
Short-term investments	**601**	485
Accounts receivable and prepaid expenses	**31**	43
Loans receivable		
Loans receivable – total (Note 2)	**58,119**	55,520
Allowance for credit losses (Note 3)	**(327)**	(319)
Loans receivable – net	**57,792**	55,201
Other loans receivable – net	**8**	8
Investments	**503**	449
Investments in associates	**7**	7
Right-of-use assets	**146**	147
Property and equipment	**25**	21
Intangible assets	**5**	6
Post-employment benefit assets	**266**	267
Other assets	**6**	7
Total assets	**61,311**	58,155
Liabilities		
Accounts payable and accrued liabilities	**87**	111
Borrowings		
Short-term debt (Note 4)	**13,240**	10,933
Long-term debt (Note 4)	**38,476**	38,009
Total borrowings	**51,716**	48,942
Transition loan liabilities	**222**	186
Lease liabilities	**152**	153
Post-employment benefit liabilities	**108**	104
Other liabilities	**8**	9
Total liabilities	**52,293**	49,505
Equity		
Retained earnings	**9,018**	8,650
Total equity	**9,018**	8,650
Total liabilities and equity	**61,311**	58,155

The accompanying notes are an integral part of the condensed consolidated quarterly financial statements.

Consolidated Statement of Income

(Unaudited) (millions of Canadian dollars)	For the three months ended **September 30, 2025**	 September 30, 2024	For the six months ended **September 30, 2025**	 September 30, 2024
Interest income	**762**	766	**1,499**	1,512
Interest expense	**(359)**	(402)	**(708)**	(799)
Net interest income	**403**	364	**791**	713
Insurance distribution income	**–**	4	**5**	9
Net (loss) gain from financial instruments carried at fair value	**–**	–	**(1)**	5
Other expenses	**(3)**	(2)	**(4)**	(2)
Non-interest (expense) income	**(3)**	2	**–**	12
Total revenue	**400**	366	**791**	725
Provision for credit losses	**(17)**	(20)	**(35)**	(45)
Administration expenses	**(166)**	(147)	**(338)**	(305)
Net income	**217**	199	**418**	375

The accompanying notes are an integral part of the condensed consolidated quarterly financial statements.

Consolidated Statement of Changes in Equity

For the three months ended September 30

(Unaudited) (millions of Canadian dollars)	**Balance June 30, 2025**	**Net income**	**Dividend paid**	**Balance September 30, 2025**
Retained earnings	**8,801**	**217**	**–**	**9,018**
Total equity	**8,801**	**217**	**–**	**9,018**

(Unaudited) (millions of Canadian dollars)	Balance June 30, 2024	Net income	Dividend paid	Balance September 30, 2024
Retained earnings	8,222	199	–	8,421
Total equity	8,222	199	–	8,421

For the six months ended September 30

(Unaudited) (millions of Canadian dollars)	**Balance March 31, 2025**	**Net income**	**Dividend paid**	**Balance September 30, 2025**
Retained earnings	**8,650**	**418**	**(50)**	**9,018**
Total equity	**8,650**	**418**	**(50)**	**9,018**

(Unaudited) (millions of Canadian dollars)	Balance March 31, 2024	Net income	Dividend paid	Balance September 30, 2024
Retained earnings	8,736	375	(690)	8,421
Total equity	8,736	375	(690)	8,421

The accompanying notes are an integral part of the condensed consolidated quarterly financial statements.

Consolidated Statement of Cash Flows

(Unaudited) (millions of Canadian dollars)	For the three months ended **September 30, 2025**	 September 30, 2024	For the six months ended **September 30, 2025**	 September 30, 2024
Operating activities				
Net income	**217**	199	**418**	375
Adjustments to determine net cash (used in) provided by operating activities:				
Interest income	**(762)**	(766)	**(1,499)**	(1,512)
Interest expense	**359**	402	**708**	799
Provision for credit losses	**17**	20	**35**	45
Net unrealized loss (gain) from financial instruments carried at fair value	**–**	–	**1**	(5)
Depreciation of right-of-use assets	**4**	4	**8**	8
Depreciation of property and equipment	**2**	2	**4**	4
Amortization of intangible assets	**1**	1	**2**	2
Net unrealized foreign exchange (gain) loss[1]	**(11)**	23	**48**	8
Miscellaneous expenses[1]	**1**	–	**1**	–
Net cash outflow from loans receivable	**(976)**	(967)	**(2,540)**	(2,723)
Net change in other operating assets and liabilities	**36**	12	**26**	(34)
Interest received	**602**	615	**1,383**	1,395
Interest paid	**(306)**	(351)	**(687)**	(758)
Cash used in operating activities	**(816)**	(806)	**(2,092)**	(2,396)
Investing activities				
Purchase of short-term investments	**(423)**	(63)	**(666)**	(321)
Proceeds from maturity of short-term investments	**226**	224	**549**	411
Repayments from other loans receivable	**–**	–	**–**	13
Acquisition of investments	**(45)**	(18)	**(69)**	(27)
Proceeds from sale and repayment of investments	**6**	–	**7**	1
Purchase of property and equipment	**(5)**	(2)	**(8)**	(3)
Cash (used in) provided by investing activities	**(241)**	141	**(187)**	74
Financing activities				
Long-term debt issued	**2,104**	2,585	**5,401**	6,317
Long-term debt repaid	**(2,477)**	(1,763)	**(4,236)**	(3,248)
Short-term debt issued	**5,561**	3,190	**9,924**	6,427
Short-term debt repaid	**(4,277)**	(3,242)	**(8,346)**	(6,333)
Principal repayment of lease liabilities	**(3)**	(3)	**(7)**	(7)
Dividend paid	**–**	–	**(50)**	(690)
Cash provided by financing activities	**908**	767	**2,686**	2,466
Change in cash and cash equivalents	**(149)**	102	**407**	144
Cash and cash equivalents, beginning of period	**2,070**	1,604	**1,514**	1,559
Effects of exchange rate changes on the balances of cash held and due in foreign currencies	**–**	(11)	**–**	(8)
Cash and cash equivalents, end of period	**1,921**	1,695	**1,921**	1,695
Cash and cash equivalents consists of:				
Cash	**1,718**	1,400	**1,718**	1,400
Short-term investments	**203**	295	**203**	295

[1] The presentation has been updated to clarify the composition of balances.

The accompanying notes are an integral part of the condensed consolidated quarterly financial statements.

Notes to the condensed consolidated quarterly financial statements

(Unaudited)

1. Significant accounting policies

Basis of presentation

These unaudited condensed consolidated quarterly financial statements (quarterly financial statements) comply with the Treasury Board of Canada's Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Reports.

These quarterly financial statements do not include all of the information required for complete annual financial statements and should be read in conjunction with the annual audited financial statements for the year ended March 31, 2025.

Unless otherwise stated, the financial statements are presented in millions of Canadian dollars, which is the functional currency of Farm Credit Canada (FCC).

These quarterly financial statements are as at and for the three and six months ended September 30, 2025, and were approved and authorized for issue by the Audit and Risk Committee of the Board of Directors on November 24, 2025.

Accounting policies

The accounting policies adopted in the preparation of these quarterly financial statements are consistent with those followed in the annual audited financial statements for the year ended March 31, 2025.

Material management judgments and estimates

The preparation of the quarterly financial statements requires that management makes judgments, estimates and assumptions concerning the future that affect the reported amounts in the quarterly 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.

For information about the judgments, estimates and assumptions that have the most material effect on the amounts reported in the quarterly financial statements, refer to the respective notes of the annual audited financial statements for the year ended March 31, 2025.

2. Loans receivable – net

	Term to maturity			
	Within 1 year	**1 – 5 years**	**Over 5 years**	**As at September 30, 2025**
Floating	**5,533**	**13,167**	**503**	**19,203**
Fixed	**9,050**	**23,197**	**6,710**	**38,957**
Loans receivable – gross	**14,583**	**36,364**	**7,213**	**58,160**
Deferred loan fees				**(41)**
Loans receivable – total				**58,119**
Allowance for credit losses (Note 3)				**(327)**
Loans receivable – net				**57,792**

	Term to maturity			
	Within 1 year	1 – 5 years	Over 5 years	As at March 31, 2025
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				55,520
Allowance for credit losses (Note 3)				(319)
Loans receivable – net				55,201

Concentrations of credit risk

Sector distribution

	As at September 30, 2025		As at March 31, 2025	
	Gross	**Impaired**	Gross	Impaired
Oilseed and grain	**18,082**	**320**	17,501	211
Dairy	**7,803**	**114**	7,684	106
Agribusiness	**6,127**	**129**	5,739	140
Beef	**5,021**	**75**	4,678	83
Other	**4,703**	**118**	4,527	119
Agri-food	**3,892**	**146**	3,721	138
Poultry	**3,692**	**51**	3,619	27
Alliances	**2,855**	**45**	2,254	19
Greenhouse	**2,708**	**330**	2,638	194
Hogs	**1,669**	**55**	1,626	88
Fruit	**1,608**	**129**	1,573	106
Total	**58,160**	**1,512**	55,560	1,231

Geographic distribution

	As at September 30, 2025		As at March 31, 2025	
	Gross	**Impaired**	Gross	Impaired
Ontario	**17,784**	**447**	16,918	300
Saskatchewan	**10,943**	**142**	10,408	107
Alberta	**10,464**	**270**	10,022	171
Quebec	**7,996**	**261**	7,613	280
British Columbia	**4,946**	**254**	4,831	259
Manitoba	**4,341**	**112**	4,085	66
Atlantic	**1,686**	**26**	1,683	48
Total	**58,160**	**1,512**	55,560	1,231

3. Allowance for credit losses – loans receivable

As at September 30, 2025	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Allowance for credit losses, beginning of year	**77**	**113**	**129**	**319**
Transfer to stage 1	**9**	**(7)**	**(2)**	**–**
Transfer to stage 2	**(4)**	**69**	**(65)**	**–**
Transfer to stage 3	**(1)**	**(11)**	**12**	**–**
Changes due to new loans originated	**18**	**2**	**5**	**25**
Loans receivable derecognized during the period	**(5)**	**(4)**	**(12)**	**(21)**
Net remeasurement of loss allowance	**(14)**	**(51)**	**108**	**43**
Write-offs	**–**	**–**	**(39)**	**(39)**
Total allowance	**80**	**111**	**136**	**327**

As at March 31, 2025	Stage 1	Stage 2	Stage 3	Total
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 receivable derecognized during the period	(14)	(7)	(19)	(40)
Net remeasurement of loss allowance	13	14	194	221
Write-offs	–	(1)	(105)	(106)
Total allowance	77	113	129	319

4. Borrowings

Short-term debt

	As at September 30, 2025	As at March 31, 2025
Government of Canada debt		
Floating-rate borrowings	**503**	641
Fixed-rate borrowings	**11,206**	9,067
	11,709	9,708
Capital markets debt		
USD fixed-rate promissory notes	**1,531**	1,225
Total	**13,240**	10,933

Long-term debt

	As at September 30, 2025	As at March 31, 2025
Government of Canada debt		
Floating-rate borrowings	**18,762**	16,384
Fixed-rate borrowings	**19,714**	21,625
Total	**38,476**	38,009