



Farm Credit Canada

Third Quarter Financial Report 2025-26

As at and for the three and nine months ended December 31, 2025



Table of Contents

Management’s discussion and analysis

Basis of preparation of financial information.....	3
Caution regarding forward-looking statements	3
Overview.....	3
Economic environment.....	4
Agriculture and agri-food industry overview.....	5
Enterprise risk management.....	6
Financial performance	7
Financial position	9
Performance against plan.....	9

Financial statements

Statement of management responsibility	10
Condensed consolidated quarterly financial statements	11
Notes to the condensed consolidated quarterly financial statements	15

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 February 19, 2026. 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 nine months ended December 31, 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, capital 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 environment¹

Canadian agriculture and agri-food sectors continue to face tremendous 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 1.4% in 2024, after reaching a new record high the previous year. In 2025, farm cash receipts are estimated to have grown 3.4% as higher livestock receipts more than offset weaker crop receipts. Overall 2026 farm cash receipts are projected to increase 7% as cattle prices are expected to remain strong. If 2025 and 2026 projections materialize, receipts will reach new record highs of \$101.5 billion and \$108.4 billion, respectively, strengthening the financial position of farms. But with ongoing uncertainties, particularly regarding international trade, those forecasts could be revised downward.

Canada is expected to see GDP growth below 2% in 2025, signalling deeper structural issues beyond temporary trade disruptions with the U.S. Slower immigration has reduced Canada's population growth, limiting economic potential. A weak labour market and declining household purchasing power are restraining consumer spending. Business investment remains subdued amid global trade uncertainty. Looking ahead, 2026 is likely to remain challenging as slow productivity growth continues to constrain economic potential, keeping overall economic growth weak.

The Bank of Canada, which lowered its policy rate to 2.25% last year, is widely expected to hold rates constant through 2026. But considering the significant downside risks to the economy posed by persistent uncertainties, additional cuts to the overnight rate should not be ruled out. Longer term rates, however, are likely to remain elevated and sticky, driven by U.S. bond market dynamics. This means borrowers renewing their fixed-rates, which are often tied to the five-year Canadian bond yield, may not see much relief. Considering the projected weakness of the economy and persistence of yield disadvantage – the Bank of Canada's overnight rate being lower than the U.S. policy rate – the Canadian dollar is likely to remain constrained within the trading range of 72-74 U.S. cents this year.

High demand and low availability of farmland continue to be defining factors in farmland appreciation, which has averaged nearly 10% annual growth the past five years. Farmland value appreciation has been driven by strong farm revenues, favourable interest rates and strong cash flow. Recently, the pace of appreciation has slowed in sync with lower profitability, although limited land supply continues to support prices. In 2024, farmland values rose 4.5%, and similar dynamics are expected ahead: tight supply pushing prices up, while weaker crop cash receipts and margins temper demand. We expected farmland values to increase by 4.3% in 2025 and 5.9% 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 projected.

Geopolitical tensions have had a significant impact on Canadian agriculture. Canadian exports to the U.S. that are CUSMA compliant have been exempt from U.S. tariffs. However, steel and aluminum tariffs of 50% will increase the cost of agricultural equipment and affect the price of cans imported for the food and beverage industry. CUSMA is scheduled to be reviewed by July 1, 2026, so uncertainty is expected to continue in the short term.

India and China applied import tariffs on some Canadian products in 2025. India's tariffs include 10% on lentils and 30% on yellow peas. China imposed a 75.8% tariff on canola seed; 100% tariffs on canola oil, canola meal and peas; and a 25% tariff on pork and seafood. A recent trade agreement deal between China and Canada will provide relief to some producers. China has committed to reduce tariffs on Canadian canola seed to 15%. Canadian canola meal, peas, lobsters and crabs will not be subject to tariffs starting March 1, 2026.

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.

Agriculture and agri-food industry overview¹

Primary production

Total Canadian grain and oilseed production was a record high 107 million tonnes in 2025, nearly 16% above the five-year average (2020-24). The increase in production is largely due to optimal growing conditions. Despite this, receipts for grains and oilseeds are projected to decline 2.9% in 2025 due to lower prices. Restrained access in key markets is expected to weigh on sales and likely limit receipts in 2026. Tariffs and ample global supplies have pushed down canola and pulse prices. This means profit margins in Western Canada, which remained tight last year, will likely remain under pressure in 2026. In Eastern Canada, lower yields in 2025 suggest profitability was reduced. Assuming average yields for 2026, profitability could improve slightly but is expected to remain tight given lower commodity prices.

The dairy industry has recorded a few consecutive positive years recently. Milk production has increased, driven by strong demand for dairy products, and thus contributed to improved dairy profitability. Dairy margin estimates improved throughout 2025 as feed and other costs eased slightly and revenue increased. Robust dairy component prices and declining feed costs support strong profitability in 2026.

Cattle inventories remain low across North America, keeping prices elevated. As a result, the beef sector experienced strong profitability last year, and cow-calf margins are expected to stay well above the five-year average in 2026. Feedlot profitability has improved and remains above average, supported by high cattle prices. However, margins are only slightly above break-even because feeder calf costs have risen faster than fed cattle prices. Abundant feed supplies this year should further boost feedlot returns in 2026.

The poultry sector has faced challenges stemming from repeated avian influenza outbreaks. As a result, the broiler sector underproduced relative to its allocation last year due to lower chick placements. The 2026 production targets are well above normal. Broiler production is expected to rise sharply, with fall quota allocations averaging over 7% above base. Egg layer production has also seen steady growth, rising over 10% in Q3 2025 as the sector continues to recover from the impact of avian flu in 2025.

In the hog sector, profitability improved in 2025 as feed costs eased, and hog prices rose as the global market became more balanced after years of excess supply. In 2026, farrow-to-finish operations are expected to earn profits well above the five-year average. Despite the positive outlook, trade tensions between Canada, the U.S. and China pose risks to prices and profitability this year. Voluntary country of origin labelling rules could weigh on prices received by Canadian hog producers.

Canadian potato growers harvested a slightly smaller crop in 2025, down 0.9% after the record-breaking harvest in 2024. The 2025 potato crop is still 4.5% ahead of the five-year average. Dry weather in the east, particularly in Atlantic Canada, reduced production, while Western Canadian production, particularly from Alberta, made up for the losses in other parts of the country. Potato prices are a function of North American supply and demand, and the combined production is estimated down 2% from 2024, while current potato stocks remain similar to last year. So Canadian prices, which have been relatively flat in 2025, may see limited upside in 2026 given ample North American supplies.

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.

Despite dry conditions reducing yields in parts of Eastern Canada, most horticulture producers reportedly increased production in 2025. Fresh fruit receipts fell 1.7% in 2024 but are projected to rise 6.3% in 2025, supported by the “Buy Canadian” movement. Growth is expected to moderate in 2026 with a 2% increase as higher production weighs on prices. Field vegetable receipts grew 4.7% in 2024 and an estimated 4.6% in 2025, though dry conditions may impact final results for that year. Assuming normal weather, receipts should rise 3.7% in 2026. Greenhouse vegetables remain strong, with receipts up 8.5% in 2024, 6.5% in 2025 and projected to grow 7.8% in 2026 – slightly below the five-year average. However, profitability across horticulture will remain tight due to persistent labour challenges and high input costs.

Agribusiness and agri-food

The farm equipment market, which recorded slow sales last year, is expected to remain under pressure in 2026. 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 should push equipment prices even higher, and as a result, orders for 2026 are expected to drop significantly.

Crop input costs remain elevated and are starting to rise again. Fertilizer prices remain elevated due to strong global demand and limited supply. With crop prices expected to fall, this could put more pressure on farm margins, hurting demand for farm equipment.

The record grain and oilseed production in 2025 will support revenues of grain handling and processing businesses. However, trade uncertainty remains a major risk. Potential tariffs could lower export prices and disrupt export volumes to key markets.

The overall outlook for Canadian food processors remains positive, although the threat of tariffs and slowing population growth present ongoing challenges. Food and beverage manufacturing sales are forecast to increase 2.5% in 2025 and 3.8% in 2026. However, higher sales in 2025 were entirely due to rising prices, which made up for lower volumes. 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 volumes, should allow margins to improve in 2026. Thanks to a softer labour market, businesses may find it easier and more cost effective to staff operations in the months ahead, supporting profit margins.

Enterprise risk management

As a financial institution, we take risk into account when lending to customers, investing in businesses, 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 formal risk appetite and tolerance statements that define and measure 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 nine months ended December 31, 2025, to the results for the three and nine months ended December 31, 2024.

Net income

(\$ millions)	Three months ended December 31			Nine months ended December 31		
	2025	2024	Variance	2025	2024	Variance
Net interest income	414	374	40	1,205	1,087	118
Provision for credit losses	(4)	(23)	19	(39)	(68)	29
Non-interest income	12	6	6	12	18	(6)
Administration expenses	(177)	(163)	(14)	(515)	(468)	(47)
Net income	245	194	51	663	569	94

Three months ended December 31

Net income rose by \$51 million, representing a 26% increase over the same period in 2024. This growth was primarily attributable to higher lending volumes, resulting in an increase in net interest income. Credit performance also improved, resulting in a lower provision for credit losses. Non-interest income grew this quarter, mainly because of net unrealized gains from investments. Higher administration expenses reflect the increased costs required to support our strategic priorities and initiatives.

Nine months ended December 31

Net income increased by \$94 million, a 17% increase compared to the same period in 2024. Higher net interest income was driven by growth in both lending volume and margin. The provision decreased year over year, reflecting improved credit performance. Non-interest income fell with lower net unrealized gains on investments and higher insurance claims. Higher administration expenses reflect the increased costs required to support our strategy and continued growth.

Net interest income, loans receivable and borrowings

Net interest income

(\$ millions)	Three months ended December 31,	Nine months ended December 31,
	2025	2025
Year-over-year increase in net interest income due to:		
Increase in volume	37	104
Increase in net interest margin	3	14
Total increase in net interest income	40	118

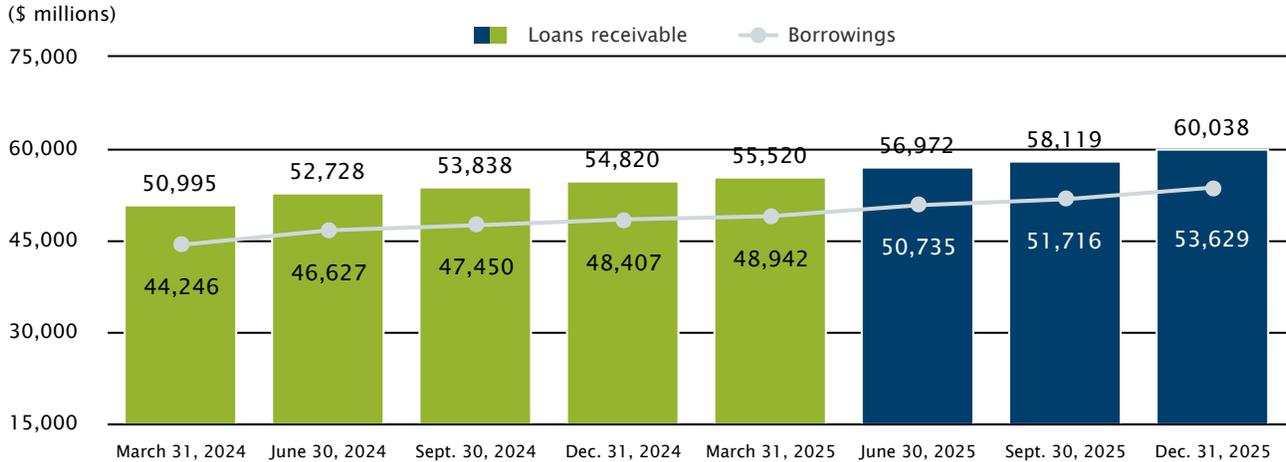
Three months ended December 31

Net interest income increased by \$40 million. This growth was driven by strong customer demand (disbursements), which contributed \$37 million. The net interest margin saw improvement due to beneficial changes in the interest rate environment and the resulting customer product selections, contributing an additional \$3 million.

Nine months ended December 31

FCC's interest-earning assets expanded significantly, resulting in a \$104 million increase in net interest income. The \$14 million increase in net interest margin was attributed to shifts in portfolio composition, as customers continued to calibrate their product selection in response to decreasing interest rates.

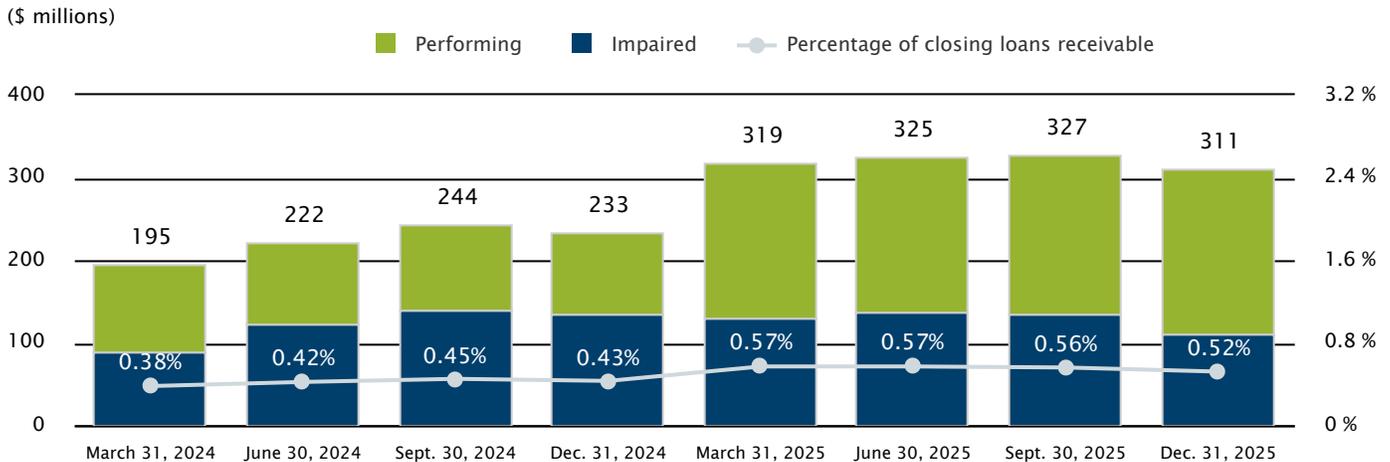
Loans receivable and borrowings



Loans receivable increased 10.0% since March 31, 2025, with growth observed across all industry sectors and geographic regions. The largest dollar increase and highest growth rate were seen in Alliance lending, driven by seasonal crop input purchases and higher financing for feedlot cattle. Lending in the grains and oilseeds sector also remained strong, supported by sustained demand for farmland and increased borrowing tied to rising farm equipment costs.

Borrowings increased 9.6% over the same period, primarily from higher short-term borrowings used to fund loans receivable expansion as well as growth in liquidity reserves and investments.

Allowance for credit losses and credit quality



The allowance for credit losses decreased by \$8 million since March 31, 2025. During the same period, the allowance for credit losses on impaired loans decreased by \$19 million. This decline was driven by \$64 million in write-offs, mostly in the agri-food sector, partially offset by a net \$45 million increase that is primarily the result of updated loss estimates and loans moving to impaired status. While impaired loan balances eased in several industry sectors and geographic regions, other sectors – such as poultry and grains and oilseeds – continued to experience financial pressure, resulting in higher past-due loan balances, which impacted the impaired loan allowance for credit losses.

The \$11 million increase in the allowance for credit losses on performing loans since March 31, 2025, is primarily due to portfolio growth.

Financial position

(\$ millions)	December 31,	March 31,	Variance
	2025	2025	
Cash and cash equivalents	1,886	1,514	372
Short-term investments	736	485	251
Loans receivable – net	59,727	55,201	4,526
Investments	652	456	196
Other	487	499	(12)
Total assets	63,488	58,155	5,333
Borrowings	53,629	48,942	4,687
Other	596	563	33
Total liabilities	54,225	49,505	4,720
Equity	9,263	8,650	613

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 \$623 million. Significant progress has been made in enhancing our strategy to provide diversified capital solutions to innovative agriculture and agri-food businesses, resulting in substantial growth in investments. The increase in other liabilities was mainly driven by FCC's Transition Loan product, which supports the next generation in entering the industry and navigating intergenerational transfers of operations. Equity increased due to year-to-date net income of \$663 million, offset by a \$50 million dividend payment made to the Government of Canada on June 24, 2025.

Performance against plan

Key financial measures	Nine months ended December 31, 2025	
	Actual	Plan
Net income	\$663M	\$581M
Loans receivable growth rate ⁽¹⁾	9.5%	5.1%
Return on equity ⁽¹⁾	7.7%	8.4%
Efficiency ratio ⁽¹⁾⁽²⁾	45.1%	48.3%
Total capital ratio ⁽³⁾	15.8%	16.3%
Administration expenses	\$515M	\$557M

⁽¹⁾ These measures are calculated using 12-month rolling data up to December 31, 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 third quarter, many key financial measures continue to exceed plan expectations. Performance was driven by strong portfolio growth, favourable 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 spending and reduced outsourced workforce expenses compared to plan, coupled with increased revenues from stronger loans receivable growth.

Return on equity remains below plan as the 12-month rolling average continues to reflect higher provision for credit losses recognized toward the end of the prior fiscal year, even though the current year provision for credit losses is tracking favourably. Total capital ratio was below plan as a result of higher capital requirement driven by stronger than plan loan and investment growth and an enhanced risk appetite, consistent with FCC's strategy.

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
February 19, 2026

Consolidated Balance Sheet

(Unaudited) (millions of Canadian dollars)	As at December 31, 2025	As at March 31, 2025
Assets		
Cash and cash equivalents	1,886	1,514
Short-term investments	736	485
Accounts receivable and prepaid expenses	28	43
Loans receivable		
Loans receivable – total (Note 2)	60,038	55,520
Allowance for credit losses (Note 3)	(311)	(319)
Loans receivable – net	59,727	55,201
Other loans receivable – net	8	8
Investments	605	449
Investments in associates	47	7
Right-of-use assets	146	147
Property and equipment	29	21
Intangible assets	4	6
Post-employment benefit assets	266	267
Other assets	6	7
Total assets	63,488	58,155
Liabilities		
Accounts payable and accrued liabilities	90	111
Borrowings		
Short-term debt (Note 4)	14,910	10,933
Long-term debt (Note 4)	38,719	38,009
Total borrowings	53,629	48,942
Transition loan liabilities	235	186
Lease liabilities	151	153
Post-employment benefit liabilities	111	104
Other liabilities	9	9
Total liabilities	54,225	49,505
Equity		
Retained earnings	9,263	8,650
Total equity	9,263	8,650
Total liabilities and equity	63,488	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		For the nine months ended	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Interest income	765	758	2,264	2,270
Interest expense	(351)	(384)	(1,059)	(1,183)
Net interest income	414	374	1,205	1,087
Insurance distribution income	4	3	9	12
Net gain from financial instruments carried at fair value	8	4	7	9
Other expenses	–	(1)	(4)	(3)
Non-interest income	12	6	12	18
Total revenue	426	380	1,217	1,105
Provision for credit losses	(4)	(23)	(39)	(68)
Administration expenses	(177)	(163)	(515)	(468)
Net income	245	194	663	569

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 December 31

(Unaudited) (millions of Canadian dollars)	Balance Sept. 30, 2025	Net income	Dividend paid	Balance December 31, 2025
Retained earnings	9,018	245	–	9,263
Total equity	9,018	245	–	9,263

(Unaudited) (millions of Canadian dollars)	Balance Sept. 30, 2024	Net income	Dividend paid	Balance December 31, 2024
Retained earnings	8,421	194	–	8,615
Total equity	8,421	194	–	8,615

For the nine months ended December 31

(Unaudited) (millions of Canadian dollars)	Balance March 31, 2025	Net income	Dividend paid	Balance December 31, 2025
Retained earnings	8,650	663	(50)	9,263
Total equity	8,650	663	(50)	9,263

(Unaudited) (millions of Canadian dollars)	Balance March 31, 2024	Net income	Dividend paid	Balance December 31, 2024
Retained earnings	8,736	569	(690)	8,615
Total equity	8,736	569	(690)	8,615

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		For the nine months ended	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Operating activities				
Net income	245	194	663	569
Adjustments to determine net cash (used in) provided by operating activities:				
Interest income	(765)	(758)	(2,264)	(2,270)
Interest expense	351	384	1,059	1,183
Provision for credit losses	4	23	39	68
Net unrealized gain from financial instruments carried at fair value	(7)	(4)	(6)	(9)
Depreciation of right-of-use assets	4	4	12	12
Depreciation of property and equipment	2	2	6	6
Amortization of intangible assets	–	1	2	3
Net unrealized foreign exchange loss (gain) ⁽¹⁾	2	(56)	50	(48)
Miscellaneous expenses ⁽¹⁾	–	–	1	–
Net cash outflow from loans receivable	(2,091)	(1,101)	(4,631)	(3,824)
Net change in other operating assets and liabilities	23	52	49	18
Interest received	894	902	2,277	2,297
Interest paid	(395)	(447)	(1,082)	(1,205)
Cash used in operating activities	(1,733)	(804)	(3,825)	(3,200)
Investing activities				
Purchase of short-term investments	(465)	(360)	(1,131)	(681)
Proceeds from maturity of short-term investments	331	250	880	661
Repayments from other loans receivable	–	–	–	13
Acquisition of investments	(106)	(110)	(175)	(137)
Proceeds from sale and repayment of investments	9	–	16	1
Acquisition of investments in associates	(40)	–	(40)	–
Purchase of property and equipment	(7)	(1)	(15)	(4)
Purchase of intangible assets	–	(1)	–	(1)
Cash used in investing activities	(278)	(222)	(465)	(148)
Financing activities				
Long-term debt issued	3,116	2,487	8,517	8,804
Long-term debt repaid	(2,402)	(2,298)	(6,638)	(5,546)
Short-term debt issued	7,277	4,423	17,201	10,850
Short-term debt repaid	(6,010)	(3,603)	(14,356)	(9,936)
Principal repayment of lease liabilities	(4)	(4)	(11)	(11)
Dividend paid	–	–	(50)	(690)
Cash provided by financing activities	1,977	1,005	4,663	3,471
Change in cash and cash equivalents	(34)	(21)	373	123
Cash and cash equivalents, beginning of period	1,921	1,695	1,514	1,559
Effects of exchange rate changes on the balances of cash held and due in foreign currencies ⁽¹⁾	(1)	8	(1)	–
Cash and cash equivalents, end of period	1,886	1,682	1,886	1,682
Cash and cash equivalents consists of:				
Cash	1,813	1,495	1,813	1,495
Short-term investments	73	187	73	187

⁽¹⁾ Comparative figures have been reclassified to conform with the current period's presentation.

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 nine months ended December 31, 2025, and were approved and authorized for issue by the Audit and Risk Committee of the Board of Directors on February 19, 2026.

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			As at December 31, 2025
	Within 1 year	1 – 5 years	Over 5 years	
Floating	5,604	15,221	593	21,418
Fixed	9,945	22,397	6,323	38,665
Loans receivable – gross	15,549	37,618	6,916	60,083
Deferred loan fees				(45)
Loans receivable – total				60,038
Allowance for credit losses (Note 3)				(311)
Loans receivable – net				59,727

	Term to maturity			As at March 31, 2025
	Within 1 year	1 – 5 years	Over 5 years	
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 December 31, 2025		As at March 31, 2025	
	Gross	Impaired	Gross	Impaired
Grains and oilseeds	18,209	253	17,501	211
Dairy	7,841	82	7,684	106
Agribusiness	6,594	85	5,739	140
Beef	5,132	47	4,678	83
Other	4,819	76	4,527	119
Agri-food	4,174	176	3,721	138
Poultry	3,730	89	3,619	27
Alliances	3,498	40	2,254	19
Greenhouse	2,807	150	2,638	194
Hogs	1,658	42	1,626	88
Fruit	1,621	108	1,573	106
Total	60,083	1,148	55,560	1,231

Geographic distribution

	As at December 31, 2025		As at March 31, 2025	
	Gross	Impaired	Gross	Impaired
Ontario	18,468	200	16,918	300
Saskatchewan	11,337	110	10,408	107
Alberta	10,978	242	10,022	171
Quebec	8,186	155	7,613	280
British Columbia	5,041	341	4,831	259
Manitoba	4,354	49	4,085	66
Atlantic	1,719	51	1,683	48
Total	60,083	1,148	55,560	1,231

3. Allowance for credit losses – loans receivable

As at December 31, 2025	Stage 1	Stage 2	Stage 3	Total
Allowance for credit losses, beginning of year	77	113	129	319
Transfer to stage 1	18	(13)	(5)	–
Transfer to stage 2	(6)	103	(97)	–
Transfer to stage 3	(2)	(14)	16	–
Changes due to new loans originated	28	4	7	39
Loans receivable derecognized during the period	(8)	(6)	(15)	(29)
Net remeasurement of loss allowance	(26)	(67)	135	42
Write-offs	–	–	(64)	(64)
Recoveries of amounts previously written off	–	–	4	4
Total allowance	81	120	110	311

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)
Recoveries of amounts previously written off	–	–	–	–
Total allowance	77	113	129	319

4. Borrowings

Short-term debt

	As at December 31, 2025	As at March 31, 2025
Government of Canada debt		
Floating-rate borrowings	617	641
Fixed-rate borrowings	12,347	9,067
	12,964	9,708
Capital markets debt		
USD fixed-rate promissory notes	1,946	1,225
Total	14,910	10,933

Long-term debt

	As at December 31, 2025	As at March 31, 2025
Government of Canada debt		
Floating-rate borrowings	20,476	16,384
Fixed-rate borrowings	18,243	21,625
Total	38,719	38,009